

Village of Montpelier, Louisiana

Annual Financial Statements

As of and for the Year Ended June 30, 2015  
With Supplemental Information Schedules



**BRUCE HARRELL & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Accounting Corporation

**Village of Montpelier**  
**Annual Financial Statements**  
**As of and for the Year Ended June 30, 2015**  
**With Supplemental Information Schedules**

**TABLE OF CONTENTS**

	<b>Statement</b>	<b>Page</b>
Independent Accountant’s Review Report.....		5
Required Supplemental Information (Part I):		
Management’s Discussion and Analysis.....		8
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position.....	A	17
Statement of Activities .....	B	18
Fund Financial Statements:		
Governmental Funds Financial Statements:		
Balance Sheet, Governmental Funds .....	C	20
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Position.....	D	21
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	F	23
Proprietary Fund Financial Statements:		
Statement of Net Position .....	G	24
Statement of Revenues, Expenses and Changes in Net Position .....	H	25
Statement of Cash Flows.....	I	26
Notes to the Financial Statements .....		28

**Village of Montpelier**  
**Annual Financial Statements**  
**As of and for the Year Ended June 30, 2015**  
**With Supplemental Information Schedules**

**TABLE OF CONTENTS**

	<b>Schedule</b>	<b>Page</b>
Required Supplemental Information (Part II):		
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual General Fund - Detail.....	1	40
Other Supplemental Information:		
Schedule of Compensation Paid to Board Members.....	2	43
Schedule of Compensation, Benefits, and Other Payments to Agency Head.....	3	44
Schedule of Current Year Findings and Responses .....	4	45
Schedule of Prior Year Findings and Responses .....	5	46
Independent Accountant’s Report on Applying Agreed-Upon Procedures.....		47
Louisiana Attestation Questionnaire.....		49

This Page Intentionally Left Blank

Bruce C. Harrell, CPA

Dale H. Jones, CPA  
Kristi U. Bergeron, CPA  
Jessica H. Jones, CPA  
Brandy Westcott Garcia, CPA  
Denise R. LeTard, CPA

INTERNET  
[www.teamcpa.com](http://www.teamcpa.com)

MEMBERS  
American Institute of CPAs  
Society of Louisiana CPAs



CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Accounting Corporation

109 West Minnesota Park  
Park Place Suite 7  
Hammond, LA 70403  
VOICE: (985) 542-6372  
FAX: (985) 345-3156

KENTWOOD OFFICE  
P.O. Box 45 - 909 Avenue G  
Kentwood, LA 70444  
VOICE: (985) 229-5955  
FAX: (985) 229-5951

## Independent Accountant's Review Report

To the Mayor and Board of Aldermen  
Village of Montpelier, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the business-type activities of the Village of Montpelier, Louisiana, (the "Village") as of and for the year ended June 30, 2015, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

The management of the Village 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; this includes 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.

### Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

### Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and budgetary comparison information on pages 8 through 15 and 41 through 43 be presented to supplement the basic financial statements. Such 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us, and we do not express an opinion or provide any assurance on it.

**BRUCE HARRELL & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Page 2

**Other Matters**

The supplementary information contained in the Other-Supplemental Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

A handwritten signature in black ink that reads "Bruce Harrell & Co." with a stylized flourish at the end.

Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation  
Kentwood, Louisiana  
December 28, 2015

This Page Intentionally Left Blank

# Required Supplemental Information (Part I)

## Management's Discussion and Analysis

## Village of Montpelier

### Management's Discussion and Analysis As of and for the Year Ended June 30, 2015

#### Introduction

As management of the Village of Montpelier (the "Village"), we offer readers of these financial statements this narrative overview and analysis of the Village's financial activities for the year ended June 30, 2015. This Management Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, or conditions. It is designed to provide readers with a broad overview of Village finances. It is also intended to provide readers with an analysis of short and long-term activities based on information presented in this financial report, as well as fiscal policies that have been adopted. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Village has presented its financial statements under the reporting model required by Governmental Accounting Standards Board (GASB) Statement No. 34. This reporting model significantly changed the presentation of financial data and also the manner in which the information is recorded. Prior year comparative information for this reporting period has been included in this MD&A, along with a narrative of the changes expected from one year to the next.

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

#### Financial Highlights

- At June 30, 2015, the Village's assets exceeded its liabilities by \$888,617 (net position). Of this amount, \$210,080 (unrestricted net position) may be used to meet the Village's ongoing obligations to its citizens.
- For the year ended June 30, 2015, the Village's total net position increased by \$262,357. Revenues consist of sales taxes, franchise tax, occupational licenses, and fines and other fees, along with grants and revenue from gas and water sales in business type activities. Total revenues for the fiscal year ended June 30, 2015 were \$409,872.
- At June 30, 2015, the Village's general fund (the only governmental fund) reported an ending fund balance of \$29,063, an increase of \$3,112 for the year.
- At June 30, 2015, the Village's proprietary funds reported combined ending net position of \$418,451, a decrease of \$45,226 for the year. Of total ending net position in the utility fund, approximately forty-three percent, or \$181,017, is available for spending at the Village's discretion (unrestricted net position).

#### Overview of the Annual Financial Report

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

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Supplementary Information, which is in addition to the basic financial statements themselves.

## Village of Montpelier

### Management's Discussion and Analysis As of and for the Year Ended June 30, 2015

#### 1. Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

- A. The Statement of Net Position presents information on all of the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or weakening.
- B. The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

*Governmental activities* that are principally supported by taxes and other revenues, and

*Business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges.

