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**VILLAGE OF PORT VINCENT, LOUISIANA**

**FINANCIAL REPORT**

**JUNE 30, 2004**

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

Release Date 3-9-05

VILLAGE OF PORT VINCENT, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2004

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**INDEPENDENT AUDITORS' REPORT**

To the Mayor and Board of Alderman  
Village of Port Vincent, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Port Vincent, Louisiana, as of and for the year then ended, June 30, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Port Vincent, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 *Governmental Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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 Port Vincent, Louisiana, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2003. This results in a change in the format and content of the financial statements.

The Management's Discussion and Analysis and the other required supplementary information on pages 3 through 8 and 29, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 18, 2005, on our consideration of the Village of Port Vincent, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Podlithwait & Netturill*

February 18, 2005

## VILLAGE OF PORT VINCENT

### MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2004

This section of Village's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year that ended on June 30, 2004. Please read it in conjunction with the transmittal letter at the front of this report and the Village's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- The Village's combined total net assets equaled \$746,405 over the course of the year's operations. Net assets of our governmental activities were \$211,422 and \$534,983 in the net assets of our business-type activities.
- During the year, the Village's expenses were \$48,494 less than the \$343,051 generated in charges for services taxes, and other revenue. In the Village's business-type activities, total revenues were \$64,205 and total expenses were \$87,443.
- The proprietary fund transferred \$13,564 to the general fund, which resulted in the Proprietary Fund reporting a \$21,512 deficit for the year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Village's financial statements, including the portion of the Village's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

**VILLAGE OF PORT VINCENT**

**MANAGEMENTS DISCUSSION AND ANALYSIS  
June 30, 2004**

Figure A-1 Major Features of Village's Government and Fund Financial Statements			
	Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire Village government (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary, such as police, fire, and parks	Activities the Village operates similar to private businesses: the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expense, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

## VILLAGE OF PORT VINCENT

### MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2004

#### **Government-wide Statements**

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's net assets and how they have changed. Net assets—the difference between the Village's assets and liabilities—is one way to measure the Village's financial health, or position.

- Over time, increases or decreases in the Village's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Village are divided into two categories:

- Governmental activities—most of the Village's basic services are included here, such as the police department, and general administration. Fines and fees finance most of these activities.
- Business-type activities—The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's water and garbage system are included here.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Village's most significant funds—not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

VILLAGE OF PORT VINCENT

**MANAGEMENTS DISCUSSION AND ANALYSIS**

**June 30, 2004**

The Village has three kinds of funds:

- **Governmental funds**—Most of the Village's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary funds**—Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.
  - In fact, the Village's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

**FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

**Net assets.** The Village's combined net assets were \$746,405 at the end of the fiscal year. (See Table A-1.)

**Table A-1**  
**Village's Net Assets**

	Governmental Activities 2004	Business-Type Activities 2004
Current and other assets	\$ 220,825	\$ 113,986
Capital assets	101,369	420,997
<b>Total assets</b>	<b>322,194</b>	<b>534,983</b>
Current liabilities	130	-
Long term Liabilities	110,642	-
<b>Total liabilities</b>	<b>110,772</b>	<b>-</b>
Net assets		
Invested in capital assets, net of related debt	101,369	420,997
Unrestricted	110,053	113,986
<b>Total net assets</b>	<b>\$ 211,422</b>	<b>\$ 534,983</b>

Net assets of the Village's governmental activities were \$211,422 at year end. Net assets of the Village's business-type activities were \$534,983 at year end.

**VILLAGE OF PORT VINCENT**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

**June 30, 2004**

**Changes in net assets.** The Village's total revenues were \$391,468 at year end (See Table A-2.) Approximately 59 percent of the Village's revenue comes from fines and grants. Fees charged for services represent 16 percent, and most of the rest is intergovernmental revenue.

The total cost of all programs and services \$368,436. The Village's expenses cover all services performed by its office.

**Governmental Activities**

Revenues for the Village's governmental activities were \$45,494 more than total expenses for year end.

