

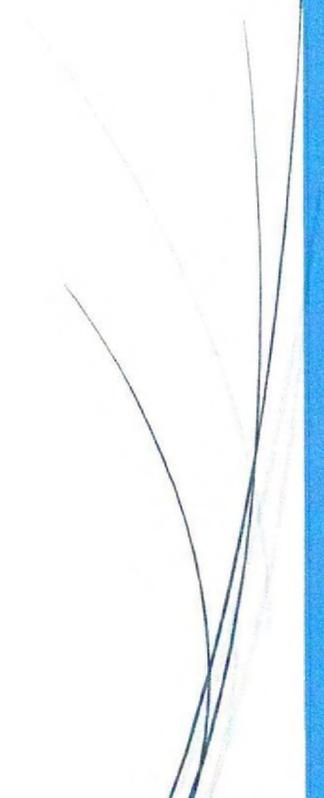
**VILLAGE OF MONTPELIER
MONTPELIER, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2025



A Professional Accounting Corporation



Village of Montpelier, Louisiana
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As of and For the Year Ended June 30, 2025

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

Independent Auditor's Report

To the Honorable Kenneth Giardina, Mayor
and Members of the Board of Alderman
Village of Montpelier, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Montpelier, Louisiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Village of Montpelier, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the Village of Montpelier, Louisiana, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Montpelier, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Montpelier, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will

always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Montpelier, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Montpelier, Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Montpelier, Louisiana's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head, and schedule of justice system funding – collecting / disbursing entity, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head, and schedule of justice system funding – collecting / disbursing entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of the Village of Montpelier, Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Montpelier, Louisiana’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Montpelier, Louisiana’s internal control over financial reporting and compliance.

Hebert Johnson & Associates

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
December 15, 2025

Basic Financial Statements

Village of Montpelier, Louisiana
Statement of Net Position
June 30, 2025

Exhibit A

| | Governmental Activities | Business-Type Activities | Total |
|----------------------------------|----------------------------|-----------------------------|------------------|
| Assets | | | |
| Cash | \$ 218,319 | \$ 49,951 | \$ 268,270 |
| Investments | 80,000 | 90,000 | 170,000 |
| Sales Tax Receivable | 8,237 | - | 8,237 |
| Accounts Receivables, Net | 2,088 | 1,800 | 3,888 |
| Gas Inventory | - | 3,449 | 3,449 |
| Restricted Assets: | | | |
| Cash | - | 26,109 | 26,109 |
| Investments | - | 8,000 | 8,000 |
| Land | 43,200 | 200 | 43,400 |
| Construction in Progress | - | 783,803 | 783,803 |
| Capital Assets, Net | 337,220 | 229,073 | 566,293 |
| Total Assets | \$ 689,064 | \$ 1,192,385 | \$ 1,881,449 |
| Liabilities | | | |
| Accounts Payable | \$ 9,303 | \$ 11,881 | \$ 21,184 |
| Payroll Liabilities Payable | 1,878 | 745 | 2,623 |
| Retainage Payable | - | 31,299 | 31,299 |
| Unearned Utility Revenues | - | 3,113 | 3,113 |
| Payable from Restricted Assets: | | | |
| Customer Deposits | - | 19,333 | 19,333 |
| Total Liabilities | 11,181 | 66,371 | 77,552 |
| Net Position | | | |
| Net Investment in Capital Assets | 380,420 | 981,777 | 1,362,197 |
| Restricted Net Position | - | 14,776 | 14,776 |
| Unrestricted Net Position | 297,463 | 129,461 | 426,924 |
| Total Net Position | \$ 677,883 | \$ 1,126,014 | \$ 1,803,897 |

The accompanying notes are an integral part of these financial statements.

Village of Montpelier, Louisiana
Statement of Activities
For the Year Ended June 30, 2025

Exhibit B

| Functions / Programs | Expenses | Program Revenues | | | Net Revenues / (Expenses) | | |
|---|------------|-------------------------|--|--|----------------------------|---------------------------------|--------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- Type Activities | Total |
| Governmental Activities: | | | | | | | |
| General Government | \$ 88,475 | \$ - | \$ - | \$ - | \$ (88,475) | \$ - | \$ (88,475) |
| Public Safety - Fire | 1,798 | - | - | - | (1,798) | - | (1,798) |
| Public Safety - Police | 53,720 | 157,734 | - | 1,633 | 105,647 | - | 105,647 |
| Depreciation Expense | 22,280 | - | - | - | (22,280) | - | (22,280) |
| Total Governmental Activities | 166,273 | 157,734 | - | 1,633 | (6,906) | - | (6,906) |
| Business-Type Activities: | | | | | | | |
| Gas Utility System | 132,969 | 80,146 | - | 419,542 | - | 366,719 | 366,719 |
| Water Utility System | 70,667 | 38,237 | - | 120,580 | - | 88,150 | 88,150 |
| Total Business-Type Activities | 203,636 | 118,383 | - | 540,122 | - | 454,869 | 454,869 |
| Total Primary Government | \$ 369,909 | \$ 276,117 | \$ - | \$ 541,755 | (6,906) | 454,869 | 447,963 |
| General Revenues: | | | | | | | |
| Taxes, Licenses, and Permits | | | | | 62,045 | - | 62,045 |
| Interest Income | | | | | 9,226 | 1,458 | 10,684 |
| On-Behalf Payments | | | | | 1,820 | - | 1,820 |
| Other Income | | | | | 82 | - | 82 |
| Interfund Transfers | | | | | (216,246) | 216,246 | - |
| Total General Revenues | | | | | (143,073) | 217,704 | 74,631 |
| Change in Net Position | | | | | (149,979) | 672,573 | 522,594 |
| Net Position - Beginning of the Year | | | | | 821,691 | 453,441 | 1,275,132 |
| Prior Period Adjustment (Note 18) | | | | | 6,171 | - | 6,171 |
| Net Position - Beginning of the Year (Restated) | | | | | 827,862 | 453,441 | 1,281,303 |
| Net Position - End of the Year | | | | | \$ 677,883 | \$ 1,126,014 | \$ 1,803,897 |

The accompanying notes are an integral part of these financial statements.

