

CITY OF ST. MARTINVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

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The Honorable Melinda Mitchell, Mayor
and Members of the City Council
City of St. Martinville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Martinville, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of St. Martinville, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Martinville, Louisiana, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, schedule of changes in net OPEB liability and related ratios, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 45 through 48 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Martinville, Louisiana's basic financial statements. The other supplementary information on pages 51 through 62 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The various combining and comparative statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the various combining and comparative statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary comparison schedules and the schedule of revenues, expenditures, and changes in fund balance – Capital Projects Fund presented as other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provides any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020, on our consideration of the City of St. Martinville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the City of St. Martinville, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Martinville, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
January 31, 2020

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,698,648	\$ 449,328	\$ 2,147,976
Investments	5,178	149,805	154,983
Receivables, net	162,134	1,067,951	1,230,085
Internal balances	35,881	(35,881)	-
Due from other governmental units	200,093	-	200,093
Inventories	18,507	185,204	203,711
Prepaid items	30,005	8,708	38,713
Deposits	-	12,000	12,000
Total current assets	<u>2,150,446</u>	<u>1,837,115</u>	<u>3,987,561</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	-	97,139	97,139
Investments	-	314,591	314,591
Capital assets -			
Land and construction in progress	1,994,669	482,737	2,477,406
Capital assets, net	<u>5,741,872</u>	<u>9,011,828</u>	<u>14,753,700</u>
Total noncurrent assets	<u>7,736,541</u>	<u>9,906,295</u>	<u>17,642,836</u>
Total assets	<u>9,886,987</u>	<u>11,743,410</u>	<u>21,630,397</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>446,321</u>	<u>189,667</u>	<u>635,988</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	453,247	812,720	1,265,967
Compensated absences payable	14,461	6,289	20,750
Customer deposits	5,300	361,604	366,904
Capital lease payable	5,559	-	5,559
Bonds payable	382,000	-	382,000
Accrued interest	<u>22,209</u>	<u>-</u>	<u>22,209</u>
Total current liabilities	<u>882,776</u>	<u>1,180,613</u>	<u>2,063,389</u>
Noncurrent liabilities:			
Compensated absences payable	113,356	56,615	169,971
Bonds payable	3,209,097	-	3,209,097
Net pension liability	1,325,837	574,759	1,900,596
Postemployment benefit obligation payable	<u>264,672</u>	<u>100,828</u>	<u>365,500</u>
Total noncurrent liabilities	<u>4,912,962</u>	<u>732,202</u>	<u>5,645,164</u>
Total liabilities	<u>5,795,738</u>	<u>1,912,815</u>	<u>7,708,553</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>239,975</u>	<u>45,588</u>	<u>285,563</u>
NET POSITION			
Net investment in capital assets	4,139,885	9,494,565	13,634,450
Restricted for purpose of grantor	39,322	-	39,322
Restricted for debt service	1,028,909	-	1,028,909
Unrestricted (deficit)	<u>(910,521)</u>	<u>480,109</u>	<u>(430,412)</u>
Total net position	<u>\$ 4,297,595</u>	<u>\$ 9,974,674</u>	<u>\$ 14,272,269</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2019

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,091,225	\$ 11,854	\$ -	\$ -	\$ (1,079,371)	\$ -	\$ (1,079,371)
Public safety	1,482,084	131,569	85,743	-	(1,264,772)	-	(1,264,772)
Public works	1,613,843	505,336	7,270	13,874	(1,087,363)	-	(1,087,363)
Recreation	407,780	56,773	75	44,000	(306,932)	-	(306,932)
Tourism	205,127	13,928	-	-	(191,199)	-	(191,199)
Urban redevelopment housing	350,718	-	344,661	-	(6,057)	-	(6,057)
Interest on long-term debt	81,305	-	-	-	(81,305)	-	(81,305)
Total governmental activities	5,232,082	719,460	437,749	57,874	(4,016,999)	-	(4,016,999)
Business-type activities:							
Electric	3,849,734	4,819,486	250,000	-	-	1,219,752	1,219,752
Water	660,678	610,495	-	-	-	(50,183)	(50,183)
Wastewater	715,613	559,260	-	-	-	(156,353)	(156,353)
Total business-type activities	5,226,025	5,989,241	250,000	-	-	1,013,216	1,013,216
Total	\$ 10,458,107	\$ 6,708,701	\$ 687,749	\$ 57,874	(4,016,999)	1,013,216	(3,003,783)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					220,673	-	220,673
Sales and use taxes, levied for general purposes					1,668,028	-	1,668,028
Franchise taxes					75,111	-	75,111
Occupational licenses					283,242	-	283,242
Grants and contributions not restricted to specific programs -							
State sources					348,292	-	348,292
Non-employer pension contribution					36,650	17,062	53,712
Interest and investment earnings					19,243	12,581	31,824
Gain on sale of assets					104,397	-	104,397
Miscellaneous					31,447	-	31,447
Transfers					1,200,000	(1,200,000)	-
Total general revenues and transfers					3,987,083	(1,170,357)	2,816,726
Change in net position					(29,916)	(157,141)	(187,057)
Net position - July 1, 2018					4,327,511	10,131,815	14,459,326
Net position - June 30, 2019					\$ 4,297,595	\$ 9,974,674	\$ 14,272,269