#### Government-Wide Financial Analysis

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

## Village of Montpelier

### Management's Discussion and Analysis As of and for the Year Ended June 30, 2015

#### Net Position 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Assets:</b>						
Current and Other Assets	\$ 70,651	\$ 33,837	\$ 196,495	\$ 221,390	\$ 267,146	\$ 255,227
Capital Assets	441,103	136,632	235,162	253,321	676,265	389,953
<b>Total Assets</b>	<u>511,754</u>	<u>170,469</u>	<u>431,657</u>	<u>474,711</u>	<u>943,411</u>	<u>645,180</u>
<b>Liabilities:</b>						
Long-Term Debt Outstanding	-	-	-	-	-	-
Other Liabilities	41,588	7,886	13,206	11,034	54,794	18,920
<b>Total Liabilities</b>	<u>41,588</u>	<u>7,886</u>	<u>13,206</u>	<u>11,034</u>	<u>54,794</u>	<u>18,920</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	441,103	136,632	235,162	253,321	676,265	389,953
Restricted	-	-	2,272	2,271	2,272	2,271
Unrestricted	29,063	25,951	181,017	208,085	210,080	234,036
<b>Total Net Position</b>	<u>\$ 470,166</u>	<u>\$ 162,583</u>	<u>\$ 418,451</u>	<u>\$ 463,677</u>	<u>\$ 888,617</u>	<u>\$ 626,260</u>

The Village's assets exceeded its liabilities at the close of the most recent fiscal year by \$888,617 (net position), an increase of \$262,357 over last year. Of the total amount, \$210,080 is unrestricted net position. The Village's net position is comprised of \$470,166 from governmental activities and \$418,451 from business-type activities, as shown on Statement A.

By far the largest portion of the Village's net position (76%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the Village reported positive balances in all three categories of net position, both for the Village as a whole, as well as for separate governmental and business-type activities. The same situation held true for the prior fiscal year.

## Village of Montpelier

### Management's Discussion and Analysis As of and for the Year Ended June 30, 2015

To further understand what makes up the changes in net position, the following table provides a summary of the results of the Village's operating activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For a more detailed analysis, see the Statement of Activities on Statement B of this report.

#### Changes in Net Position For the years ended June 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 10,646	\$ 17,279	\$ 77,378	\$ 102,792	\$ 88,024	\$ 120,071
Operating Grants and Contributions	-	-	-	-	-	-
Capital Grants and Contributions	263,255	-	248	49,752	263,503	49,752
General Revenues:					-	-
Sales Taxes	36,445	42,802	-	-	36,445	42,802
Beer Taxes	-	361	-	-	-	361
Franchise Taxes	14,194	8,887	-	-	14,194	8,887
Intergovernmental	6,000	6,000	-	-	6,000	6,000
Interest Income	520	753	228	140	748	893
Miscellaneous	103	673	855	-	958	673
Total Revenues	331,163	76,755	78,709	152,684	409,872	229,439
Expenses:						
General Government	62,524	68,999	-	-	62,524	68,999
Public Safety - Police	15,562	14,918	-	-	15,562	14,918
Gas and Water Utilities	-	-	69,429	94,947	69,429	94,947
Total Expenses	78,086	83,917	69,429	94,947	147,515	178,864
Change in Net Position Before Transfers and Contributions	253,077	(7,162)	9,280	57,737	262,357	50,575
Transfers (Out) In	54,506	3,352	(54,506)	(3,352)	-	-
Capital Contributions	-	-	-	-	-	-
Change in Net Position	307,583	(3,810)	(45,226)	54,385	262,357	50,575
Net Position, Beginning	162,583	166,393	463,677	409,291	626,260	575,684
Net Position, Ending	\$ 470,166	\$ 162,583	\$ 418,451	\$ 463,676	\$ 888,617	\$ 626,259

Charges for Services decreased by \$32,047, due primarily to a decrease in gas sales during the year. Grants and Contributions increased by \$213,751, due to grant money received from the State of Louisiana and grant money from St. Helena Parish Police Jury from a cooperative endeavor agreement for the construction of a new Town Hall. Expenses for business-type activities decreased by \$25,518 primarily due to a decrease in gas purchases of \$5,649 and contract labor of \$18,625.

## Village of Montpelier

### Management's Discussion and Analysis As of and for the Year Ended June 30, 2015

#### Governmental Activities

The governmental activities of the Village include General Government, Public Safety, and Miscellaneous Programs. Sales taxes, franchise taxes, licenses, permits, and fines fund most of these governmental activities. Sales taxes and grant revenue are the largest revenue sources for the Village comprising 11.01% and 79.49%, respectively, of total governmental revenue.

#### Business-Type Activities

The business-type activities of the Village are those that the Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. Only the Village's water and gas departments are reported here:

<u>Charges for Services</u>		<u>Gas Fund</u>	<u>Water Fund</u>
Fiscal Year Ended June 30, 2015	\$	47,899	\$ 29,479
Fiscal Year Ended June 30, 2014		68,842	33,368
Increase (Decrease) Between Years	\$	<u>(20,943)</u>	<u>(3,889)</u>

<u>Operating Expenses</u>		<u>Gas Fund</u>	<u>Water Fund</u>
Fiscal Year Ended June 30, 2015	\$	45,503	\$ 23,926
Fiscal Year Ended June 30, 2014		73,018	21,349
Increase (Decrease) Between Years	\$	<u>(27,515)</u>	<u>2,577</u>

## 2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

- A. Governmental funds are used to account for most of the Village's basic services and are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds, and the balances left at year end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on Statements D and F.

## Village of Montpelier

### Management's Discussion and Analysis As of and for the Year Ended June 30, 2015

The Village maintains one governmental fund – the General Fund. Information is presented for this fund in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance on Statements C and E of this report.

#### Financial Analysis of the Governmental Fund

As of the end of the current fiscal year, the Village's General Fund reported an ending fund balance of \$29,063, an increase of \$3,112 over June 30, 2014. This entire amount of fund balance is considered unassigned, as shown on Statement C.