Village of Montpelier, Louisiana
Governmental Fund – Balance Sheet
June 30, 2025

Exhibit C

| | <u>General Fund</u> |
|--|---------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 218,319 |
| Investments | 80,000 |
| Sales Tax Receivable | 8,237 |
| Accounts Receivable, Net | 2,088 |
| Total Assets | \$ 308,644 |
| Liabilities and Fund Balance | |
| Liabilities: | |
| Accounts Payable | \$ 9,303 |
| Payroll Liabilities Payable | 1,878 |
| Total Liabilities | 11,181 |
| Fund Balance: | |
| Unassigned | 297,463 |
| Total Fund Balances | 297,463 |
| Total Liabilities and Fund Balance | \$ 308,644 |

The accompanying notes are an integral part of these financial statements.

Village of Montpelier, Louisiana
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
June 30, 2025

Exhibit D

| | | |
|---|----|---------|
| Total Fund Balances, Governmental Fund (Exhibit C) | \$ | 297,463 |
|---|----|---------|

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

| | | |
|--|--|----------------|
| Governmental Capital Assets, Net of Depreciation | | <u>380,420</u> |
|--|--|----------------|

| | | |
|--|----|-----------------------|
| Net Position of Governmental Activities (Exhibit A) | \$ | <u><u>677,883</u></u> |
|--|----|-----------------------|

The accompanying notes are an integral part of these financial statements.

Village of Montpelier, Louisiana
Statement of Revenues, Expenses, and Changes in
Fund Balance – Governmental Fund
For the Year Ended June 30, 2025

Exhibit E

| | <u>General Fund</u> |
|--|---------------------|
| Revenues: | |
| Taxes, Licenses, and Permits | \$ 62,045 |
| Interest Income | 9,226 |
| Grant Revenue | 1,633 |
| Police Fines | 157,734 |
| On-Behalf Payments | 1,820 |
| Other Income | 82 |
| Total Revenues | 232,540 |
| Expenses: | |
| General Government: | |
| Salaries & Related Benefits | 13,274 |
| Fees | 8,441 |
| Insurance Expense | 9,394 |
| Office Expenses | 15,044 |
| Professional Fees | 18,748 |
| Repairs & Maintenance | 4,552 |
| Telephone & Utilities | 13,427 |
| Vehicle Expenses | 3,585 |
| Miscellaneous Expenses | 2,010 |
| Public Safety - Fire: | |
| Repairs & Maintenance | 1,798 |
| Public Safety - Police: | |
| Salaries & Related Benefits | 44,883 |
| Office Expenses | 8,544 |
| Vehicle Expenses | 293 |
| Capital Outlay | 1,649 |
| Total Expenditures | 145,642 |
| Excess of Revenues over Expenditures | 86,898 |
| Other Financing Sources (Uses): | |
| Operating Transfers In | 2,113 |
| Operating Transfers Out | (218,359) |
| Total Other Financing Sources (Uses) | (216,246) |
| Excess of Revenues and Other Sources over Expenses and Other Uses | (129,348) |
| Fund Balance - Beginning of the Year | 420,640 |
| Prior Period Adjustment (Note 18) | 6,171 |
| Fund Balance - Beginning of the Year (Restated) | 426,811 |
| Fund Balance - End of the Year | \$ 297,463 |

The accompanying notes are an integral part of these financial statements.

Village of Montpelier, Louisiana

Exhibit F

Reconciliation of the Statement of Revenues, Expenses, and Changes in
Fund Balance to the Government-Wide Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balances, Governmental Funds (Exhibit E) \$ (129,348)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenses. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

| | |
|----------------------|-----------------|
| Capital Outlay | 1,649 |
| Depreciation Expense | <u>(22,280)</u> |

Change in Net Position of Governmental Activities (Exhibit B) \$ (149,979)

The accompanying notes are an integral part of these financial statements.

Village of Montpelier, Louisiana
Statement of Net Position – Proprietary Funds
June 30, 2025

Exhibit G

| | Gas Fund | Water Fund | Total |
|--|------------|------------|--------------|
| Assets | | | |
| Current Assets: | | | |
| Cash | \$ 17,506 | \$ 32,445 | \$ 49,951 |
| Investments | 80,000 | 10,000 | 90,000 |
| Accounts Receivables, Net | 846 | 954 | 1,800 |
| Gas Inventory | 3,449 | - | 3,449 |
| Total Current Assets | 101,801 | 43,399 | 145,200 |
| Restricted Assets: | | | |
| Cash | 18,211 | 7,898 | 26,109 |
| Investments | 6,000 | 2,000 | 8,000 |
| Total Restricted Assets | 24,211 | 9,898 | 34,109 |
| Property, Plant, and Equipment: | | | |
| Construction in Progress | 438,141 | 345,662 | 783,803 |
| Capital Assets, Net of Accumulated Depreciation | 31,892 | 197,381 | 229,273 |
| Total Property, Plant, and Equipment | 470,033 | 543,043 | 1,013,076 |
| Total Assets | \$ 596,045 | \$ 596,340 | \$ 1,192,385 |
| Liabilities and Net Position | | | |
| Liabilities: | | | |
| Current Liabilities (Payable from Current Assets) | | | |
| Accounts Payable | \$ 8,553 | \$ 3,328 | \$ 11,881 |
| Payroll Taxes Payable | 350 | 395 | 745 |
| Retainage Payable | 15,599 | 15,700 | 31,299 |
| Unearned Utility Revenues | 1,463 | 1,650 | 3,113 |
| Total Current Liabilities (Payable from Current Assets) | 25,965 | 21,073 | 47,038 |
| Current Liabilities (Payable from Restricted Assets): | | | |
| Customer Deposits | 14,372 | 4,961 | 19,333 |
| Total Current Liabilities (Payable from Restricted Assets) | 14,372 | 4,961 | 19,333 |
| Total Liabilities | 40,337 | 26,034 | 66,371 |
| Net Position: | | | |
| Net Investment in Capital Assets | 454,434 | 527,343 | 981,777 |
| Restricted for Customer Meter Deposits | 9,839 | 4,937 | 14,776 |
| Unrestricted | 91,435 | 38,026 | 129,461 |
| Total Net Position | 555,708 | 570,306 | 1,126,014 |
| Total Liabilities and Net Position | \$ 596,045 | \$ 596,340 | \$ 1,192,385 |

The accompanying notes are an integral part of these financial statements.