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Capital Projects Fund

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 trust funds).

Enterprise Fund

Utility Fund -

To account for the provision of electricity, water, and wastewater services to residents of the City and operations of the electrical, water and wastewater plants.

NONMAJOR FUNDS

The Section 8 Fund and Debt Service Fund are presented as nonmajor funds.

CITY OF ST. MARTINVILLE, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2019

	General	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and interest-bearing deposits	\$ 453,681	\$ 1,057,821	\$ 187,146	\$ 1,698,648
Investments	5,178	-	-	5,178
Receivables:				
Taxes	147,673	-	-	147,673
Due from other governmental units	146,375	52,670	1,048	200,093
Due from other funds	110,852	64	17,535	128,451
Other	14,461	-	-	14,461
Inventory	18,507	-	-	18,507
Prepaid items	30,005	-	-	30,005
Total assets	<u>\$ 926,732</u>	<u>\$ 1,110,555</u>	<u>\$ 205,729</u>	<u>\$ 2,243,016</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 241,962	\$ -	\$ 932	\$ 242,894
Accrued expenses	150,316	-	812	151,128
Contract payable	-	13,661	-	13,661
Retainage payable	-	45,564	-	45,564
Customer rental deposits	5,300	-	-	5,300
Due to other funds	40,515	212	51,843	92,570
Total liabilities	<u>438,093</u>	<u>59,437</u>	<u>53,587</u>	<u>551,117</u>
Fund balances -				
Nonspendable - prepaid items and inventory	48,512	-	-	48,512
Restricted for capital projects	-	1,051,118	-	1,051,118
Restricted for debt service	-	-	113,440	113,440
Restricted for purpose of grantor	-	-	38,702	38,702
Unassigned	440,127	-	-	440,127
Total fund balances	<u>488,639</u>	<u>1,051,118</u>	<u>152,142</u>	<u>1,691,899</u>
Total liabilities and fund balances	<u>\$ 926,732</u>	<u>\$ 1,110,555</u>	<u>\$ 205,729</u>	<u>\$ 2,243,016</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF ST. MARTINVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total fund balances for governmental funds at June 30, 2019 \$1,691,899

Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$ 768,890	
Construction in progress	1,225,779	
Buildings and improvements, net of \$4,111,001 accumulated depreciation	2,805,301	
Equipment and vehicles, net of \$876,152 accumulated depreciation	397,276	
Infrastructure, net of \$782,747 accumulated depreciation	<u>2,539,295</u>	7,736,541

The deferred outflows of expenditures for the municipal and police employees retirement systems are not a use of current resources, and therefore, are not reported in the funds. 446,321

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. General long-term debt consist of:

Bonds payable	\$(3,591,097)	
Accrued interest payable	(22,209)	
Capital lease payable	(5,559)	
Net postemployment benefit obligation payable	(264,672)	
Compensated absences	(127,817)	
Net pension liability	<u>(1,325,837)</u>	(5,337,191)

The deferred inflows of contributions for the municipal and police employees retirement systems are not available resources, and therefore, are not reported in the funds. (239,975)

Total net position of governmental activities at June 30, 2019 \$4,297,595

The accompanying notes are an integral part of the basic financial statements.