- B. Proprietary Funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water and Gas departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Gas departments, which are considered to be major funds of the Village. The basic proprietary fund financial statements can be found on Statements G, H and I.

### 3. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on the pages indicated in the table of contents.

### 4. Supplementary Information

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

- A. Budgetary Comparison Information – The Village adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance, and can be found on Schedule 1.
- B. Significant variations from the general fund's original budget amounts and final budget amounts are as follows:
- Anticipated capital outlay costs for the new Town Hall increased by approximately \$53,000 from the original budget to the final budget.

There were variations between the general fund's final budget amounts and actual amounts. The Village was not in compliance with the state budget act because total expenditures and other uses exceeded total budgeted expenditures by 5% or more. Total expenditures exceeded budgeted expenditures by more than 5% because completed construction and engineering invoices were not originally accrued in accounts payable.

## Village of Montpelier

### Management's Discussion and Analysis As of and for the Year Ended June 30, 2015

#### Capital Assets and Debt Administration

##### Capital Assets

The Village's capital assets, net of accumulated depreciation, as of June 30, 2015, in its governmental activities is \$441,103 and in business-type activities is \$235,162, which totals \$676,265 for the Village. Capital assets include land, buildings and systems, vehicles, office furniture & equipment, and infrastructure. The total change in the Village's capital assets for the current fiscal year was a \$304,471 increase for governmental activities and an \$18,159 decrease for business-type activities. Major capital asset additions during the current fiscal year included completed construction of the Town Hall project for \$300,947 and office furniture and equipment for \$16,641.

Additional information on the Village's capital assets can be found in Note 8.

#### Capital Assets (Net of Depreciation) 2015 and 2014

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 43,200	\$ 43,200	\$ 200	\$ 200	\$ 43,400	\$ 43,400
Buildings and Improvements	354,225	53,278	-	-	354,225	53,278
Machinery and Equipment	166,333	149,692	-	-	166,333	149,692
Infrastructure	45,481	45,481	-	-	45,481	45,481
Gas Utility System	-	-	395,455	395,455	395,455	395,455
Water Utility System	-	-	342,085	342,085	342,085	342,085
Subtotal Capital Assets	609,239	291,651	737,740	737,740	1,346,979	1,029,391
Less: Accumulated Depreciation	(168,136)	(155,019)	(502,578)	(484,419)	(670,714)	(639,438)
<b>Capital Assets, Net</b>	<b>\$ 441,103</b>	<b>\$ 136,632</b>	<b>\$ 235,162</b>	<b>\$ 253,321</b>	<b>\$ 676,265</b>	<b>\$ 389,953</b>

##### Long-Term Debt

At June 30, 2015, the Village did not have any long term debt outstanding.

##### Capital Leases

At June 30, 2015, the Village had no capital leases.

##### Economic Factors and Next Year's Budget

The following factors were considered in preparing the Village's budget for the 2016 fiscal year:

- Sales taxes, franchise taxes, and utility billings are expected to be relatively flat compared against the current year, with no significant growth anticipated.
- The Village expects a significant reduction in grant funding and capital outlay spending due to the completion of the Town Hall project.

## **Village of Montpelier**

### **Management's Discussion and Analysis As of and for the Year Ended June 30, 2015**

#### **Requests for Information**

This financial report is designed to provide a general overview of the Village's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Tracey Robertson, Village Clerk, 36400 Highway 16, Montpelier, Louisiana 70422.

# Basic Financial Statements

## Government-Wide Financial Statements

**Village of Montpelier**  
**Statement of Net Position**  
**As of June 30, 2015**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 70,651	\$ 83,851	\$ 154,502
Investments	-	98,000	98,000
Receivables, Net:			
Accounts	-	2,509	2,509
Total Current Assets	<u>70,651</u>	<u>184,360</u>	<u>255,011</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	-	12,135	12,135
Total Restricted Assets	<u>-</u>	<u>12,135</u>	<u>12,135</u>
Capital Assets:			
Land	43,200	200	43,400
Capital Assets, Net	397,903	234,962	632,865
Total Capital Assets	<u>441,103</u>	<u>235,162</u>	<u>676,265</u>
<b>Total Assets</b>	<u>511,754</u>	<u>431,657</u>	<u>943,411</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	40,976	3,158	44,134
Other Accrued Payables	612	185	797
Customer Deposits	-	9,863	9,863
Total Current Liabilities	<u>41,588</u>	<u>13,206</u>	<u>54,794</u>
<b>Total Liabilities</b>	<u>41,588</u>	<u>13,206</u>	<u>54,794</u>
<b>Net Position</b>			
Net Investment in Capital Assets	441,103	235,162	676,265
Restricted for:			
Customer Deposits	-	2,272	2,272
Unrestricted	29,063	181,017	210,080
<b>Total Net Position</b>	<u>\$ 470,166</u>	<u>\$ 418,451</u>	<u>\$ 888,617</u>

See accompanying notes and independent accountant's review report.