**Table A-2**  
**Changes in Village's Net Assets**

	<b>Governmental Activities 2004</b>	<b>Business-Type Activities 2004</b>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 185,753	\$ 63,176
Grants	15,788	-
General revenues		
Intergovernmental	93,748	-
Miscellaneous	32,531	-
Interest	1,667	1,029
Transfers	13,564	(13,564)
<b>Total revenues</b>	<u>343,051</u>	<u>50,641</u>
<b>Expenses</b>		
General government	120,227	72,153
Public safety	164,504	-
Streets	2,800	-
Interest	7,026	-
<b>Total expenses</b>	<u>294,557</u>	<u>72,153</u>
<b>Increase (decrease) in net assets</b>	<u>\$ 48,494</u>	<u>\$ (21,512)</u>

- The cost of all governmental activities this year was \$294,557.

**Business-type Activities**

Revenues were \$50,641 and expenses were \$72,153 of the Village's business-type activities.

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

As the Village completed the year, its governmental funds reported a combined fund balance of \$220,695.

**VILLAGE OF PORT VINCENT**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

**June 30, 2004**

**General Fund Budgetary Highlights**

- Over the course of the year, there were no amendments made to the general fund or proprietary fund budgets.

**CAPITAL ASSETS**

At the end of 2004, the Village had invested approximately \$500,000 in a broad range of capital assets, including police equipment, vehicles, buildings, and water well systems. (See Table A-3)

**Table A-3  
Village's Capital Assets**

	<b>Governmental Activities</b>	<b>Business Activities</b>
	<b>2004</b>	<b>2004</b>
Land	\$ 10,000	\$ -
Buildings	30,000	-
Lines, meters, & Plants	-	638,835
Equipment	78,171	-
Vehicles	58,698	-
Less: Accumulated Depreciation	<u>(75,500)</u>	<u>(217,838)</u>
<b>Total</b>	<b><u>\$ 101,369</u></b>	<b><u>\$ 420,997</u></b>

This year's major capital asset addition included:

- Equipment purchases of \$6,361 in the general fund.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Village is dependent on fines for 59 percent of its revenues, and charges for services for 26 percent. The economy is not expected to generate any significant growth. Therefore, the Village's future revenues are expected to be consistent with the current years.

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Laura Savoy, 18235 LA Hwy 16, Port Vincent, LA 70726.