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2019

	General	Capital Projects Fund	Nonmajor Funds	Total
Revenues:				
Taxes	\$ 1,789,035	\$ -	\$ 99,666	\$ 1,888,701
Licenses and permits	359,407	-	-	359,407
Intergovernmental	447,659	13,874	344,661	806,194
Charges for services	576,037	-	-	576,037
Fines and forfeits	131,569	-	-	131,569
Miscellaneous	221,459	1,106	256	222,821
Total revenues	<u>3,525,166</u>	<u>14,980</u>	<u>444,583</u>	<u>3,984,729</u>
Expenditures:				
Current -				
General government	979,369	-	-	979,369
Public safety	1,433,386	-	-	1,433,386
Public works	1,436,858	-	-	1,436,858
Recreation	259,142	-	-	259,142
Tourism	118,560	-	-	118,560
Urban redevelopment and housing	-	-	350,718	350,718
Capital outlay	26,069	104,911	-	130,980
Debt service	31,336	-	414,859	446,195
Total expenditures	<u>4,284,720</u>	<u>104,911</u>	<u>765,577</u>	<u>5,155,208</u>
Deficiency of revenues over expenditures	<u>(759,554)</u>	<u>(89,931)</u>	<u>(320,994)</u>	<u>(1,170,479)</u>
Other financing sources (uses):				
Transfers in	1,200,000	7,068	261,975	1,469,043
Transfers out	(269,043)	-	-	(269,043)
Total other financing sources (uses)	<u>930,957</u>	<u>7,068</u>	<u>261,975</u>	<u>1,200,000</u>
Net changes in fund balances	171,403	(82,863)	(59,019)	29,521
Fund balances, beginning	<u>317,236</u>	<u>1,133,981</u>	<u>211,161</u>	<u>1,662,378</u>
Fund balances, ending	<u>\$ 488,639</u>	<u>\$ 1,051,118</u>	<u>\$ 152,142</u>	<u>\$ 1,691,899</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF ST. MARTINVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019

Total net changes in fund balances at June 30, 2019 per statement of revenues, expenditures and changes in fund balances		\$ 29,521
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balances	\$ 130,894	
Loss on disposal of assets	(19,213)	
Depreciation expense for the year ended June 30, 2019	<u>(411,656)</u>	(299,975)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, principal payments are recorded as expenditures in the governmental funds but reduce the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Principal payments	357,574	
Amortization of bond premium	<u>5,281</u>	362,855
Pension expense not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure		(114,885)
Nonemployer contributions to the municipal employees and police employees pension plans		36,650
Change in net OPEB obligation at June 30, 2019 not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure		(8,522)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Interest expense	2,035	
Compensated absences	<u>(37,595)</u>	<u>(35,560)</u>
Total changes in net position at June 30, 2019 per statement of activities		<u>\$ (29,916)</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2019

ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 449,328
Investments	149,805
Receivables:	
Accounts, net	1,067,084
Accrued interest	867
Due from other funds	71,458
Inventory	185,204
Prepaid items	8,708
Deposits	<u>12,000</u>
Total current assets	<u>1,944,454</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	97,139
Investments	314,591
Capital assets -	
Land and construction in progress	482,737
Other capital assets, net of accumulated depreciation	<u>9,011,828</u>
Total noncurrent assets	<u>9,906,295</u>
Total assets	<u>11,850,749</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>189,667</u>
LIABILITIES	
Current liabilities:	
Accounts, salaries, and other payables	812,720
Compensated absences	6,289
Due to other funds	107,339
Customer deposits	<u>361,604</u>
Total current liabilities	<u>1,287,952</u>
Noncurrent liabilities:	
Compensated absences	56,615
Net pension liability	574,759
Postemployment benefit obligation payable	<u>100,828</u>
Total noncurrent liabilities	<u>732,202</u>
Total liabilities	<u>2,020,154</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>45,588</u>
NET POSITION	
Net investment in capital assets	9,494,565
Unrestricted	<u>480,109</u>
Total net position	<u>\$ 9,974,674</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund
 For the Year Ended June 30, 2019