**Village of Montpelier**  
**Statement of Activities**  
**For the year ended June 30, 2015**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes of Primary Government</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants &amp; Contri- butions</u>	<u>Net (Expenses) Revenues</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>							
General Government	\$ 62,524	\$ 8,385	\$ 263,255	\$ 209,116	\$ 209,116	\$ -	\$ 209,116
Public Safety	15,562	2,261	-	(13,301)	(13,301)	-	(13,301)
<b>Total Governmental Activities</b>	<b>\$ 78,086</b>	<b>\$ 10,646</b>	<b>\$ 263,255</b>	<b>\$ 195,815</b>	<b>195,815</b>	<b>-</b>	<b>195,815</b>
<b>Business-type Activities</b>							
Gas	\$ 45,503	\$ 47,899	\$ -	\$ 2,396	-	2,396	2,396
Water	23,926	29,479	248	5,801	-	5,801	5,801
<b>Total Business-type Activities</b>	<b>\$ 69,429</b>	<b>\$ 77,378</b>	<b>\$ 248</b>	<b>\$ 8,197</b>	<b>-</b>	<b>8,197</b>	<b>8,197</b>
<b>General Revenues:</b>							
Taxes:							
Sales Taxes					36,445	-	36,445
Franchise Taxes					14,194	-	14,194
Intergovernmental					6,000	-	6,000
Interest Income					520	228	748
Miscellaneous					103	855	958
Operating Transfers In (Out)					54,506	(54,506)	-
<b>Total General Revenues and Transfers</b>					<b>111,768</b>	<b>(53,423)</b>	<b>58,345</b>
<b>Change in Net Position</b>					<b>307,583</b>	<b>(45,226)</b>	<b>262,357</b>
<b>Net Position - Beginning</b>					<b>162,583</b>	<b>463,677</b>	<b>626,260</b>
<b>Net Position - Ending</b>					<b>\$ 470,166</b>	<b>\$ 418,451</b>	<b>\$ 888,617</b>

See accompanying notes and independent accountant's review report.

# Basic Financial Statements

## Fund Financial Statements

**Village of Montpelier**  
**Balance Sheet, Governmental Funds**  
**As of June 30, 2015**

**Statement C**

	<u><b>General Fund</b></u>
<b>Assets</b>	
Cash and Equivalents	\$ 70,651
Receivables, Net:	<u>          -</u>
<b>Total Assets</b>	<u><b>\$ 70,651</b></u>
 <b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts Payable	\$ 40,976
Other Accrued Liabilities	<u>          612</u>
Total Liabilities	<u>41,588</u>
 Fund Balances:	
Unassigned	<u>29,063</u>
Total Fund Balances	<u>29,063</u>
 <b>Total Liabilities and Fund Balances</b>	 <u><b>\$ 70,651</b></u>

See accompanying notes and independent accountant's review report.

**Village of Montpelier**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Financial Statement of Net Position**  
**As of June 30, 2015**

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

<b>Fund Balances, Total Governmental Funds (Statement C)</b>	\$	29,063
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		
Governmental capital assets net of depreciation		441,103
<b>Net Position of Governmental Activities (Statement A)</b>	\$	<u>470,166</u>

See accompanying notes and independent accountant's review report.

**Statement E**

**Village of Montpelier  
Statement of Revenues, Expenditures and  
Changes in Fund Balances-Governmental Funds  
For the year ended June 30, 2015**

	<b>General Fund</b>
<b>Revenues</b>	
Taxes	\$ 50,639
Licenses and Permits	8,385
Intergovernmental	6,000
Fines and Forfeitures	2,261
Grants	263,255
Interest	520
Miscellaneous	103
<b>Total Revenues</b>	331,163
 <b>Expenditures</b>	
General Government	55,730
Public Safety:	
Police	9,239
Capital Outlays	317,588
<b>Total Expenditures</b>	382,557
 <b>Excess (Deficiency) of Revenues Over (Under) (Expenditures)</b>	(51,394)
 <b>Other Financing Sources (Uses)</b>	
Operating Transfers In	54,506
Operating Transfers (Out)	-
<b>Total Other Financing Sources (Uses)</b>	54,506
 <b>Net Change in Fund Balances</b>	3,112
 <b>Fund Balances, Beginning</b>	25,951
<b>Fund Balances, Ending</b>	\$ 29,063

See accompanying notes and independent accountant's review report.

**Village of Montpelier**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2015**

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

**Net Change in Fund Balances, Total Governmental Funds, Statement E** \$ 3,112

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

Expenditures for capital assets	\$	317,588	
Less:			
Current year depreciation		(13,117)	304,471

**Change in Net Position of Governmental Activities, Statement B** \$ 307,583

See accompanying notes and independent accountant's review report.

**Village of Montpelier**  
**Statement of Net Position - Proprietary Funds**  
**As of June 30, 2015**

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 41,168	\$ 42,683	\$ 83,851
Investments	86,000	12,000	98,000
Receivables, Net:	1,475	1,034	2,509
Total Current Assets	<u>128,643</u>	<u>55,717</u>	<u>184,360</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents			
Customer Deposits	7,213	4,922	12,135
Total Restricted Assets	<u>7,213</u>	<u>4,922</u>	<u>12,135</u>
Property, Plant, and Equipment			
Land	-	200	200
Property, Plant and Equipment, Net	46,315	188,647	234,962
Total Property, Plant, and Equipment	<u>46,315</u>	<u>188,847</u>	<u>235,162</u>
<b>Total Assets</b>	<u>182,171</u>	<u>249,486</u>	<u>431,657</u>
<b>Liabilities</b>			
Current Liabilities (Payable From Current Assets):			
Accounts Payable	1,774	1,384	3,158
Other Accrued Payables	89	96	185
Total Current Liabilities (Payable From Current Assets)	<u>1,863</u>	<u>1,480</u>	<u>3,343</u>
Current Liabilities (Payable From Restricted Assets):			
Customer Deposits	6,229	3,634	9,863
Total Current Liabilities (Payable From Restricted Assets)	<u>6,229</u>	<u>3,634</u>	<u>9,863</u>
<b>Total Liabilities</b>	<u>8,092</u>	<u>5,114</u>	<u>13,206</u>
<b>Net Position</b>			
Net Investment in Capital Assets	46,315	188,847	235,162
Restricted for:			
Customer Deposit	984	1,288	2,272
Unrestricted	126,780	54,237	181,017
<b>Total Net Position</b>	<u>\$ 174,079</u>	<u>\$ 244,372</u>	<u>\$ 418,451</u>

See accompanying notes and independent accountant's review report.