**VILLAGE OF PORT VINCENT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

<b><u>ASSETS</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
Cash	\$ 199,858	\$ 112,906	\$ 312,764
Receivables	20,967	1,080	22,047
Capital assets, net of accumulated depreciation	101,369	420,997	522,366
TOTAL ASSETS	<u>322,194</u>	<u>534,983</u>	<u>857,177</u>
<b><u>LIABILITIES</u></b>			
Accrued expenses	130	-	130
Bonds payable	110,642	-	110,642
TOTAL LIABILITIES	<u>110,772</u>	<u>-</u>	<u>110,772</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	101,369	420,997	522,366
Unrestricted	110,053	113,986	224,039
TOTAL NET ASSETS	<u>\$ 211,422</u>	<u>\$ 534,983</u>	<u>\$ 746,405</u>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF PORT VINCENT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Fees, Fines, and Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>ACTIVITIES</b>						
<b>Governmental:</b>						
General government	120,227	\$ 185,753	\$ 15,788	\$ 81,314		\$ 81,314
Public safety	164,504			(164,504)		(164,504)
Streets	2,800			(2,800)		(2,800)
Interest	7,026			(7,026)		
Total governmental activities	<u>294,557</u>	<u>185,753</u>	<u>15,788</u>	<u>(93,016)</u>		<u>(93,016)</u>
<b>Business-type:</b>						
Utility	72,153	63,176	-		(8,977)	(8,977)
Total business-type activities	<u>72,153</u>	<u>63,176</u>	<u>-</u>		<u>(8,977)</u>	<u>(8,977)</u>
Total Village of Port Vincent	<u>\$ 366,710</u>	<u>\$ 248,929</u>	<u>\$ 15,788</u>	<u>\$ (93,016)</u>	<u>(8,977)</u>	<u>(101,993)</u>
<b>General Revenues:</b>						
<b>Intergovernmental:</b>						
Beer tax				3,924	-	3,924
Franchise taxes and permits				29,092	-	29,092
Insurance premium tax				20,440	-	20,440
Occupational licenses				6,709	-	6,709
Interest income				1,667	1,029	2,696
Paving lien proceeds				33,583	-	33,583
<b>Other:</b>						
Cellular Tower Rental				6,420	-	6,420
Parish supplemental				3,600	-	3,600
State supplemental				2,150	-	2,150
Other income				20,361	-	20,361
Transfers				13,564	(13,564)	-
Total general revenues and transfers				<u>141,510</u>	<u>(12,535)</u>	<u>128,975</u>
Change in net assets				48,494	(21,512)	26,982
Net assets - July 1, 2003				162,928	556,495	719,423
Net assets - June 30, 2004				<u>\$ 211,422</u>	<u>\$ 534,983</u>	<u>\$ 746,405</u>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF PORT VINCENT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	General Fund	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 145,836	\$ 54,022	\$ 199,858
Receivables	-	20,967	20,967
<b>Total assets</b>	<b>\$ 145,836</b>	<b>\$ 74,989</b>	<b>\$ 220,825</b>
 <b>LIABILITIES</b>			
Payroll taxes withheld	130	-	130
<b>Total liabilities</b>	130	-	130
 <b>FUND BALANCES</b>			
Unreserved	145,706	74,989	220,695
<b>Total liabilities and fund balances</b>	<b>\$ 145,836</b>	<b>\$ 74,989</b>	<b>\$ 220,825</b>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF PORT VINCENT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

Total fund balances - Governmental Funds		\$ 220,695
Cost of capital assets at June 30, 2004	\$ 176,869	
Less: accumulated depreciation as of June 30, 2004	<u>(75,500)</u>	101,369
Bonds Payable		<u>(110,642)</u>
Total net assets at June 30, 2004 - Governmental Activities		<u>\$ 211,422</u>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF PORT VINCENT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2004**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUE</b>			
Fines	\$ 185,753	\$ -	\$ 185,753
Intergovernmental:			
Grants	15,788	-	15,788
Beer tax	3,924	-	3,924
Franchise taxes and permits	29,092	-	29,092
Insurance premium tax	20,440	-	20,440
Occupational licenses	6,709	-	6,709
Interest income	1,229	438	1,667
Paving lien proceeds	-	33,583	33,583
Other:			
Cellular Tower Rental	6,420	-	6,420
Parish supplemental	3,600	-	3,600
State supplemental	2,150	-	2,150
Other income	20,361	-	20,361
	<u>295,466</u>	<u>34,021</u>	<u>329,487</u>
<b>EXPENDITURES</b>			
Current:			
General government	119,354	-	119,354
Public safety	146,495	-	146,495
Streets	2,800	-	2,800
Capital Outlay	5,552	892	6,444
Debt Service:			
Principal	-	15,806	15,806
Interest	-	7,026	7,026
Total expenditures	<u>274,201</u>	<u>23,724</u>	<u>297,925</u>
Excess of Revenues over (under) expenditures	21,265	10,297	31,562
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>13,564</u>	<u>-</u>	<u>13,564</u>
Net change in fund balances	34,829	10,297	45,126
Fund Balance, Beginning of Year	110,877	64,692	175,569
Fund Balance, End of Year	<u>\$ 145,706</u>	<u>\$ 74,989</u>	<u>\$ 220,695</u>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF PORT VINCENT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2004**

Net change in fund balances - Governmental funds	\$ 45,126
The change in net assets reported for governmental activities in the statement of activities is different because:	
Capital Outlay	6,361
Depreciation expense	(18,799)
Principal payment on bonds payable	\$ 15,806
	<hr/>
Change in net assets of governmental activities	<u>\$ 48,494</u>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF PORT VINCENT**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**JUNE 30, 2004**