Operating revenues:	
Charges for services -	
Electric	\$ 4,678,908
Water	595,143
Wastewater	545,418
Permits, reconnections and penalties	169,774
Contract revenues	<u>250,000</u>
Total operating revenues	<u>6,239,243</u>
Operating expenses:	
Electric	3,849,734
Water	660,678
Wastewater	<u>715,121</u>
Total operating expenses	<u>5,225,533</u>
Operating income	<u>1,013,710</u>
Nonoperating revenues (expenses):	
Investment income	12,581
Interest expense	(494)
Nonemployer contribution revenue	<u>17,062</u>
Total nonoperating revenues (expenses)	<u>29,149</u>
Income before capital contributions and transfers	1,042,859
Transfers out	<u>(1,200,000)</u>
Change in net position	(157,141)
Net position, beginning	<u>10,131,815</u>
Net position, ending	<u>\$ 9,974,674</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2019

Cash flows from operating activities:	
Receipts from customers	\$ 6,243,045
Payments to suppliers	(3,893,842)
Payments to employees	<u>(727,979)</u>
Net cash provided by operating activities	<u>1,621,224</u>
Cash flows from noncapital financing activities:	
Decrease in customer deposits, net of refunds	11,959
Cash paid to other funds	(29,434)
Transfers out	<u>(1,200,000)</u>
Net cash used by noncapital financing activities	<u>(1,217,475)</u>
Cash flows from capital and related financing activities:	
Principal payments	(26,345)
Interest paid	<u>(494)</u>
Net cash used by capital and related financing activities	<u>(26,839)</u>
Cash flows from investing activities:	
Purchase of investments	(464,396)
Maturities of investments	476,575
Investment income	<u>12,581</u>
Net cash provided by investing activities	<u>24,760</u>
Net increase in cash and cash equivalents	401,670
Cash and cash equivalents, beginning of period	<u>144,797</u>
Cash and cash equivalents, end of period	<u>\$ 546,467</u>

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2019

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,013,710
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	381,180
Pension/OPEB expense	15,675
Changes in current assets and liabilities:	
Accounts receivable	3,802
Inventory	(1,875)
Prepaid items	16,225
Accounts and other payables	196,805
Compensated absences	(4,298)
Total adjustments	<u>607,514</u>
Net cash provided by operating activities	<u>\$ 1,621,224</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 106,441
Cash - restricted	<u>38,356</u>
Total cash and cash equivalents	<u>144,797</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	449,328
Cash - restricted	<u>97,139</u>
Total cash and cash equivalents	<u>546,467</u>
Net increase	<u>\$ 401,670</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of St. Martinville (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The City of St. Martinville was incorporated on January 30, 1817. The City operates under the provisions of a special charter dated April 4, 1898 and operates under a Mayor-City Council form of government.

The financial reporting entity should consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the 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.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Based on these criteria, the City did not identify any component units that are required to be reported.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City'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. 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 accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the City are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The major funds of the City are described below:

Governmental Funds -

General Fund -

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund -

Capital projects fund is 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).

Proprietary Fund -

Enterprise Fund -

The enterprise 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 that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's enterprise fund is the Utility Fund.

The City's nonmajor funds are described below:

Debt Service Fund -

The debt service fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

Section 8 Fund -

This fund is used to account for the receipt and subsequent expenditures of Section 8 housing funds received from the federal government.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 City considers revenues to be available within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when a payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments

Under state law, the City may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The City may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. In accordance with GASB Codification Section I50, investments meeting the criteria specified in the Statement are stated at fair value, which is quoted market prices.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Inventories

Inventories held by both the General and Utility Funds are valued at cost (first-in, first-out).

Prepays

Payments made to vendors for services that will benefit future periods are recorded as prepaid items. The City utilizes the consumption method to account for prepaid items.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. The major receivable balance for the governmental activities is sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading/billing and the end of the month are estimated and recorded at June 30, 2019. All receivables are shown net of an allowance account, as applicable. At June 30, 2019, the allowance amount associated with the receivables of the Utility Fund was \$33,806.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5-40 years
Equipment and vehicles	5-20 years
Wastewater and water plant	5-50 years
Electric lines and meters	7-50 years
Infrastructure	40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments that are legally restricted as to their use. At June 30, 2019, the restricted assets were related to utility customers' deposits and reserve fund requirements in the amounts of \$361,604 and \$50,126, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. The City recognizes deferred outflows of resources and deferred inflows of resources that are attributable to its pension plans.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds, street improvement refunding bonds, sales tax bonds, and capital lease obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Employees of the City earn from 10 to 35 days of noncumulative vacation leave, depending upon length of service. Employees of the City earn from 10 to 35 days of sick leave each year, depending upon length of service. Sick leave may be accumulated. No sick leave is paid upon resignation. Upon retirement, unused accumulated sick leave is paid to the employee at the employee's current rate of pay.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position –All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council members, which is the highest level of decision-making authority for the City.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the City’s Mayor and City Council.
- e. Unassigned – all other spendable amounts.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Council members have provided otherwise in its commitment or assignment actions.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Funds - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Capitalization of Interest Expense