**Village of Montpelier**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position - Proprietary Funds**  
**For the year ended June 30, 2015**

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>Operating Revenues</b>			
Gas Sales	\$ 47,899	\$ -	\$ 47,899
Less Cost of Gas Sold	(16,457)	-	(16,457)
Gross Profit on Gas Sales	31,442	-	31,442
Water Sales	-	29,479	29,479
Other	855	-	855
<b>Total Operating Revenues</b>	<u>32,297</u>	<u>29,479</u>	<u>61,776</u>
<b>Operating Expenses</b>			
Salaries and Related Expenses	2,852	3,101	5,953
Repairs and Maintenance	6,930	3,774	10,704
Fuel Purchases	919	-	919
Insurance	3,436	3,875	7,311
Office Expense	1,254	814	2,068
Utilities	951	4,145	5,096
Miscellaneous Expense	446	541	987
Bad Debts	834	941	1,775
Depreciation	11,424	6,735	18,159
<b>Total Operating Expenses</b>	<u>29,046</u>	<u>23,926</u>	<u>52,972</u>
<b>Operating Income (Loss)</b>	<u>3,251</u>	<u>5,553</u>	<u>8,804</u>
<b>Nonoperating Revenues (Expenses)</b>			
Capital State Grants	-	248	248
Interest	128	100	228
<b>Total Nonoperating Revenues (Expenses)</b>	<u>128</u>	<u>348</u>	<u>476</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>3,379</u>	<u>5,901</u>	<u>9,280</u>
<b>Contributions and Transfers</b>			
Operating Transfers Out	(52,770)	(1,736)	(54,506)
<b>Change in Net Position</b>	(49,391)	4,165	(45,226)
<b>Total Net Position, Beginning</b>	223,470	240,207	463,677
<b>Total Net Position, Ending</b>	<u>\$ 174,079</u>	<u>\$ 244,372</u>	<u>\$ 418,451</u>

See accompanying notes and independent accountant's review report.

Village of Montpelier  
Statement of Cash Flows  
Proprietary Funds  
For the year ended June 30, 2015

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>			
Received From Customers	\$ 49,043	\$ 31,092	\$ 80,135
Payments for Meter Deposit Fees	575	368	943
Other Receipts	855	-	855
Payments for Operations	(30,956)	(13,132)	(44,088)
Payments to Employees	(2,852)	(3,101)	(5,953)
Net Cash Provided (Used) by Operating Activities	<u>16,665</u>	<u>15,227</u>	<u>31,892</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers From (To) Other Funds	(52,770)	(1,736)	(54,506)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(52,770)</u>	<u>(1,736)</u>	<u>(54,506)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital Contributions Received	-	248	248
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>248</u>	<u>248</u>
<b>Cash Flows From Investing Activities</b>			
Receipt of Interest	128	100	228
Proceeds from Sale (Payments) for Investments	50,000	-	50,000
Net Cash Provided (Used) by Investing Activities	<u>50,128</u>	<u>100</u>	<u>50,228</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	14,023	13,839	27,862
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>34,358</u>	<u>33,766</u>	<u>68,124</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 48,381</u>	<u>\$ 47,605</u>	<u>\$ 95,986</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>			
Cash and Cash Equivalents, Unrestricted	\$ 41,168	\$ 42,683	\$ 83,851
Cash and Cash Equivalents, Restricted	7,213	4,922	12,135
Total Cash and Cash Equivalents	<u>\$ 48,381</u>	<u>\$ 47,605</u>	<u>\$ 95,986</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ 3,251	\$ 5,553	\$ 8,804
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	11,424	6,735	18,159
(Increase) decrease in Accounts Receivable	1,144	1,613	2,757
Increase (decrease) in Accounts Payable	293	982	1,275
Increase (decrease) in Accrued Expenses	(22)	(24)	(46)
Increase (decrease) in Customer Deposits	575	368	943
Net Cash Provided (Used) by Operating Activities	<u>\$ 16,665</u>	<u>\$ 15,227</u>	<u>\$ 31,892</u>

See accompanying notes and independent accountant's review report.

# Basic Financial Statements

## Notes to the Financial Statements

**Village of Montpelier**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2015**

## **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*.

### **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.

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*. 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* that require capital contributions to the Village to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net position by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements 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

**Village of Montpelier**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2015**

position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position/Fund Balance*.

**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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are 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 to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the Village. 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 – 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their

**Village of Montpelier**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2015**

business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general 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 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 and internal service 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, R.S. 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 action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. The budget was adopted on July 14, 2014.
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 8, 2015.
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 on the budget comparison statement on Schedule 1.

**Village of Montpelier**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2015**

6. The Village's actual expenditures and other uses in the General Fund were above the total budgeted expenditures and other uses by five percent or more for the fiscal year ending June 30, 2015. See Finding 2015-C1 for additional information.

**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 maturities exceed 90 days; 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. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from/due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**F. Pension Plans**

The Village of Montpelier is not a member of any retirement system. The employees of the Village are members of the Social Security system.

**G. 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.

**H. 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, 2015, 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 through the use of 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,

**Village of Montpelier**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2015**

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:

<u>Description</u>	<u>Estimated Lives</u>
Infrastructure	40 Years
Vehicles	5 - 15 Years
Building Improvements	20 - 40 Years
Furniture and Equipment	5 - 10 Years
Machinery and Equipment	5 - 25 Years

**I. Comparative Data/Reclassification**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in the prior period data presented wherever possible.

**J. 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 Component of Net Position**

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 Component of 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 Component of 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.

**Village of Montpelier**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2015**

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. The Village adopted GASB 54 for the year ended December 31, 2011. 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, which is the highest level of decision making authority for the Village.
- **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.
- **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, 2015, the Village did not have any nonspendable, restricted, committed, or assigned fund balances.

**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. 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.

**M. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the village, which are either unusual in nature or infrequent in occurrence.