Village of Montpelier, Louisiana

Exhibit H

Statement of Revenues, Expenses, and Change in Net Position – Proprietary Funds
For the Year Ended June 30, 2025

| | Gas Fund | Water Fund | Total |
|---|------------|------------|--------------|
| Operating Revenues: | | | |
| Sales | \$ 80,146 | \$ 38,237 | \$ 118,383 |
| Total Operating Revenues | 80,146 | 38,237 | 118,383 |
| Operating Expenses: | | | |
| Gas Purchases | 17,344 | - | 17,344 |
| Gas / Water Operator | 24,445 | 9,700 | 34,145 |
| Salaries and Related Benefits | 7,816 | 8,814 | 16,630 |
| Repairs and Maintenance | 59,729 | 17,388 | 77,117 |
| Insurance | 12,438 | 11,782 | 24,220 |
| Office Expense | 2,630 | 1,052 | 3,682 |
| Utilities | 1,095 | 6,673 | 7,768 |
| Miscellaneous Expense | 3,739 | 6,387 | 10,126 |
| Depreciation | 3,733 | 8,871 | 12,604 |
| Total Operating Expenses | 132,969 | 70,667 | 203,636 |
| Net Operating Income (Loss) | (52,823) | (32,430) | (85,253) |
| Nonoperating Revenues / (Expenses): | | | |
| Interest Income | 1,038 | 420 | 1,458 |
| Total Nonoperating Revenues / (Expenses) | 1,038 | 420 | 1,458 |
| Income (Loss) Before Capital Contributions | (51,785) | (32,010) | (83,795) |
| Capital Contributions and Transfers | | | |
| Grant Revenues | 419,542 | 120,580 | 540,122 |
| Operating Transfers In | 45,000 | 173,359 | 218,359 |
| Operating Transfers Out | (2,752) | 639 | (2,113) |
| Total Capital Contributions and Transfers | 461,790 | 294,578 | 756,368 |
| Change in Net Position | 410,005 | 262,568 | 672,573 |
| Net Position - Beginning of the Year | 145,703 | 307,738 | 453,441 |
| Net Position - End of the Year | \$ 555,708 | \$ 570,306 | \$ 1,126,014 |

The accompanying notes are an integral part of these financial statements.

Village of Montpelier, Louisiana
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2025

Exhibit I

| | Gas Fund | Water Fund | Total |
|---|------------|------------|------------|
| Cash Flows from Operating Activities: | | | |
| Received from Customers | \$ 82,423 | \$ 40,806 | \$ 123,229 |
| Received for Customer Deposit Fees | 294 | 100 | 394 |
| Payments for Operations | (117,647) | (53,233) | (170,880) |
| Payments to Employees | (7,831) | (8,830) | (16,661) |
| Net Cash Provided / (Used) by Operating Activities | (42,761) | (21,157) | (63,918) |
| Cash Flows from Noncapital Financing Activities: | | | |
| Transfers (to) from Other Funds | 42,248 | 223,998 | 266,246 |
| Net Cash Provided / (Used) by Noncapital Financing Activities | 42,248 | 223,998 | 266,246 |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Construction / Purchase of Capital Assets | (429,242) | (329,962) | (759,204) |
| Grant Revenues | 419,542 | 120,580 | 540,122 |
| Net Cash Provided / (Used) by Capital and Related Financing Activities | (9,700) | (209,382) | (219,082) |
| Cash Flows from Investing Activities: | | | |
| Interest Earned on Investments | 1,038 | 420 | 1,458 |
| Net Cash Provided / (Used) by Investing Activities | 1,038 | 420 | 1,458 |
| Net Increase / (Decrease) in Cash | (9,175) | (6,121) | (15,296) |
| Cash - Beginning of the Year | 130,892 | 58,464 | 189,356 |
| Cash - End of the Year | \$ 121,717 | \$ 52,343 | \$ 174,060 |
| Reconciliation of Cash and Cash Equivalents to the Statement of Net Position | | | |
| Cash and Investments, Unrestricted | \$ 97,506 | \$ 42,445 | \$ 139,951 |
| Cash and Investments, Restricted | 24,211 | 9,898 | 34,109 |
| Total Cash and Investments | \$ 121,717 | \$ 52,343 | \$ 174,060 |

The accompanying notes are an integral part of these financial statements.

(Continued)

Village of Montpelier, Louisiana
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2025

Exhibit I

| | Gas Fund | Water Fund | Total |
|---|-------------|-------------|-------------|
| Reconciliation of operating loss to net cash used by operating activities: | | | |
| Operating Income / (Loss) | \$ (52,823) | \$ (32,430) | \$ (85,253) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities: | | | |
| Depreciation Expense | 3,733 | 8,871 | 12,604 |
| Bad Debt Expense | (137) | (154) | (291) |
| Changes in Assets and Liabilities: | | | |
| (Increase) / Decrease in: | | | |
| Accounts Receivable | 951 | 1,073 | 2,024 |
| Gas Inventory | (2,244) | - | (2,244) |
| Increase / (Decrease) in: | | | |
| Accounts Payable | 6,017 | (251) | 5,766 |
| Payroll Taxes Payable | (15) | (16) | (31) |
| Unearned Utility Revenues | 1,463 | 1,650 | |
| Customer Deposits Payable | 294 | 100 | 394 |
| Net Cash Used by Operating Activities | \$ (42,761) | \$ (21,157) | \$ (63,918) |

The accompanying notes are an integral part of these financial statements.