It is the policy of the City of St. Martinville to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the proprietary funds. At June 30, 2019, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2019, the City has cash and interest-bearing deposits (book balances) totaling \$2,245,115.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit within the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at June 30, 2019 are secured as follows:

Bank balances	<u>\$2,269,349</u>
Federal deposit insurance	\$ 947,196
Pledged securities	<u>1,322,153</u>
Total	<u>\$2,269,349</u>

Deposits in the amount of \$1,322,153 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the City's name. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand. The City does not have a policy for custodial credit risk.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Investments

As of June 30, 2019, the City had the following investments and maturities:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One - Five Years</u>
Mutual Funds:				
Fixed Income	99%	\$ 464,396	\$ -	\$ 464,396
Money Market	1%	5,178	5,178	-
Total	<u>100%</u>	<u>\$ 469,574</u>	<u>\$ 5,178</u>	<u>\$ 464,396</u>

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

Credit Risk/Concentration of Credit Risk -- Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City limits investments to government securities that are direct and indirect obligations of the United States Government. At June 30, 2019, investments with a fair value of 464,396 were rated AA+ by Standards & Poor's.

Custodial Credit Risk -- For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires all investments to be in the City's name and all ownership securities to be evidenced by an acceptable safekeeping receipt issued by a third-party financial institution which is acceptable to the City. Accordingly, the City had no custodial credit risk related to its investments at June 30, 2019.

(4) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2019 consisted of the following:

Governmental Activities -	
Federal grants	\$ 52,670
State of Louisiana:	
Beer tax	2,837
LGAP grants	44,000
Video poker	48,720
Louisiana Department of Transportation:	
Highway maintenance	7,270
St. Martin Parish Government - capital reimbursements	10,803
St. Martin Parish Sheriff: - ad valorem taxes	1,528
Housing Authority - payment in lieu of taxes	32,024
Other	241
	<u>\$ 200,093</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance 07/01/18	Additions	Deletions	Balance 06/30/19
Governmental activities:				
Assets not being depreciated:				
Land	\$ 787,765	\$ -	\$ 18,875	\$ 768,890
Construction in progress	1,277,247	82,282	133,750	1,225,779
Assets being depreciated:				
Buildings and improvements	6,763,394	163,529	10,621	6,916,302
Equipment and vehicles	1,323,564	18,833	68,969	1,273,428
Infrastructure	3,322,042	-	-	3,322,042
Totals	<u>13,474,012</u>	<u>264,644</u>	<u>232,215</u>	<u>13,506,441</u>
Less accumulated depreciation:				
Buildings and improvements	3,893,303	228,319	10,621	4,111,001
Equipment and vehicles	844,497	100,286	68,631	876,152
Infrastructure	699,696	83,051	-	782,747
Total accumulated depreciation	<u>5,437,496</u>	<u>411,656</u>	<u>79,252</u>	<u>5,769,900</u>
Governmental activities, capital assets, net	<u>\$8,036,516</u>	<u>\$ (147,012)</u>	<u>\$ 152,963</u>	<u>\$7,736,541</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 482,737	\$ -	\$ -	\$ 482,737
Capital assets being depreciated:				
Buildings and improvements	1,044,232	-	-	1,044,232
Equipment	1,039,827	-	8,806	1,031,021
Wastewater and water plant	17,153,144	-	-	17,153,144
Electric lines and meters	1,869,924	-	-	1,869,924
Totals	<u>21,589,864</u>	<u>-</u>	<u>8,806</u>	<u>21,581,058</u>
Less accumulated depreciation:				
Buildings and improvements	1,033,183	938	-	1,034,121
Equipment	823,187	33,550	8,806	847,931
Wastewater and water plant	8,214,122	310,518	-	8,524,640
Electric lines and meters	1,643,627	36,174	-	1,679,801
Total accumulated depreciation	<u>11,714,119</u>	<u>381,180</u>	<u>8,806</u>	<u>12,086,493</u>
Business-type activities, capital assets, net	<u>\$9,875,745</u>	<u>\$ (381,180)</u>	<u>\$ -</u>	<u>\$9,494,565</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 45,407
Public safety	40,946
Public works	109,822
Culture and recreation	134,718
Tourism	80,763
	<u>\$ 411,656</u>