**Village of Montpelier**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2015**

**N. 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.

**O. Reconciliations of Government-Wide and Fund Financial Statements**

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. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**2. Stewardship, 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 complied with the Local Budget Act in adopting and amending its budget for the year ended June 30, 2015.

**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, 2015, no Village funds had deficit fund balances.

**3. Cash and Cash Equivalents**

As reflected on Statement A, the Village has cash totaling \$166,637 (of which \$12,135 is restricted) and investments totaling \$98,000 at June 30, 2015. 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 at all times equal the amount on deposit with 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, 2015, the Village had \$265,940 in deposits (collected bank balances) including certificates of deposits of \$98,000. These deposits are secured from risk by \$250,000 of federal deposit insurance.

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

**Village of Montpelier**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2015**

collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. 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, 2015, 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.

#### **4. Investments**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Village or its agent in the Village's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name
3. 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 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, 2015, the Village's investment balances consisted of \$98,000 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 I50.164.

*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.

#### **5. Receivables**

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 receivables balances for the governmental activities include sales taxes, ad valorem taxes, and intergovernmental. 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

**Village of Montpelier**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2015**

yet received. Utility accounts receivable comprise 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, 2015 consist of the following:

<b>Receivables</b>	<b>General Fund</b>	<b>Gas Fund</b>	<b>Water Fund</b>	<b>Total Receivables</b>
Utility	\$ -	\$ 2,309	\$ 1,975	\$ 4,284
Less: Allowance for Doubtful Accounts		(834)	(941)	(1,775)
<b>Total Receivables</b>	<b>\$ -</b>	<b>\$ 1,475</b>	<b>\$ 1,034</b>	<b>\$ 2,509</b>

**6. Interfund Receivables/Payables**

There were no interfund receivables or payable outstanding for the Village's fund financial statements at June 30, 2015.

**7. Restricted Assets**

Restricted assets for the Enterprise Funds at June 30, 2015 were as follows:

	<b>Gas Fund</b>	<b>Water Fund</b>	<b>Total</b>
Restricted Cash and Cash Equivalents			
Customer Deposits	\$ 7,213	\$ 4,922	\$ 12,135
<b>Total Restricted Assets</b>	<b>\$ 7,213</b>	<b>\$ 4,922</b>	<b>\$ 12,135</b>

**8. Capital Assets**

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2015:

<b>Governmental Activities Capital Assets:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated:				
Land	\$ 43,200	\$ -	\$ -	\$ 43,200
<b>Total Capital Assets Not Being Depreciated</b>	<b>43,200</b>	<b>-</b>	<b>-</b>	<b>43,200</b>
Capital Assets Being Depreciated:				
Infrastructure	45,481	-	-	45,481
Vehicles	107,870	-	-	107,870
Building Improvements	53,278	300,947	-	354,225
Office Furniture and Equipment	41,822	16,641	-	58,463
<b>Total Capital Assets Being Depreciated</b>	<b>248,451</b>	<b>317,588</b>	<b>-</b>	<b>566,039</b>
Less Accumulated Depreciation for:				
Infrastructure	11,647	1,189	-	12,836
Vehicles	105,594	2,102	-	107,696
Building Improvements	17,587	4,374	-	21,961
Office Furniture and Equipment	20,191	5,452	-	25,643
<b>Total Accumulated Depreciation</b>	<b>155,019</b>	<b>13,117</b>	<b>-</b>	<b>168,136</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>93,432</b>	<b>304,471</b>	<b>-</b>	<b>397,903</b>
<b>Total Governmental Activities Capital Assets, Net</b>	<b>\$ 136,632</b>	<b>\$ 304,471</b>	<b>\$ -</b>	<b>\$ 441,103</b>

Depreciation was charged to governmental functions as follows:

General Government	\$ 6,218
Public Safety	6,899
	<b>\$ 13,117</b>

**Village of Montpelier**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2015**

Capital assets and depreciation activity as of and for the year ended June 30, 2015 for business-type activities is as follows:

<b>Business - Type Activities Capital Assets:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated:				
Land	\$ 200	\$ -	\$ -	\$ 200
Total Capital Assets Not Being Depreciated	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
Capital Assets Being Depreciated:				
Gas Machinery and Equipment	395,455	-	-	395,455
Water Machinery and Equipment	342,085	-	-	342,085
Total Capital Assets Being Depreciated	<u>737,540</u>	<u>-</u>	<u>-</u>	<u>737,540</u>
Less Accumulated Depreciation for:				
Gas Machinery and Equipment	337,716	11,424	-	349,140
Water Machinery and Equipment	146,703	6,735	-	153,438
Total Accumulated Depreciation	<u>484,419</u>	<u>18,159</u>	<u>-</u>	<u>502,578</u>
Total Capital Assets Being Depreciated, Net	<u>253,121</u>	<u>(18,159)</u>	<u>-</u>	<u>234,962</u>
<b>Total Business - Type Activities Capital Assets, Net</b>	<b>\$ 253,321</b>	<b>\$ (18,159)</b>	<b>\$ -</b>	<b>\$ 235,162</b>

**9. Interfund Transfers**

Operating transfers between funds consist primarily of monies transferred between the general fund and proprietary funds to cover payroll expenditures. Interfund transfers were as follows for the year ended June 30, 2015:

<b>Interfund Transfers</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>General Fund</b>		
Gas and Water Funds	\$ 54,506	\$ -
<b>Gas Fund</b>		
General Fund	-	52,770
<b>Water Fund</b>		
General Fund	-	1,736
<b>Total Interfund Transfers</b>	<b>\$ 54,506</b>	<b>\$ 54,506</b>

**10. Accounts, Salaries, and Other Payables**

The current payables at June 30, 2015 were as follows:

<b>Current Payables</b>	<b>General Fund</b>	<b>Gas Fund</b>	<b>Water Fund</b>	<b>Total</b>
Accounts	\$ 40,976	\$ 1,774	\$ 1,384	\$ 44,134
Other	612	89	96	797
<b>Total Current Payables</b>	<b>\$ 41,588</b>	<b>\$ 1,863</b>	<b>\$ 1,480</b>	<b>\$ 44,931</b>

**Village of Montpelier**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2015**

**11. On-Behalf Payments for Salaries and Benefits**

The Village has implemented 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 2015, the state paid supplemental salaries to the police employees 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 \$6,000 for fiscal year 2015.

