
VILLAGE OF PORT VINCENT, LOUISIANA

REVIEW REPORT

JUNE 30, 2008

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

1/14/09

VILLAGE OF PORT VINCENT, LOUISIANA

REVIEW REPORT

JUNE 30, 2008

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ACCOUNTANT'S REVIEW REPORT

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

We have reviewed 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, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Village of Port Vincent.

A review consists principally of inquiries of Village personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, 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.

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 generally accepted accounting principles.

The Management's Discussion and Analysis and budgetary comparison information on pages 2 through 7 and 27, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The information included in the schedule of per diem noted on page 28 is presented only for supplementary analysis purposes. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Postlethwaite & Netterville

December 30, 2008

VILLAGE OF PORT VINCENT

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2008

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, 2008. 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 \$696,302 over the course of the year's operations. Net assets of our governmental activities were \$247,106 and \$449,196 in the net assets of our business-type activities.
- During the year, the Village's governmental activities expenses were \$39,124 more than the \$326,117 generated in charges for services, grants & contributions, taxes, and other revenue. In the Village's business-type activities, total revenues were \$35,148 and total expenses were \$51,003.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expense, and changes in net assets • Statement of cash flows
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, 2008

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, 2008

The Village has two 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 \$696,302 at the end of the fiscal year. (See Table A-1.)

Table A-1
Village’s Net Assets

	Governmental Activities 2008	Business-Type Activities 2008
Current and other assets	\$ 160,663	\$ 119,860
Capital assets	147,416	329,765
Total assets	308,079	449,625
Current liabilities	13,555	429
Long term Liabilities	47,418	-
Total liabilities	60,973	429
Net assets		
Invested in capital assets, net of related debt	99,998	329,765
Unrestricted	147,108	119,431
Total net assets	\$ 247,106	\$ 449,196

Net assets of the Village’s governmental activities were \$247,106 at year end. Net assets of the Village’s business-type activities were \$449,196 at year end.

VILLAGE OF PORT VINCENT

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2008

Changes in net assets. The Village's total revenues were \$361,265 at year end (See Table A-2.) Approximately 69 percent of the Village's revenue comes from fines and grants. Fees charged for services represent 9 percent, taxes and licenses make up 17 percent, and most of the rest is interest and miscellaneous revenue.

The total cost of all programs and services \$416,244. The Village's expenses cover all services performed by its office.

Table A-2
Changes in Village's Net Assets

	Governmental Activities 2008	Business-Type Activities 2008
Revenues		
Program revenues		
Charges for services	\$ 228,690	\$ 30,790
Grants	16,650	-
General revenues		
Intergovernmental	59,521	-
Miscellaneous	14,250	-
Interest	7,006	4,358
Total revenues	<u>326,117</u>	<u>35,148</u>
Expenses		
General government	159,073	51,003
Public safety	202,737	-
Streets	230	-
Interest	3,201	-
Total expenses	<u>365,241</u>	<u>51,003</u>
Decrease in net assets	<u>\$ (39,124)</u>	<u>\$ (15,855)</u>

Governmental Activities

Revenues for the Village's governmental activities were \$39,124 less than total expenses for year end. The cost of all governmental activities this year was \$365,241.

Business-type Activities

Revenues were \$35,148 and expenses were \$51,003 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 \$147,108.

VILLAGE OF PORT VINCENT

**MANAGEMENTS DISCUSSION AND ANALYSIS
June 30, 2008**

General Fund Budgetary Highlights

Over the course of the year, the village revised the general fund budget.

- An amendment was made to increase expenditures by \$148,230 due to the increase in fuel, insurance, and grants of approximately \$148,000 during the year.

CAPITAL ASSETS

At the end of 2008, the Village had invested approximately \$477,181 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**

	Governmental Activities	Business Activities
	2008	2008
Land	\$ 10,000	\$ -
Buildings	65,778	-
Lines, meters, & Plants	-	638,835
Equipment	132,474	-
Vehicles	130,098	-
Less: Accumulated Depreciation	(190,934)	(309,070)
Total	<u>\$ 147,416</u>	<u>\$ 329,765</u>

This year's major capital asset addition included:

- Equipment purchases of \$4,800 in the general fund.
- Building Improvements of \$35,778 in the general fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village is dependent on fines for 66 percent of its revenues, and taxes, licenses fees, & permits 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, 2008

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash	\$ 159,384	\$ 116,422	\$ 275,806
Receivables	1,279	3,438	4,717
Capital assets, net of accumulated depreciation	147,416	329,765	477,181
TOTAL ASSETS	308,079	449,625	757,704
<u>LIABILITIES</u>			
Accrued expenses	13,555	429	13,984
Bonds payable	47,418	-	47,418
TOTAL LIABILITIES	60,973	429	61,402
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	99,998	329,765	429,763
Unrestricted	147,108	119,431	266,539
TOTAL NET ASSETS	\$ 247,106	\$ 449,196	\$ 696,302