Depreciation expense was charged to business-type activities as follows:

Electric	\$ 44,834
Water	111,134
Wastewater	225,212
	<u>\$ 381,180</u>

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2019:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 242,894	\$ 779,909	\$ 1,022,803
Contracts and retainage	59,225	-	59,225
Accrued payroll and related liabilities	151,128	32,811	183,939
Totals	<u>\$ 453,247</u>	<u>\$ 812,720</u>	<u>\$ 1,265,967</u>

(7) Changes in Long-Term Debt

The following is a summary of the changes for the year ended June 30, 2019:

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019
Governmental Activities:				
General obligation bonds	\$ 1,500,000	\$ -	\$ 60,000	\$ 1,440,000
Sales tax revenue bonds	944,013	-	43,000	901,013
Series 2012 refunding bonds	1,450,000	-	225,000	1,225,000
Capital lease	35,133	-	29,574	5,559
Compensated absences	90,222	37,595	-	127,817
	4,019,368	37,595	357,574	3,699,389
Unamortized bond premium	30,365	-	5,281	25,084
Total governmental activities	<u>\$ 4,049,733</u>	<u>\$ 37,595</u>	<u>\$ 362,855</u>	<u>\$ 3,724,473</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019
Business-type Activities:				
Capital lease	\$ 26,345	\$ -	\$ 26,345	\$ -
Compensated absences	67,202	-	4,298	62,904
Total business-type activities	<u>\$ 93,547</u>	<u>\$ -</u>	<u>\$ 30,643</u>	<u>\$ 62,904</u>

Long-term debt at June 30, 2019 is comprised of the following:

Governmental activities –

		<u>Current Portion</u>
\$2,485,000 Street Improvement Refunding Bonds Series 2012 dated June 29, 2012; due in annual installments of \$20,000 to \$260,000 through April 1, 2024; interest at 2.55 percent, payable from and secured by a pledge and dedication of excess revenues.	\$ 1,225,000	\$ 230,000
\$1,500,000 General Obligation Bond Series 2016 dated March 10, 2016; due in annual installments of \$60,000 - \$115,000 through March 1, 2036; interest at 3.00 percent and payable from and secured by levy collection of ad valorem taxes.	1,440,000	60,000
\$944,013 Sales Tax Bond, Series 2015 issued by Louisiana Department of Environmental Quality; due in annual installments of \$92,000 to \$99,000 through January 1, 2029; interest at 0.45 percent, payable from sales tax collections.	<u>901,013</u>	<u>92,000</u>
Total bonds payable	3,566,013	382,000
Add: premium on issuance of debt	<u>25,084</u>	
Net bonds payable	3,591,097	
 Capital Lease -		
\$63,092 vehicle lease dated August 17, 2017, due in 24 monthly installments of \$2,800, including interest at 6.14 percent, through August 17, 2019, secured by General Fund revenues and assets with a carrying value of \$40,007 at June 30, 2019.	<u>5,559</u>	<u>5,559</u>
Total governmental activities long-term liabilities	<u>\$ 3,596,656</u>	<u>\$ 387,559</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The annual requirements to amortize debt outstanding at June 30, 2019 are as follows:

June 30,	Governmental Activities			
	Bonds		Capital Lease	
	Principal	Interest	Principal	Interest
2020	\$ 382,000	\$ 75,565	\$ 5,559	\$ 42
2021	393,000	69,437	-	-
2022	404,000	61,077	-	-
2023	420,000	52,383	-	-
2024	426,000	43,352	-	-
2025-2029	831,013	142,716	-	-
2030-2034	485,000	71,175	-	-
2035-2036	225,000	6,825	-	-
Totals	<u>\$3,566,013</u>	<u>\$522,530</u>	<u>\$ 5,559</u>	<u>\$ 42</u>

(8) Pension Plans

The City participates in two cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all City employees participate in one of the following retirement systems:

Plan Descriptions:

Municipal Employees' Retirement Systems (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The City participates in Plan B.