**ASSETS**

Cash	\$ 112,906
Receivables	1,080
Capital assets, net of accumulated depreciation	<u>420,997</u>
TOTAL ASSETS	<u>534,983</u>

**NET ASSETS**

Invested in capital assets	420,997
Unrestricted	<u>113,986</u>
TOTAL NET ASSETS	<u>\$ 534,983</u>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF PORT VINCENT**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2004**

<b>OPERATING REVENUES</b>	
Charges for service	\$ 61,393
Connection fees	1,000
Penalty income	783
Total operating revenues	<u>63,176</u>
<b>OPERATING EXPENSES</b>	
Administration	6,237
Depreciation	23,695
Bad Debts	4,302
Maintenance	1,718
Utilities	36,201
Total operating expenses	<u>72,153</u>
<b>OPERATING LOSS</b>	(8,977)
<b>NONOPERATING REVENUES</b>	
Interest income	<u>1,029</u>
Loss before transfers	(7,948)
Transfer out	<u>(13,564)</u>
Change in net assets	(21,512)
<b>Total net assets - beginning</b>	<u>556,495</u>
<b>Total net assets - ending</b>	<u>\$ 534,983</u>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF PORT VINCENT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**  
**YEAR ENDED JUNE 30, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 64,193
Payments to suppliers and employees	<u>(48,674)</u>
<b>Net cash provided by operating activities</b>	<u>15,519</u>

**CASH FLOWS FROM NONCAPITAL FINANCING**

Transfers to other funds	<u>(13,564)</u>
<b>Net cash used by noncapital financing</b>	<u>(13,564)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>1,029</u>
<b>Net cash provided by investing activities</b>	<u>1,029</u>

**Net increase in cash and cash equivalents**

2,984

**Cash and cash equivalents - July 1, 2003**

109,922

**Cash and cash equivalents - June 30, 2004**

\$ 112,906

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating loss	\$ (8,977)
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation and amortization	23,695
Decrease in Accounts receivable	1,017
Decrease in sales tax payable	<u>(216)</u>
<b>Net cash provided by operating activities</b>	<u>\$ 15,519</u>

The accompanying notes are an integral part of this financial statement.

## VILLAGE OF PORT VINCENT

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Organization

The Village of Port Vincent (the Village) was incorporated May 5, 1952 under the provisions of the Lawrason Act and operates under the Mayor – Board of Alderman form of government (LA. RS: 33:321-48) and provides the services set forth in its charter. The Village is governed by a mayor and three aldermen.

##### B. Reporting Entity

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Port Vincent, Louisiana, for financial reporting purposes. The basis criterion for including a potential component unit within the reporting entity is financial accountability. These criteria include:

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

Based on the previous criteria, no component units have been identified and, as a result, these financial statements present only financial position and results of operations of the Village of Port Vincent, Louisiana (the primary government).

**VILLAGE OF PORT VINCENT**  
**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. Basis of Presentation, Basis of Accounting

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the Village of Port Vincent. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental and business-type activities* of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Village's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

The Village reports the following major governmental funds:

- a. **General Fund** – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Capital Projects Funds** – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and agency funds).

**VILLAGE OF PORT VINCENT**  
**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

The Village reports the following enterprise fund:

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

D. Measurement Focus, Basis of Accounting -

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the Village follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinion, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Transfers between funds are not expected to be repaid and are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**VILLAGE OF PORT VINCENT**  
**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

E. Budgetary Policy and Accounting

Budgets and Budgetary Accounting – The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

- 1) The Village's Mayor and Village Aldermen prepare a proposed budget message and budget prior to the beginning of each fiscal year.
- 2) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- 3) A special meeting is held to conduct a public hearing is held to review and discuss on the proposed budget.
- 4) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- 5) Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Village Aldermen.
- 6) All budgetary appropriations lapse at the end of each fiscal year.
- 7) The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except for depreciation, amortization, and bad debts expense, which are not considered. Such amendments were not material in relation to the original appropriations.