**12. Fund Balances/Net Position**

At June 30, 2015, the Gas Fund had restricted net position of \$984, representing the Village's funds restricted for customers for meter deposits, net of the related liability.

At June 30, 2015, the proprietary fund had restricted net position of \$1,288, representing the Village's funds restricted for customers for meter deposits, net of the related liability.

**13. 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.

**14. Contingent Liabilities**

At June 30, 2015, the Village was not involved in any outstanding litigation or claims.

**15. Related Party Transactions**

For the fiscal year ended June 30, 2015, there were no related party transactions requiring disclosure in the financial statements.

**16. Subsequent Events**

Management has evaluated subsequent events through December 28, 2015, 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, 2015.

## Required Supplemental Information (Part II)

## Schedule 1

**Village of Montpelier**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Detail**  
**For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues</b>				
<b>Taxes</b>				
Sales Taxes	\$ -	\$ -	\$ 36,445	\$ 36,445
Franchise Taxes	-	-	14,194	14,194
Beer Taxes	67,250	55,750	-	(55,750)
<b>Total Taxes</b>	<u>67,250</u>	<u>55,750</u>	<u>50,639</u>	<u>(5,111)</u>
<b>Intergovernmental</b>				
State Grants	190,000	205,000	263,255	58,255
Supplemental Pay - Police	6,600	6,000	6,000	-
<b>Total Intergovernmental</b>	<u>196,600</u>	<u>211,000</u>	<u>269,255</u>	<u>58,255</u>
<b>Miscellaneous Revenues</b>				
Licenses and Permits	-	-	8,385	8,385
Fines and Forfeitures	1,000	2,000	2,261	261
Interest	750	500	520	20
Miscellaneous	500	200	103	(97)
<b>Total Miscellaneous Revenues</b>	<u>2,250</u>	<u>2,700</u>	<u>11,269</u>	<u>8,569</u>
<b>Total Revenues</b>	<u>266,100</u>	<u>269,450</u>	<u>331,163</u>	<u>61,713</u>
(Continued)				

See independent accountant's review report.

## Schedule 1

**Village of Montpelier**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Detail**  
**For the year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
<b>Expenditures</b>				
Advertising	1,000	500	612	(112)
Automobile Expenses	4,500	5,000	5,285	(285)
Capital Outlay	195,000	247,500	317,588	(70,088)
Insurance	22,500	14,000	8,623	5,377
Legal and Accounting	15,000	18,000	15,557	2,443
Maintenance and Repairs	1,900	1,400	200	1,200
Miscellaneous	2,700	21,700	3,206	18,494
Office	3,000	1,700	783	917
On Behalf Supplemental Pay - Police	6,600	6,000	6,000	-
Salaries and Payroll Tax Expense	8,100	15,800	9,953	5,847
Phone and Utilities	10,000	10,000	10,317	(317)
Rent - Building	3,600	3,600	3,300	300
Travel and Training	1,000	1,000	1,133	(133)
<b>Total Expenditures</b>	<u>274,900</u>	<u>346,200</u>	<u>382,557</u>	<u>(36,357)</u>
<b>Excess Revenues (Expenditures)</b>	<u>(8,800)</u>	<u>(76,750)</u>	<u>(51,394)</u>	<u>25,356</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	60,000	54,506	(5,494)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>60,000</u>	<u>54,506</u>	<u>(5,494)</u>
<b>Net Change in Fund Balances</b>	<u>(8,800)</u>	<u>(16,750)</u>	<u>3,112</u>	<u>19,862</u>
<b>Fund Balances, Beginning</b>	<u>25,951</u>	<u>25,951</u>	<u>25,951</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 17,151</u>	<u>\$ 9,201</u>	<u>\$ 29,063</u>	<u>\$ 19,862</u>

(Concluded)

See independent accountant's review report.

## Other Supplemental Information

**Schedule 2**

**Village of Montpelier  
Schedule of Compensation Paid to Board Members  
For the year ended June 30, 2015**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>
Kenneth Giardina, Mayor (225) 573-7494	35999 Highway 16 Montpelier, LA 70422	\$ -
Lawrence Sanford, Jr. (225) 247-8794	358 Pitts Road Montpelier, LA 70422	-
Brad Davis, Alderman (225) 777-4717	5490 Highway 43 Montpelier, LA 70422	-
Mike Ard, Alderman (225) 305-0558	35826 Highway 16 Montpelier, LA 70422	-
		<u>\$ -</u>

All terms end on December 31, 2018.

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

The Board of Aldermen of the Village consists of three members elected by the registered voters of the Village.

See independent accountant's review report.

**Village of Montpelier**  
**Schedule of Compensation, Benefits, and Other Payments to Agency Head**  
**For the year ended June 30, 2015**

**Agency Head Name: Kenneth Giardina, Mayor**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements for Gas	-
Travel	-
Registration fees	-
Conference Travel	-
Continuing professional education fees	-
Supplies	-
Un-vouchered expenses	-
Special meals	-
Other	-
<b>Total</b>	<b>\$ -</b>

See independent accountant's review report.