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

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.

The accounting and reporting policies of the Village conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute (LRS) 24:513 and to the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*. Management has elected to not present the Management's Discussion and Analysis.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provision of this statement, the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 61, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Since the Village has no component units, these financial statements include only information on the primary government.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*. GASB Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The Village has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which requires capital contributions to the Village to be presented as a change in net position.

The explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. The explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Village does not allocate indirect costs.

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

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the government.

The Village reports the following major governmental fund:

The *General Fund* is the general operating fund of the Village. This fund is used to account for and report all financial transactions and resources except for those required to be accounted for in another fund. Revenues are derived primarily from local taxes, licenses, permits, charges for services, and interest income.

The activities reported in this fund are reported as governmental activities in the government wide financial statements.

The Village reports the following major proprietary 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 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 Water Fund and Gas Fund account for the operations of providing water services and gas services, respectively.

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Budgets and Budgetary Accounting

Budgetary procedures applicable to the Village are defined in state law, LRS 39:1301-15. The major requirements of the Local Government Budget Act are summarized as follows:

1. The Village adopts a budget each year for the general fund.
2. The Mayor prepares a proposed budget and submits it to the Board of Alderman for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal. The proposed expenditures were less than \$500,000; therefore, a public hearing was not adopted.
3. All actions necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. The budget was adopted on June 26, 2024.
4. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Alderman. The budget was amended on June 30, 2025.
5. Formal budgetary integration is not employed; however, periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the revised adopted budget amounts. The amounts are reconciled to the amounts reflected in the budget comparison statement on Schedule I.

D. Cash, Cash Equivalents, and Investments

The Village's cash includes amounts in demand deposits and interest-bearing demand deposits. 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. Under state law, the Village may also invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturity exceeds 90 days;

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair value using published market values.

E. Allowance for Uncollectible Accounts

The Village calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

F. Restricted Assets

Cash held for customer's meter deposits is set aside in separate cash accounts and classified as a restricted asset on the balance sheet.

G. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the Village's capitalization threshold are met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980. Although an exception exists for local governments with annual revenues of less than \$10 million, the Village has elected to report its infrastructure retroactively. Interest incurred during construction is capitalized on a government wide basis. Interest attributable to capitalized assets as of June 30, 2025, was immaterial.

Capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Infrastructure is capitalized by estimate using current replacement cost for a similar asset and deflating this cost using price indices to the acquisition year.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

| Description | Estimated Lives | |
|-----------------------|-----------------|-------|
| Infrastructure | 40 | Years |
| Vehicles | 5 - 15 | Years |
| Building Remodeling | 20 - 40 | Years |
| Furniture & Equipment | 5 - 10 | Years |
| Machinery & Equipment | 5 - 25 | Years |

H. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Village's pension plan and additions to / deductions from the plan's fiduciary net position have been determined on the accrual basis, which is the same basis as they are reported by the plan. For this purpose,

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Net Position / Fund Balance

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- Net Investment in Capital Assets – This component of net position includes historical costs of capital assets, including any restricted capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, or indebtedness attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset calculation as unspent proceeds.
- Restricted Net Position – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- Unrestricted Net Position – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

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

- Nonspendable – These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed – These are amounts that can be used only for specific purposes determined by a formal decision of the Board of Aldermen, which is the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Aldermen.
- Assigned – These are amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes by the Mayor or the Board of Aldermen. This intent

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

should be expressed by the Village's governing body itself or a committee or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

- Unassigned – These are all other spendable amounts.

The Village's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entries.

As of June 30, 2025, the Village did not have any nonspendable, restricted, committed, or assigned fund balances.

J. Interfund Transactions

Permanent re-allocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

K. Sales Taxes

Sales taxes are collected by the St. Helena Parish Sheriff's Office and remitted to the Village in the month following receipt by the Sheriff. The 1% sales tax passed by the voters on April 21, 2012 is to be used for supporting the general fund of the Village. There is no expiration date on this sales tax.

L. Adopted Accounting Pronouncements

The GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Village adopted the provisions of GASB Statement No. 101 during 2024. Beginning net position has not been affected as a result of the adoption of this standard.

M. Estimates

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

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

2. Stewardships, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. All annual appropriations lapse at year-end. See Note 1 for the procedures the Village follows regarding budgets and budgetary accounting.

The Village uses the cash basis of accounting to report actual inflows and outflows. The reconciliation below shows how the cash basis differs from GAAP.

| | |
|---|---------------------|
| Excess of Revenues over Expenditures and Other Sources Over Expenses and Other Uses (Exhibit E) | \$ (129,348) |
| Add: Prior Year Sales Tax Receivable | 7,659 |
| Current Year Accounts Payable | 9,303 |
| Current Year Accrued Police Retirement | - |
| Current Year Payroll Liabilities Payable | 1,878 |
| Less: Current Year Sales Tax Receivable | (8,237) |
| Prior Year Accounts Payable | (4,546) |
| Prior Year Accrued Police Retirement | (10,505) |
| Prior Year Payroll Liabilities Payable | <u>(1,560)</u> |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses (Schedule 1) | <u>\$ (135,356)</u> |

No Village funds had an excess of expenditures over appropriations for the year ended June 30, 2025.

B. Deposits, Investment Laws, and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3, regarding cash and cash equivalents, the Village was in compliance with the deposit and investment laws and regulations.

C. Deficit Fund Equity

As of June 30, 2025, no Village funds had deficit fund balances.

3. Cash and Cash Equivalents

As reflected on Statement A, the Village has cash totaling \$294,379 (of which \$26,109 is restricted) and investments totaling \$178,000 (of which \$8,000 are restricted) at June 30, 2025. 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 pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the Federal deposit insurance must always equal the amount on deposit with

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

the bank. These pledged 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, 2025, the Village had \$304,926 in demand deposits (collected bank balances) and certificates of deposits of \$178,000. \$250,000 of demand deposits and \$178,000 of certificates of deposit are secured from risk by federal deposit insurance and an additional \$54,926 of deposits are uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank. The Village had \$-0- of demand deposits uninsured and uncollateralized as of June 30, 2025.