Inventories – Inventory of supplies is immaterial in the dollar amount and all supplies are expensed when purchased.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**VILLAGE OF PORT VINCENT**  
**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
Buildings	40
Building Improvements	20
Other Improvements	20-40
Vehicles	5-15
Equipment	3-15

The proprietary fund is accounted for on a cost of service or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or non current) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<b><u>Years</u></b>
Water distribution systems	25 years
Well site improvements	9-10 years
Furniture and office equipment	7 years

All fixed assets are stated at historical cost or estimated historical cost, if actual historical cost is not available.

**Bad Debts** – The Village uses the allowance method to recognize bad debts for utility receivables. The allowance is based on management's estimate of uncollectable receivables as of the end of each year.

**Statement of Cash Flows** – For purposes of the statement of cash flows, the Utility Enterprise Fund considers all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased to be cash equivalents.

# VILLAGE OF PORT VINCENT

## NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with original maturities of three months or less are cash equivalents.

Investments - The Village's governmental fund type investments consist of an investment in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like pool administered by a non-profit corporation under a State of Louisiana law which permits the LAMP investments to be carried at amortized cost instead of fair value. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

Annual and Sick Leave - The Village's annual and sick leave policy does not provide for the accumulation and vesting of leave.

2. **CHANGES IN ACCOUNTING PRINCIPLES**

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2003 to be restated in terms of Net Assets as follows:

Governmental Funds' Fund Balance, June 30, 2003		\$ 175,569
Add: Capital Assets as of June 30, 2003		
Cost	\$ 170,508	
Accumulated Depreciation	<u>( 56,701)</u>	113,807
Less: Bonds Payable as of June 30, 2003		<u>126,448</u>
Net Assets at June 30, 2004		<u>\$ 162,928</u>

**VILLAGE OF PORT VINCENT**  
**NOTES TO FINANCIAL STATEMENTS**

3. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2004, are as follows:

Governmental activities:

	Land	Building	Equipment	Vehicles	Total
Cost of Capital Assets June 30, 2003	\$ 10,000	\$ 30,000	\$ 71,811	\$ 58,698	\$ 170,508
Additions			6,361		6,361
Costs of Capital Assets, June 30, 2004	10,000	30,000	78,172	58,698	176,869
Accumulated depreciation June 30, 2003	-	11,250	25,509	19,942	56,701
Additions	-	750	10,298	7,751	18,799
Accumulated depreciation, June 30, 2004	-	12,000	35,807	27,693	75,500
Capital assets, net of accumulated depreciation at June 30, 2004	\$ 10,000	\$ 18,000	\$ 42,365	\$ 73,370	\$ 101,369

For the year ended June 30, 2004, depreciation expense was \$18,799.

**VILLAGE OF PORT VINCENT**

**NOTES TO FINANCIAL STATEMENTS**

3. **CAPITAL ASSETS** (continued)

Business-Type Activities:

	Lines, Meters, and plants	Equipment	Total
Cost of Capital Assets June 30, 2003	\$ 578,494	\$ 60,341	\$ 638,835
Additions	-	-	-
Costs of Capital Assets, June 30, 2004	578,494	60,341	638,835
Accumulated depreciation June 30, 2003	135,168	58,975	194,143
Additions	23,140	555	23,695
Accumulated depreciation, June 30, 2004	158,308	59,530	217,838
Capital assets, net of accumulated depreciation at June 30, 2004	\$ 420,186	\$ 811	\$ 420,997

For the year ended June 30, 2004, depreciation expense was \$23,695.

4. **CASH AND INVESTMENTS**

At June 30, 2004, the Village's cash and investments (book balance 5)—consisted of the following:

	<b><u>Total</u></b>
Cash:	
Petty cash	\$ 360
Demand deposits	<u>25,006</u>
Total cash	<u>25,366</u>
Investments:	
Funds held in LAMP	<u>287,398</u>
Total cash and investments	<u>\$ 312,764</u>

**VILLAGE OF PORT VINCENT**

**NOTES TO FINANCIAL STATEMENTS**

4. **CASH AND INVESTMENTS** (continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or 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 at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2004, the Village had \$34,019 in deposits (collected bank balances) of these bank balances, \$34,019 was covered by federal depositors insurance.