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

**VILLAGE OF PORT VINCENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Fees, Fines, and Charges for Services	Grants and Contributions	Governmental Activities	
ACTIVITIES					
Governmental:					
General government	159,073	\$ -	\$ 16,650	\$ (142,423)	\$ (142,423)
Public safety	202,737	228,690	-	25,953	25,953
Streets	230	-	-	(230)	(230)
Interest	3,201	-	-	(3,201)	(3,201)
Total governmental activities	<u>365,241</u>	<u>228,690</u>	<u>16,650</u>	<u>(119,901)</u>	<u>(119,901)</u>
Business-type:					
Utility	51,003	30,790	-	(20,213)	(20,213)
Total business-type activities	<u>51,003</u>	<u>30,790</u>	<u>-</u>	<u>(20,213)</u>	<u>(20,213)</u>
Total Village of Port Vincent	<u>\$ 416,244</u>	<u>\$ 259,480</u>	<u>\$ 16,650</u>	<u>\$ (119,901)</u>	<u>(140,114)</u>
General Revenues:					
Intergovernmental:					
Beer tax				2,616	2,616
Franchise taxes and permits				30,113	30,113
Insurance premium tax				5,612	5,612
Occupational licenses				21,180	21,180
Interest income				7,006	11,364
				4,358	
Other:					
Cellular Tower Rental				6,798	6,798
Other income				7,452	7,452
Total general revenues and transfers				<u>80,777</u>	<u>85,135</u>
				4,358	
Change in net assets				(39,124)	(54,979)
Net assets - July 1, 2007				286,230	751,281
Net assets - June 30, 2008				<u>\$ 247,106</u>	<u>\$ 696,302</u>

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

VILLAGE OF PORT VINCENT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 137,584	\$ 21,800	\$ 159,384
Receivables	550	729	1,279
Total assets	<u>\$ 138,134</u>	<u>\$ 22,529</u>	<u>\$ 160,663</u>
LIABILITIES			
Payroll taxes withheld	13,555	-	13,555
Total liabilities	<u>13,555</u>	<u>-</u>	<u>13,555</u>
FUND BALANCES			
Unreserved	124,579	22,529	147,108
Total liabilities and fund balances	<u>\$ 138,134</u>	<u>\$ 22,529</u>	<u>\$ 160,663</u>

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, 2008

Total fund balances - Governmental Funds		\$ 147,108
Cost of capital assets at June 30, 2008	\$ 338,350	
Less: accumulated depreciation as of June 30, 2008	<u>(190,934)</u>	147,416
Bonds Payable		<u>(47,418)</u>
Total net assets at June 30, 2008 - Governmental Activities		<u>\$ 247,106</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, 2008

	General	Capital Projects	Total Governmental Funds
REVENUE			
Fines and court fees	\$ 228,690	\$ -	\$ 228,690
Intergovernmental:			
Grants	16,650	-	16,650
Beer tax	2,616	-	2,616
Franchise taxes and permits	30,113	-	30,113
Insurance premium tax	5,612	-	5,612
Occupational licenses	21,180	-	21,180
Interest income	5,943	1,063	7,006
Other:			
Cellular Tower Rental	6,798	-	6,798
Other income	7,452	-	7,452
	<u>325,054</u>	<u>1,063</u>	<u>326,117</u>
EXPENDITURES			
Current:			
General government	157,129	300	157,429
Public Safety	161,420	-	161,420
Streets	230	-	230
Capital Outlay	40,578	-	40,578
Debt Service:			
Principal	-	15,806	15,806
Interest	-	3,201	3,201
Total expenditures	<u>359,357</u>	<u>19,307</u>	<u>378,664</u>
Excess of Revenues over (under) expenditures	(34,303)	(18,244)	(52,547)
Fund Balance, Beginning of Year	158,882	40,773	199,655
Fund Balance, End of Year	<u>\$ 124,579</u>	<u>\$ 22,529</u>	<u>\$ 147,108</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, 2008

Net change in fund balances - Governmental funds	\$ (52,547)
The change in net assets reported for governmental activities in the statement of activities is different because:	
Capital outlay	40,578
Depreciation expense	(42,961)
Principal payment on bonds payable	<u>15,806</u>
Change in net assets of governmental activities	<u>\$ (39,124)</u>

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

VILLAGE OF PORT VINCENT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

ASSETS

Cash	\$ 116,422
Receivables	3,438
Capital assets, net of accumulated depreciation	<u>329,765</u>
TOTAL ASSETS	<u>449,625</u>

LIABILITIES

Sales tax payable	<u>429</u>
TOTAL LIABILITIES	<u>429</u>

NET ASSETS

Invested in capital assets	329,765
Unrestricted	<u>119,431</u>
TOTAL NET ASSETS	<u>\$ 449,196</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, 2008