Even though the pledged securities are not held in the entity's name, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand. Deposits collateralized by pledged securities are considered exposed to credit risk (Category 3) under the provisions of GASB Statement 40, *Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3*. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposits policy for custodial risk. As of June 30, 2025, the Village was in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

For purposes of the statement of cash flows, liquid investments of the Gas Fund and Water Fund with a maturity of three months or less are considered to be cash equivalents.

4. Investments

Investments are categorized into these three categories of credit risk:

- A. Insured or registered, or securities held by the Village or its agent in the Village's name
- B. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name
- C. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Village's name

All investments held by the Village fall into category (1) credit risk, defined as "insured or registered, or securities held by the Village or its agent in the Village's name." In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

At June 30, 2025, the Village's investment balances consisted of \$178,000 of certificates of deposit held at First Guaranty Bank. All investments are stated on the balance sheet (carrying value) at market value. All investments are in the name of the Village and are held at the Village's office. Because these investments are in the name of the Village and are held by the Village or the Village's agent, the investments are considered insured and registered. Category (1), in applying the credit risk of GASB Codification Section 150.164.

Interest Rate Risk: The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

5. Fair Value

The Village categorized its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States. The hierarchy is based on the valuation inputs to measure the fair value of the asset and is as follows:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment’s risk.

At June 30, 2025, the Village’s certificates of deposits with a fair market value of \$178,000 are categorized at Level 2.

6. Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivable balances for the governmental activities include sales taxes, ad valorem taxes, and intergovernmental items. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions, collectible but not available, are deferred in the fund financial statements in accordance with modified accrual but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 30 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprises the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

Receivables at June 30, 2025, consist of the following:

| | General Fund | Proprietary Funds | | Total |
|---------------------------------------|-----------------|-------------------|---------------|-----------------|
| | | Gas | Water | |
| Due from Employees | \$ 2,088 | \$ - | \$ - | \$ 2,088 |
| Utility Receivable | - | 3,462 | 3,904 | 7,366 |
| Less: Allowance for Doubtful Accounts | - | (2,616) | (2,950) | (5,566) |
| Receivables, Net | <u>\$ 2,088</u> | <u>\$ 846</u> | <u>\$ 954</u> | <u>\$ 3,888</u> |

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

7. Interfund Receivables / Payables

There were no interfund receivables or payables outstanding for the Village's fund financial statements at June 30, 2025.

8. Restricted Assets

Restricted assets for the Gas Fund and Water Fund at June 30, 2025, were as follows:

| | Gas Fund | Water Fund | Total |
|---------------------------------------|-----------|------------|-----------|
| Restricted Cash and Cash Equivalents: | | | |
| Customer Deposits | \$ 18,211 | \$ 7,898 | \$ 26,109 |
| Certificates of Deposits | 6,000 | 2,000 | 8,000 |
| Total Restricted Assets | \$ 24,211 | \$ 9,898 | \$ 34,109 |

9. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2025:

| | Balance 06/30/24 | Additions | Deletions | Balance 06/30/25 |
|--------------------------------------|---------------------|-------------|-----------|---------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 43,200 | \$ - | \$ - | \$ 43,200 |
| Total Capital Assets Not Depreciated | 43,200 | - | - | 43,200 |
| Capital Assets: | | | | |
| Infrastructure | 120,607 | - | - | 120,607 |
| Vehicles | 128,784 | - | - | 128,784 |
| Building Improvements | 301,789 | - | - | 301,789 |
| Office Furniture & Equipment | 69,590 | 1,649 | - | 71,239 |
| Total Capital Assets | 620,770 | 1,649 | - | 622,419 |
| Less Accumulated Depreciation: | | | | |
| Infrastructure | 34,694 | 3,015 | - | 37,709 |
| Vehicles | 92,842 | 9,585 | - | 102,427 |
| Building Improvements | 71,665 | 7,545 | - | 79,210 |
| Office Furniture & Equipment | 63,718 | 2,135 | - | 65,853 |
| Total Accumulated Depreciation | 262,919 | 22,280 | - | 285,199 |
| Total Government Capital Assets, Net | \$ 401,051 | \$ (20,631) | \$ - | \$ 380,420 |

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

Capital assets activity as of and for the year ended June 30, 2025, for business-type activities is as follows:

| | <u>Balance</u> <u>06/30/24</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>06/30/25</u> |
|--|-----------------------------------|-------------------|------------------|-----------------------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 200 | \$ - | \$ - | \$ 200 |
| Construction in Progress | - | 783,803 | - | 783,803 |
| Total Capital Assets Not Depreciated | 200 | 783,803 | - | 784,003 |
| Capital Assets: | | | | |
| Machinery & Equipment: | | | | |
| Gas | 418,488 | 6,700 | - | 425,188 |
| Water | 428,560 | - | - | 428,560 |
| Total Capital Assets | 847,048 | 6,700 | - | 853,748 |
| Less: Accumulated Depreciation | | | | |
| Machinery & Equipment: | | | | |
| Gas | 389,563 | 3,733 | - | 393,296 |
| Water | 222,508 | 8,871 | - | 231,379 |
| Total Accumulated Depreciation | 612,071 | 12,604 | - | 624,675 |
| Total Business-Type Capital Assets, Net | \$ 235,177 | \$ (5,904) | \$ - | \$ 1,013,076 |

On November 6, 2024 the Village entered into a contract to upgrade gas lines in the amount of \$549,000. This project is being funded by the Pipeline and Hazardous Materials Safety Administration. The amount of construction in progress for this project at June 30, 2025, including engineering fees of \$123,171, is \$438,141. Anticipated completion date is unknown at this time.