In addition, local governments in Louisiana are authorized to invest in Louisiana Asset Management Pool, Inc., (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of Louisiana, which operates a local government investments are stated at cost.

5. **TRANSFERS TO/FROM OTHER FUNDS**

Transfers to/from Other Funds at June 30, 2004 consist of the following:

Transfer from Utility Fund to the General Fund for salary expenditures	\$13,564
---	----------

6. **PENSION PLAN**

All full-time police department employees engaged in law enforcement and all police chiefs earning at least \$100 per month are required to participate in the Municipal Police Employees Retirement System of Louisiana, which is a cost-sharing multiple employer plan. Plan contributions are funded at 21.25% of gross salary, including any state supplemental pay, but not including any overtime. Additionally, employee contributions are made at the rate of 7.5%. State statute specifies the required contribution percentages.

	<u>Year Ended 06/30/04</u>	<u>Year Ended 06/30/03</u>	<u>Year Ended 06/30/02</u>
Covered payroll	\$ 94,037	\$ 94,682	\$ 57,938
Pension expense	\$ 9,784	\$ 4,947	\$ 1,954

All of the required contributions have been made.

**VILLAGE OF PORT VINCENT**

**NOTES TO FINANCIAL STATEMENTS**

6. **PENSION PLAN** (continued)

Employees who retire with 25 years of service, at any age, or at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Early retirement, at reduced benefits is available for any member who has 20 years or more of service but who has not reached age 50. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Members are not considered fully vested until they have attained both the age and the years of service required to receive regular retirement benefits.

Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The Plan also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Room 270, Baton Rouge, Louisiana 70898-4619, or calling (225) 929-7411.

7. **CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions which occurred during the year ended June 30, 2003:

Business Type Activities:

	Balance 6/30/03	Additions	Retirements	Balance 6/30/04
Paving Certificates, Series 2001	\$ 126,448	-	15,806	\$ 110,642

**GENERAL LONG-TERM DEBT**

Bond payable at June 30, 2004 was comprised of the following issue:

\$158,060 of Paving Certificates Series 2001;  
due in annual installments of \$15,806 including  
variable interest rates through March 2011.

**VILLAGE OF PORT VINCENT**

**NOTES TO FINANCIAL STATEMENTS**

7. **CHANGES IN LONG-TERM DEBT** (continued)

The annual requirements to amortize the debt outstanding as of June 30, 2004 is as follows:

Year Ending <u>June 30</u>	<u>Principal</u>
2005	15,806
2006	15,806
2007	15,806
2008	15,806
2009	15,806
Thereafter	79,030
	<u>\$ 110,642</u>

8. **RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has obtained liability insurance through the Louisiana Risk Management Association (LRMA). This policy includes general liability insurance as well as liability insurance for the Village Hall, the police car and the patrolman, and an errors and omissions policy on the public officials. In addition, the Village has purchased building and contents insurance on the Village Hall, comprehensive and collision insurance on the police car and worker's compensation insurance.