OPERATING REVENUES	
Charges for service	30,790
Total operating revenues	<u>30,790</u>
OPERATING EXPENSES	
Administration	10,851
Depreciation	23,238
Bad Debts	0
Maintenance	12,683
Utilities	4,231
Total operating expenses	<u>51,003</u>
OPERATING LOSS	(20,213)
NONOPERATING REVENUES	
Interest income	<u>4,358</u>
Change in net assets	(15,855)
Total net assets - beginning	<u>465,051</u>
Total net assets - ending	<u>\$ 449,196</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, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 28,175
Payments to suppliers and employees	(27,673)
Net cash used in operating activities	502

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	4,358
Net cash provided by investing activities	4,358

Net increase in cash and cash equivalents	4,860
Cash and cash equivalents - July 1, 2007	111,562
Cash and cash equivalents - June 30, 2008	\$ 116,422

CASH FLOWS FROM OPERATING ACTIVITIES

Operating loss	\$ (20,213)
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation and amortization	23,238
Decrease in Accounts receivable	(2,615)
Decrease in sales tax payable	92
Net cash used in operating activities	\$ 502

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

VILLAGE OF PORT VINCENT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Fines and court fees	158,448	158,448	228,690
Grants	6,000	6,000	16,650
Beer tax	3,000	3,000	2,616
Franchise taxes and permits	32,802	32,802	30,113
Insurance premium tax	20,000	20,000	5,612
Occupational licenses	11,000	11,000	21,180
Interest	200	200	5,943
Other:			
Cellular Tower Rental	6,420	6,420	6,798
Parish supplemental	3,600	3,600	-
Other income	3,500	3,500	7,452
Total revenues	<u>244,970</u>	<u>244,970</u>	<u>325,054</u>
EXPENDITURES			
Current:			
General government	120,069	268,299	157,129
Public safety	141,702	141,702	161,420
Streets	-	-	230
Capital Outlay	-	-	40,578
Total expenditures	<u>261,771</u>	<u>410,001</u>	<u>359,357</u>
Excess of revenues over expenditures	(16,801)	(165,031)	(34,303)
OTHER FINANCING USES			
Transfers in	16,800	16,800	-
Net change in fund balance	(1)	(148,231)	(34,303)
Fund Balance, Beginning of year	<u>133,939</u>	<u>133,939</u>	<u>158,882</u>
Fund Balance (deficit), End of year	<u>\$ 133,938</u>	<u>\$ (14,292)</u>	<u>\$ 124,579</u>

See accompanying accountant's report.

VILLAGE OF PORT VINCENT
SCHEDULE OF PER DIEM PAID
YEAR ENDED JUNE 30, 2008

	<u>MONTHLY</u>	<u>ANNUAL</u>
Mayor, Laura Savoy	\$ 550	\$ 6,875
John Dorris	75	938
Scotty Martone	75	938
David Carter	75	938
		<u>\$ 9,689</u>

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
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:

	<u>Years</u>
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 uncollectible 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.

VILLAGE OF PORT VINCENT
NOTES TO FINANCIAL STATEMENTS

2. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2008, are as follows:

Governmental activities:

	<u>Land</u>	<u>Building</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost of Capital					
Assets June 30, 2007	\$ 10,000	\$ 30,000	\$ 127,675	\$ 130,098	\$ 297,773
Additions	-	35,778	4,800	-	40,578
Costs of Capital					
Assets, June 30, 2008	10,000	65,778	132,475	130,098	338,351
Accumulated depreciation					
June 30, 2007	-	14,250	74,553	59,170	147,973
Additions	-	1,644	19,286	22,032	42,962
Accumulated depreciation,					
June 30, 2008	-	15,894	93,839	81,202	190,935
Capital assets, net of accumulated depreciation at					
June 30, 2008	<u>\$ 10,000</u>	<u>\$ 49,884</u>	<u>\$ 38,636</u>	<u>\$ 48,896</u>	<u>\$ 147,416</u>

For the year ended June 30, 2008, depreciation expense was \$42,962.

VILLAGE OF PORT VINCENT

NOTES TO FINANCIAL STATEMENTS

2. **CAPITAL ASSETS** (continued)

Business-Type Activities:

	Lines, Meters, and plants	Equipment	Total
Cost of Capital Assets			
June 30, 2007	\$ 578,494	\$ 60,341	\$ 638,835
Additions	-	-	-
Costs of Capital Assets,			
June 30, 2008	<u>578,494</u>	<u>60,341</u>	<u>638,835</u>
Accumulated depreciation			
June 30, 2007	225,613	60,219	285,832
Additions	<u>23,140</u>	<u>98</u>	<u>23,238</u>
Accumulated depreciation,			
June 30, 2008	<u>248,753</u>	<u>60,317</u>	<u>309,070</u>
Capital assets, net of accumulated depreciation at			
June 30, 2009	<u>\$ 329,741</u>	<u>\$ 24</u>	<u>\$ 329,765</u>

For the year ended June 30, 2008, depreciation expense was \$23,238.