10. Accounts, Salaries, and Other Payables

The current payables at June 30, 2025, were as follows:

| | <u>General Fund</u> | <u>Gas Fund</u> | <u>Water Fund</u> | <u>Total</u> |
|-------------------------------|---------------------|------------------|-------------------|------------------|
| Current Payables: | | | | |
| Accounts Payable | \$ 9,303 | \$ 8,553 | \$ 3,328 | \$ 21,184 |
| Payroll Liabilities Payable | 1,878 | 350 | 395 | 2,623 |
| Retainage Payable | - | 15,599 | 15,700 | 31,299 |
| Unearned Utility Revenues | - | 1,463 | 1,650 | 3,113 |
| Total Current Payables | \$ 11,181 | \$ 25,965 | \$ 21,073 | \$ 58,219 |

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

11. Interfund Transfers

Operating transfers between the General Fund and the Gas and Water Funds consist primarily of grant revenues and funds to assist with annual operations. Additionally, operating transfers from the Gas and Water Funds to the General Fund consist of funds transferred to cover payroll expenditures. Interfund transfers were as follows for the year ended June 30, 2025:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|----------------------------------|---------------------|----------------------|
| General Fund: | | |
| Gas and Water Funds | \$ 2,113 | \$ 218,359 |
| Business-Type Activities: | | |
| Gas Fund | 45,000 | 2,752 |
| Water Fund | 173,359 | (639) |
| Total All Funds | \$ 220,472 | \$ 220,472 |

12. Restricted Net Position

At June 30, 2025, the Gas Fund had restricted net position of \$9,839 representing the Village's funds restricted for customers for meter deposits, net of the related liability. At June 30, 2025, the Water Fund had restricted net position of \$4,937, representing the Village's funds restricted for customers for meter deposits, net of the related liability.

13. On-Behalf Payments for Salaries and Benefits

The Village follows GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, which requires the Village to report in the financial statements on-behalf salary and fringe benefit payments made by the state to certain Village employees.

Supplemental salary payments are made by the state directly to certain groups of employees. The Village is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual state contribution. For fiscal year ended June 30, 2025, the state paid supplemental salaries to the police employee of the Village. The Village is required to pay from its own budget the payroll taxes and retirement contributions for these on-behalf payments.

On-behalf payments recorded as revenues and expenditures in the financial statements totaled \$1,820 for the year ended June 30, 2025.

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

14. Risk Management

The Village is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Village purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Village's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

15. Contingent Liabilities

At June 30, 2025, the Village was not involved in any outstanding litigation or claims.

16. Major Supplier

The Village purchases its natural gas for resale through the Louisiana Municipal Gas Authority (LMGA). A change in suppliers could have a negative impact on the cost and terms currently obtained through the LMGA.

17. Compensation Paid to Mayor and Board of Aldermen

The schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2025, is as follows.

| <u>Elected Official</u> | <u>Term</u> | <u>Compensation</u> |
|--|---------------------------------|---------------------|
| Kenneth G. Giardina, Mayor 35999 Highway 16 Montpelier, LA 70422 | January 2023 - December 2026 | \$ 4,848 |
| Michael Ard, Alderman 35730 Highway 16 Montpelier, LA 70422 | January 2023 - December 2026 | 550 |
| Bradley Davis, Alderman 36425 Highway 16 Montpelier, LA 70422 | January 2023 - December 2026 | 550 |
| Kevin Washington, Alderman 35750 Highway 16 Montpelier, LA 70422 | January 2023 - December 2026 | <u>350</u> |
| | | <u>\$ 6,298</u> |

Village of Montpelier, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2025

18. Prior Period Adjustment

At June 30, 2025, the Village is recording a prior period adjustment to record a sales tax receivable.

| | Government -Wide Activities | General Fund |
|--|--------------------------------|-----------------|
| July 1, 2024 net position, as previously reported | \$ 821,691 | \$ 420,640 |
| Sales Tax Receivable | 6,171 | 6,171 |
| July 1, 2024 net position, as restated | \$ 827,862 | \$ 426,811 |

19. Subsequent Events

Management has evaluated subsequent events through December 15, 2025, the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending June 30, 2025.

Required Supplemental Information:

Budgetary Comparison Schedule

Village of Montpelier, Louisiana
 Schedule of Revenues, Expenditures, and Changes in Fund Balance –
 Budget (Non-GAAP Basis) and Actual – General Fund
 For the Year Ended June 30, 2025

Schedule 1

| | Original Budget | Final Budget | Actual Amounts - Budgetary Basis | Final Budget Variance - Favorable / (Unfavorable) |
|---|--------------------|-------------------|---|--|
| Revenues: | | | | |
| Taxes, Licenses, and Permits | \$ 52,000 | \$ 52,750 | \$ 61,467 | \$ 8,717 |
| Interest Income | 12,075 | 5,500 | 9,226 | 3,726 |
| Grant Revenue | - | 1,633 | 1,633 | - |
| Police Fines | 120,000 | 152,500 | 157,734 | 5,234 |
| On-Behalf Payments | 7,200 | 1,800 | 1,820 | 20 |
| Other Income | - | - | 82 | 82 |
| Total Revenues | 191,275 | 214,183 | 231,962 | 17,779 |
| Expenditures: | | | | |
| General Government: | | | | |
| Salaries & Related Benefits | 21,000 | 26,000 | 12,956 | 13,044 |
| Engineering Fees | 5,000 | - | - | - |
| Fees | 500 | 1,000 | 12,553 | (11,553) |
| Insurance Expense | 11,500 | 12,500 | 6,546 | 5,954 |
| Office Expenses | 8,100 | 10,350 | 15,066 | (4,716) |
| Professional Fees | 21,500 | 17,500 | 17,998 | (498) |
| Repairs & Maintenance | 5,500 | 6,250 | 4,352 | 1,898 |
| Telephone & Utilities | 12,500 | 13,500 | 13,606 | (106) |
| Vehicle Expenses | - | - | 3,611 | (3,611) |
| Miscellaneous Expenses | 3,500 | 1,550 | 1,883 | (333) |
| Public Safety - Fire: | | | | |
| Repairs & Maintenance | 9,000 | 2,500 | 1,798 | 702 |
| Miscellaneous Expenses | 2,500 | - | - | - |
| Public Safety - Police: | | | | |
| Salaries & Related Benefits | 43,200 | 65,200 | 44,883 | 20,317 |
| Office Expenses | 10,000 | 14,500 | 8,045 | 6,455 |
| Repairs & Maintenance | 250 | - | - | - |
| Vehicle Expenses | 5,500 | 3,750 | 293 | 3,457 |
| Miscellaneous Expenses | 3,500 | - | 5,833 | (5,833) |
| Capital Outlay | - | - | 1,649 | (1,649) |
| Total Expenditures | 163,050 | 174,600 | 151,072 | 23,528 |
| Excess of Revenues over Expenditures | 28,225 | 39,583 | 80,890 | 41,307 |
| Other Financing Sources (Uses): | | | | |
| Operating Transfers In | - | 17,250 | 2,113 | (15,137) |
| Operating Transfers Out | 50,000 | (400,000) | (218,359) | 181,641 |
| Total Other Financing Sources (Uses) | 50,000 | (382,750) | (216,246) | 166,504 |
| Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses | 78,225 | (343,167) | (135,356) | 207,811 |
| Cash - Beginning of the Year | 314,171 | 483,098 | 218,319 | (264,779) |
| Cash - End of the Year | \$ 392,396 | \$ 139,931 | \$ 82,963 | \$ (56,968) |