Village of Montpelier

Schedule 4

Schedule of Current Year Findings and Responses  
For the Year Ended June 30, 2015

Reference Number 2015-C1 (Budget Control - Noncompliance)

Initial Year Finding Occurred: Fiscal year ending June 30, 2015.

**Criteria:**

Louisiana Revised Statute 39:1311 requires that total expenditures and other uses must not exceed budgeted expenditures and other uses by 5% or more and revenues and other sources must meet budgeted revenue and other sources by 5% or more.

**Condition:**

The Village's actual expenditures and other uses in the General Fund were above the total budgeted expenditures and other uses by five percent or more.

**Effect:**

Noncompliance with the above referenced statute.

**Cause:**

The Village approved additional construction and engineering costs and invoices were received after year end and were not reflected in the budget as of the year ended June 30, 2015. Construction of the new Town Hall was completed as of year ending June 30, 2015. The budget also did not reflect final engineering services rendered in respect to the new Town Hall as of the year ended June 30, 2015. These invoices were included as payables as of June 30, 2015, but are not reflected in the final budget of the Village. These events caused expenditures to be above the budgeted amounts.

**Response by Management**

We will closely monitor the budget for necessary budget amendments in the current year as well as for any invoices at or near year end that need to be recorded.

**Description of Action Taken: Partial**

**Contact Person:**

Kenneth Giardina, Mayor  
(225) 573-7494

Village of Montpelier

Schedule 5

Schedule of Prior Year Findings and Responses  
For the Year Ended June 30, 2015

**Reference Number:** 2014-C1 (Audit Filing Requirement)

**Year Initial Finding Occurred:** Fiscal Year Ending June 30, 2014.

**Description of Finding:** The Village is subject to requirements as defined in Revised Statutes 24:513(A) for filing financial reports. The general deadline for filing is six months after the end of the governmental entity's fiscal year, but may be extended per Legislative Auditor approval. The financial report was not filed within six months of the end of the fiscal year. Additional time was required due to the Village's increase in revenues which prompted a review to be required.

**Corrective Action Taken:** Resolved.

**Description of Corrective Action Taken.** This finding has been resolved since the financial statements for the fiscal year ending June 30, 2015 will be filed by six months after the end of the governmental entity's fiscal year end.

**Contact Person:**

Kenneth Giardina, Mayor  
(225) 573-7494

Bruce C. Harrell, CPA

Dale H. Jones, CPA  
Kristi U. Bergeron, CPA  
Jessica H. Jones, CPA  
Brandy Westcott Garcia, CPA  
Denise R. LeTard, CPA

INTERNET  
www.teamcpa.com

MEMBERS  
American Institute of CPAs  
Society of Louisiana CPAs



BRUCE HARRELL  
and COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Accounting Corporation

109 West Minnesota Park  
Park Place Suite 7  
Hammond, LA 70403  
VOICE: (985) 542-6372  
FAX: (985) 345-3156

KENTWOOD OFFICE  
P.O. Box 45 - 909 Avenue G  
Kentwood, LA 70444  
VOICE: (985) 229-5955  
FAX: (985) 229-5951

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

To the Mayor and Board of Aldermen  
Village of Montpelier  
Montpelier, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Montpelier and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the fiscal year ended June 30, 2015, included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Village of Montpelier is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

#### ***Public Bid Law***

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

#### **Response:**

There were public works expenditures exceeding \$150,000 for the fiscal year ended June 30, 2015 which were subject to the bid law. The Village was in compliance with public bid law for those expenditures. We examined documentation which indicated that all of these expenditures had been properly advertised and accepted in accordance with the provisions of R.S. 38:2211-2296.

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

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

**Response:** Management provided us with the required list.

## **BRUCE HARRELL & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Page 2

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

**Response:** Management provided us with the required list.

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

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

### ***Budgeting***

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

**Response:** Management provided us with a copy of the original budget. We were also provided with a copy of the amended budget for the year.

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

**Response:** We traced the adoption of the original budget to the minutes of a meeting held on July 14, 2014 which indicated that the budget had been adopted by the board. Amendments were made to the budget during the year and had also been adopted by the board at a meeting on June 8, 2015.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by five percent or more or if actual expenditures exceed budgeted amounts by five percent or more.

**Response:** We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual expenditures did exceed budgeted amounts by more than five percent. See Finding 2015-C1.

### ***Accounting and Reporting***

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

- a. Trace payments to supporting documentation as to proper amount and payee.
- b. Determine if payments were properly coded to the correct fund and general ledger account.
- c. Determine whether payments received approval from proper authorities.

**Response:**

- a. We examined supporting documentation for each of the selected disbursements and found that payment was for the proper amount and made to the correct payee.
- b. We noted no exceptions.
- c. Inspection of documentation supporting each of the six selected disbursements indicated required approvals.

## **BRUCE HARRELL & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Page 3

### *Meetings*

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

**Response:** The Village of Montpelier is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. We noted a copy of the notice was posted as required.

### *Debt*

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

**Response:** The Village has no long-term debt.

### *Advances and Bonuses*

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

**Response:** A reading of the minutes of the Village for the year indicated no approval for payments to employees which may constitute bonuses, advances or gifts. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

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

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



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation  
Kentwood, Louisiana

December 28, 2015

**LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)**

11/09/15 (Date Transmitted)

Bruce Harrell & Company, CPAs

P.O. Box 45

909 Avenue G

Kentwood, LA 70444

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

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

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [X] No [ ]

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

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

Yes [X] No [ ]

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

Yes [X] No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [X] No [ ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [X] No [ ]

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [X] No [ ]

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [X] No [ ]

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [X] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.  
Yes  No

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes  No  N/A

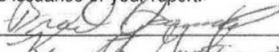
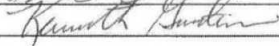
**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes  No

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

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

 Board Member 11/9/15 Date  
 Mayor 11-9-15 Date