**VILLAGE OF PORT VINCENT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	185,722	\$ 185,722	185,753	\$ 31
Grants	15,000	15,000	15,788	788
Beer tax	3,000	3,000	3,924	924
Franchise taxes and permits	24,000	24,000	29,092	5,092
Insurance premium tax	18,000	18,000	20,440	2,440
Occupational licenses	8,800	8,800	6,709	(2,091)
Interest	1,000	1,000	1,229	229
Other:				
Cellular Tower Rental	6,420	6,420	6,420	-
Parish supplemental	3,600	3,600	3,600	-
State supplemental	3,600	3,600	2,150	(1,450)
Other income	-	-	20,361	20,361
Total revenues	<u>269,142</u>	<u>269,142</u>	<u>295,466</u>	<u>26,324</u>
<b>EXPENDITURES</b>				
Current:				
General government	125,178	125,178	119,354	5,824
Public safety	149,122	149,122	146,495	2,627
Streets	-	-	2,800	(2,800)
Capital Outlay	8,100	8,100	5,552	2,548
Total expenditures	<u>282,400</u>	<u>282,400</u>	<u>274,201</u>	<u>8,199</u>
Excess of revenues over expenditures	(13,258)	(13,258)	21,265	18,125
<b>OTHER FINANCING USES</b>				
Transfers in	16,858	16,858	13,564	3,294
Net change in fund balance	<u>3,600</u>	<u>3,600</u>	<u>34,829</u>	<u>21,419</u>
<b>Fund Balance, Beginning of year</b>	<u>110,877</u>	<u>110,877</u>	<u>110,877</u>	<u>-</u>
<b>Fund Balance, End of year</b>	<u>\$ 114,477</u>	<u>\$ 114,477</u>	<u>\$ 145,706</u>	<u>\$ 21,419</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF PORT VINCENT  
SCHEDULE OF PER DIEM PAID  
YEAR ENDED JUNE 30, 2004

	<u>MONTHLY</u>	<u>ANNUAL</u>
Mayor, Mary Gourdon	\$ 550	\$ 6,875
John Dorris	75	938
Charlotte Massey	75	938
David Carter	75	938
		<u>\$ 9,689</u>

**VILLAGE OF PORT VINCENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004**

**A. SUMMARY OF AUDIT RESULTS**

1. *The auditor's report expresses an unqualified opinion on the financial statements of the Village of Port Vincent.*
2. *There were no reportable conditions during the audit of the financial statements.*
3. *There were no instances of noncompliance during the audit of the financial statements.*

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

**2004-01 AUDIT LAWS**

**Finding:** The Village did not submit financial statements within six months of the close of the entity's fiscal year as a result of not completing fixed asset records in a timely manner.

**Criteria:** LSA-RS24:513 (5)(a) requires the engagement to be completed within six months of the close of the entity's fiscal year.

**Effect:** The Village's financial statements were not submitted timely.

**Recommendation:** The Village should prepare fixed asset records in a timely manner.

**2004-02 INTERNAL CONTROL**

**Finding:** There is a lack of segregation of duties due to the limited number of accounting personnel.

**Recommendation:** No action is recommended.

**Management's**

**Response:** It would not be cost effective to hire additional personnel to achieve an adequate segregation of duties within the accounting staff.

**VILLAGE OF PORT VINCENT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2004**

**FINDINGS**

None



**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States

www.pncpa.com

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

To the Honorable Mayor and Aldermen  
Port Vincent, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Port Vincent, Louisiana, as of the year ended June 30, 2004, which collectively comprise the Village of Port Vincent, Louisiana's basic financial statements and have issued our report dated February 18, 2005. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Village of Port Vincent, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2004-01.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village of Port Vincent, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Village of Port Vincent, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2004-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Village Aldermen, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Prothro & Mettrick*

February 18, 2004

# Village of Port Vincent

INCORPORATED 1952  
18235 LA HWY. 16  
PORT VINCENT, LA 70726  
(225) 698-9891

## CORRECTIVE ACTION PLAN

February 18, 2005

Louisiana Legislative Auditor

Village of Port Vincent respectfully submits the following corrective action plan for the year ended June 30, 2004.

Name and address of independent public accounting firm: Postlethwaite & Netterville, APAC  
326 E Cornerview  
Gonzales, LA 70737

Audit Period: July 1, 2003-June 30, 2004

The findings from the June 30, 2004 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **FINDINGS-FINANCIAL STATEMENT AUDIT**

#### **2004-01 AUDIT LAWS**

Recommendation: The Village should have all fixed asset records completed in a timely manner.

Action taken: The Village clerk will complete records in a timely manner.

#### **2004-02 INTERNAL CONTROLS**

Recommendation: No action is recommended.

Action taken: The Village finds it would not be cost effective to hire additional personnel to achieve an adequate segregation of duties within the accounting staff.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Laura Savoy at (225) 698-9891.

Sincerely,

Laura Savoy  
Mayor