See independent auditor's report.

Other Supplemental Information

Village of Montpelier, Louisiana
 Schedule of Compensation, Benefits, and Other Payments to Agency Head
 For the Year Ended June 30, 2025

Schedule 2

Agency Head: Kenneth G. Giardina, Mayor

| Purpose | Amount |
|-------------------------------------|----------|
| Salary | \$ 4,200 |
| Benefits - Health Insurance | - |
| Benefits - Other Insurance | - |
| Benefits - Retirement | - |
| Deferred Compensation | - |
| Benefits - Other - Supplemental Pay | - |
| Car Allowance | - |
| Vehicle Provided by Government | - |
| Vehicle Rental | - |
| Cell Phone | - |
| Dues | - |
| Per Diem | - |
| Reimbursements | 109 |
| Travel | 539 |
| Registration Fees | - |
| Conference Travel | - |
| Housing | - |
| Unvouchered Expenses | - |
| Special Meals | - |
| Other | - |
| | \$ 4,848 |

See independent auditor's report.

Village of Montpelier, Louisiana
Schedule of Justice System Funding – Collecting / Disbursing Entity
For the Year Ended June 30, 2025

Schedule 3

| | First Six- Month Period Ended <u>12/31/24</u> | Second Six- Month Period Ended <u>06/30/25</u> |
|---|--|---|
| Beginning Balance of Amounts Collected | \$ - | \$ - |
| Add: Collections | | |
| Criminal Fines - Other | 78,858 | 67,547 |
| Subtotal Collections | <u>78,858</u> | <u>67,547</u> |
| Less: Disbursements to Governments & Nonprofits | | |
| Crimestoppers of Tangipahoa, Criminal Fines - Other | - | 150 |
| DHH Traumatic Head & Spinal Cord Injury Trust, Criminal Fines - Other | 2,245 | 2,255 |
| Florida Parishes Juvenile Justice Commission, Criminal Fines - Other | 2,245 | 2,255 |
| Louisiana Association of Chiefs of Police, Criminal Fines - Other | 898 | 1,102 |
| Louisiana Commission on Law Enforcement, Criminal Fines - Other | 880 | 886 |
| Louisiana Judicial College, Criminal Fines - Other | 50 | - |
| Louisiana Supreme Court, Criminal Fines - Other | 225 | 225 |
| Treasury State of Louisiana CMIS, Criminal Fines - Other | 449 | 451 |
| Less: Amount Retained by Collecting Agency | | |
| Amounts "Self-Disbursed" to Collecting Agency - Other | 71,866 | 60,223 |
| Less: Disbursements to Individuals / 3rd Party Collection of Processing Agencies | | |
| Other Disbursements to Individual | <u>-</u> | <u>-</u> |
| Subtotal Disbursements / Retainage | <u>78,858</u> | <u>67,547</u> |
| Ending Balance of Amounts Collected but not Disbursed / Retained | <u>\$ -</u> | <u>\$ -</u> |
| Other Information: | | |
| Ending Balance of Amounts Assessed but Not Collected | \$ - | \$ - |
| Total Waivers During the Fiscal Period | \$ - | \$ - |

See independent auditor's report.

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CHRISTOPHER S. JOHNSON, CPA, MBA

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A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

To the Honorable Kenneth Giardina, Mayor
and Members of the Board of Alderman
Village of Montpelier, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Village of Montpelier, Louisiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Village of Montpelier, Louisiana's basic financial statements and have issued our report thereon dated December 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Montpelier, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Montpelier, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Montpelier, Louisiana's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of current year findings, recommendations, and responses as item 2025-01 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Montpelier, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Montpelier, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Montpelier, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of current year findings, recommendations, and responses. Village of Montpelier, Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Hebert Johnson & Associates

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
December 15, 2025

**Village of Montpelier, Louisiana
Montpelier, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses
For the Year Ended June 30, 2025**

We have audited the basic financial statements of the Village of Montpelier, Louisiana as of and for the year ended June 30, 2025, and have issued our report thereon dated December 15, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2025 resulted in an unmodified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weakness, Yes Significant Deficiencies, No

Compliance
Compliance Material to Financial Statements, No

b. Federal Awards

Not Applicable

Was a management letter issued? No

Internal Control

2025-01 Segregation of Duties

Criteria:

Internal control is a process affected by the Village's management and is designed to provide reasonable assurance regarding the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

Condition:

Accounting and financial functions are not adequately segregated.