3. **CASH AND INVESTMENTS**

At June 30, 2008, the Village's cash and investments (book balance 5)—consisted of the following:

Cash:	<u>Total</u>
Petty cash	\$ 360
Demand deposits	<u>61,429</u>
Total cash	<u>61,789</u>
Investments:	
Funds held in LAMP	<u>214,017</u>
Total cash and investments	<u>\$ 275,806</u>

VILLAGE OF PORT VINCENT

NOTES TO FINANCIAL STATEMENTS

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

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$82,828 of the bank balance was not exposed to custodial credit risk.

The Village adopted Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. As of June 30, 2008, the Village had the following investments and maturities:

INVESTMENT MATURITIES (IN YEARS)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>
LAMP Funds	<u>\$ 214,017</u>	<u>\$ 214,017</u>
Total Investments	<u>\$ 214,017</u>	<u>\$ 214,017</u>

Because the LAMP funds as of June 30, 2008, had a weighted average maturity of 3.5 months, it was presented as an investment with maturity of less than one year.

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 losses arising from increasing interest rates.

Credit Risk

State law limits investments in securities issued, or back by the United States Treasury obligations, and U.S. Government instrumentalities, which are federally sponsored. The Village has no investment policy that would further limit its investment choices. As of June 30, 2008, the Village's investment in LAMP was rated AAA by Standard & Poor's.

VILLAGE OF PORT VINCENT

NOTES TO FINANCIAL STATEMENTS

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

The following is a summary of long-term debt transactions which occurred during the year ended June 30, 2008:

Business Type Activities:

	<u>Balance 6/30/07</u>	<u>Retirements</u>	<u>Balance 6/30/08</u>
Paving Certificates, Series 2001	\$ 63,224	15,806	\$ 47,418

GENERAL LONG-TERM DEBT

Bond payable at June 30, 2008 was comprised of the following issue:

\$126,448 of Paving Certificates Series 2001;
due in annual installments of \$15,806 including
variable interest rates through March 2011.

The annual requirements to amortize the debt outstanding as of June 30, 2008 is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>
2009	15,806
2010	15,806
2011	15,806
	<u>\$ 47,418</u>

5. **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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

A. FINDINGS – FINANCIAL STATEMENTS AUDIT

None.

B. FINDINGS – COMPLIANCE

None.

**VILLAGE OF PORT VINCENT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2008**

A. FINDINGS – FINANCIAL STATEMENTS AUDIT

2007-01 Financial Statements

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 reconciling accounting records in a timely manner.

Recommendation: The Village should prepare accounting records in a timely manner.

No similar findings were noted this year.

2007-02 Internal Controls

Finding: During our review procedures numerous adjusting entries were required to prepare the financial statements of the Village. It does not appear that there is a clear delegation of responsibility as to who is responsible for the reconciliation of the bank statements to the general ledger on a monthly basis. As such, this function is not being performed on a timely basis and material differences are occurring between the general ledger and the supporting records.

Effect: Because of the failure to reconcile the general ledger to the accounting records in a timely nature, misstatements are occurring and not being detected by the staff.

Recommendation: Procedures should be established to ensure that the general ledger is reconciled to the bank statements monthly in a timely manner.

No similar findings were noted this year.

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

The Honorable Mayor, Laura Savoy
And Members of the Board of Aldermen
Village of Port Vincent, 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 Port Vincent, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Port Vincent, Louisiana's compliance with certain laws and regulations during the year ended June 30, 2008, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Governmental 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 \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

Purchases were made in accordance with bid law.

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 interest of all board members and employees, as well as their immediate families.

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

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

Management provided us with the required list.

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

None were included.

Budgeting

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

Management provided us with a copy of the original and amended budgets.

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

We were able to trace the original budget to the minutes.

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 5% or if actual expenditures exceed budgeted amounts by more than 5%.

Actual revenues were more than budgeted amounts. Actual expenditures were less than budgeted amounts. Expenditures did not exceed budgeted amounts by more than 5%.

Accounting and Reporting:

8. Randomly select 6 disbursements made during the period under examination and:

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

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

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

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

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

Inspection of the documentation supporting each of the six selected disbursements indicated approval from the board of aldermen.

Meeting:

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

The village properly complied with the requirements of the open meetings law.

Debt:

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

Inspection of all bank deposit slips for the period under examination showed that none of the deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses:

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

No payments to employees appear to be bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of any opinion on management's assertion. 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 Port Vincent, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Postlethwait & Netterville

December 30, 2008