Cause:

The Village's staff is not sufficient size to allow for proper and appropriate segregation of duties to maintain an effective system of internal controls.

**Village of Montpelier, Louisiana
Montpelier, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses
For the Year Ended June 30, 2025**

Effect:

Without segregation of incompatible duties, the Village is exposed to many risks including but not limited to, the risk of improper or unauthorized transactions, misappropriation of assets, and incomplete, inaccurate or fraudulent financial reporting. The lack of segregation of incompatible duties represents a material weakness in the design of the internal controls over financial reporting.

Recommendation:

Due to the size of the Village's office and cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. We recommend the Village to perform the following compensating controls:

- The mayor should review the unopened monthly bank statements and related bank reconciliations (including all cancelled checks) and document the review and approval of the items clearing the bank statement by initialing and dating the face of the statement.
- Check signers should initial invoices as proof of review.
- Monthly budget-to-actual financial statements should be provided to the board.
- Monthly utility billing registers should be provided to the board.

Management's Response:

Management acknowledges the condition as described above. Responsible Party, Mayor Kenny Giardina (225) 777-4400

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A PROFESSIONAL ACCOUNTING CORPORATION

Management Letter

To the Honorable Kenneth Giardina, Mayor
and Members of the Board of Alderman
Village of Montpelier, Louisiana

We have audited the basic financial statements of the Village of Montpelier, Louisiana, for the year ended June 30, 2025.

During our audit of the basic financial statements of the Village of Montpelier, Louisiana for the year ended June 30, 2025, we noted that the Village's enterprise funds incurred operating losses for the year ended. The gas fund incurred an operating loss of \$52,823 and the water fund incurred an operating loss of \$32,430 for the fiscal year. Continued operating losses can limit the Village's ability to maintain adequate cash flow, fund necessary capital improvements, and sustain long-term financial stability within these enterprise activities.

We recommend the Village perform a comprehensive review of its current rate structures to determine whether the existing rates are sufficient to cover operating costs and future capital needs, and/or decrease expenses in order to operate on a profitable basis.

This report is intended solely for the information and use of the Village of Montpelier, Louisiana management, and the Office of the Legislative Auditor, State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hebert Johnson & Associates

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
December 15, 2025

**VILLAGE OF MONTPELIER
MONTPELIER, LOUISIANA**

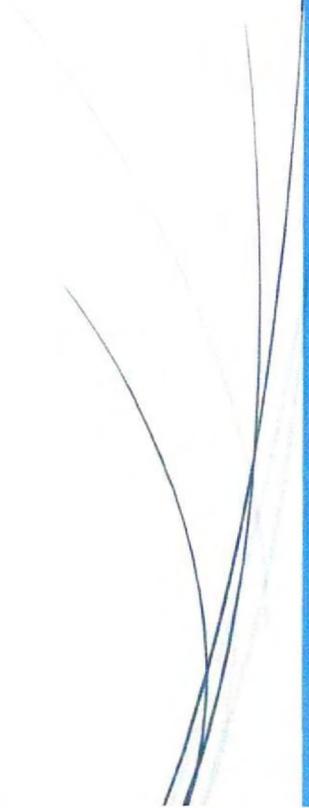
STATEWIDE AGREED-UPON PROCEDURES REPORT

Fiscal Period July 1, 2024 through June 30, 2025



**Hebert Johnson
& Associates, Inc.**
Certified Public Accountants

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2025

To the Honorable Mayor Kenny Giardina
and the Board of Alderman of the
Village of Montpelier
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. Village of Montpelier's management is responsible for those C/C areas identified in the SAUPs.

The Village of Montpelier has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

- iii. **Disbursements**, including processing, reviewing, and approving.
- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were found as a result of these procedures.

2) *Board or Finance Committee*

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Exception: *The minutes did not reference or include monthly budget-to-actual comparisons on the general fund and quarterly budget-to-actual comparisons on the proprietary funds..*

Management's Response: *Management acknowledges that formal budget-to-actual comparisons are not currently prepared or presented in board meetings. However, the Board does review detailed expense reports at each regular meeting. The Village does prepare a proposed budget before the fiscal year begins and amends the budget towards the end of the fiscal year end. The Village will begin providing budget-to-actual financial statements.*

3) *Bank Reconciliations*

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the

entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

1) Exception: *There is no written evidence that management or a board member have reviewed each bank reconciliation within one month of the date the reconciliation was prepared.*

Management's Response: *Management will ensure that each bank reconciliation is reviewed and documented with a member of management's initials and date to show approval.*

2) Exception: *Out of the six bank accounts tested, three of the bank accounts had outstanding items older than twelve months. There was no documentation showing these reconciling items had been researched.*

Management's Response: *Management acknowledges the exception and will research all outstanding items greater than twelve months.*

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Exception: *Employees responsible for cash collections share one drawer. Employees that collect cash do prepare and make bank deposits.*

Management's Response: *Management acknowledges the exceptions. Due to limited staffing, employees will continue to perform both cash collection and deposit duties.*

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a)

approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Exception: *Out of the five disbursements selected, none of the disbursements showed evidence of segregation of duties by initialing and dating the invoices.*

Management's Response: *Management will make sure all check signers initial and date invoices as part of their review.*

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exception: *The monthly statement selected for sampling did include a finance charge of \$25.*

Management's Response: *This was an oversight by management.*

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.\

No exceptions were found as a result of these procedures.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of these procedures.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Exception: *There is no documentation of supervisors approving attendance and leave of the selected employees/officials.*

Management's Response: *Management will begin initialing time sheets to ensure proper payroll procedures.*

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions were found as a result of these procedures.

11) Debt Service

(These procedures are not applicable to the Entity)

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of these procedures.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management”**:

- A. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Exception: *Out of the five employees/officials selected, one employee/official did not complete at least one hour of sexual harassment training.*

Management's Response: *This was an oversight.*

We were engaged by Village of Montpelier to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Village of Montpelier and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or

compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
December 15, 2025