State of Louisiana - Municipal Police Employees' Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:2211 and 11:2220.

The systems' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

A brief summary of eligibility and benefits of the plans are provided in the following table:

	<u>MERS</u>	<u>MPERS</u>
Final average salary	Final average compensation	Highest 36 months or 60 months ²
Years of service required and/or age eligible for benefits	25 years of any age 10 years age 60 20 years any age ¹	25 years of any age 20 years age 55 12 years age 55 20 years any age ¹ 30 years any age ³ 25 years age 55 ³ 10 years age 60 ³
Benefit percent per years of service	3.00%	2.50 - 3.33% ⁴

¹ With actuarial reduced benefits

² Membership commencing January 1, 2013

³ Under non hazardous duty sub plan commencing January 1, 2013

⁴ Membership commencing January 1, 2013 non hazardous duty plan 2.5%, hazardous duty plan 3.0%, membership prior to January 1, 2013 3.33%.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. Contributions of employees, employers, and non-employer contributing entities effective for the year ended June 30, 2019 for the defined benefit pension plans in which the City is a participating employer were as follows:

<u>Plan</u>	<u>Active Member Contribution Percentage</u>	<u>Employer Contribution Percentage</u>	<u>Nonemployer Contributing Entities</u>	<u>Government Contributions</u>
MERS	5.00%	14.00%	\$ 43,748	\$ 165,665
MPERS	10.00%	32.25%	<u>9,964</u>	<u>45,768</u>
Total			<u>\$ 53,712</u>	<u>\$ 211,433</u>

Net Pension Liability

The City's net pension liability at June 30, 2019 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the City is a participating employer. The City's net pension liability for each plan was measured as of the plan's measurement date (June 30, 2018 for both plans) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The City's proportionate share of the net pension liability for each of the plans in which it participates was based on the City's required contributions in proportion to total required contributions for all employers. As of the most recent measurement date, the City's proportion for each plan and the change in proportion from the prior measurement date were as follows:

<u>Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Proportionate Share (%) of Net Pension Liability</u>	<u>Increase/(Decrease) from Prior Measurement Date</u>
MERS	\$1,473,742	1.742358%	-0.114965%
MPERS	426,854	0.050491%	-0.020565%
Total	<u>\$1,900,596</u>		

Since the measurement date of the net pension liability was June 30, 2018, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the City's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows: MERS – <http://www.mersla.com> ; MPERS – <http://lampers.org/> .

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the primary government is a participating employer:

	<u>MERS</u>	<u>MPERS</u>
Date of experience study	7/1/2009-6/30/2014	7/1/2009-6/30/2014
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	7.275%, net of investment expense	7.20%, net of investment expense
Expected remaining service lives	4	4
Inflation rate	2.600%	2.600%
Projected salary increases	5.0%	4.25% - 9.75%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(4), (5)

- (1) RP-2000 Employees Sex Distinct Table set back 2 years for males and females
- (2) RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
- (3) RP-2000 Disabled Lives Mortality Table for disabled annuitants set back 5 years for males and 3 years for females
- (4) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables Projected to 2029 by Scale AA (set back 1 year for females)
- (5) RP-2000 Employee Table set back 4 years for males and set back 3 years for females

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Cost of Living Adjustments

The pension plans in which the City participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS and MPERS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

Discount Rate

The discount rate used to measure the total pension liability for MERS was 7.275%, which was a decrease of 0.125% from the prior year valuation. The discount rate used to measure the total pension liability for MPERS was 7.20%, which was a decrease of 0.125% from the prior year valuation. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net positions was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Rate of Return

For MERS and MPERS, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following tables:

Asset Class	MERS		MPERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Public equity	50%	2.20%	52%	3.58%
Public fixed income	35%	1.50%	22%	0.46%
Alternative Investments	15%	0.60%	20%	1.07%
Other	-	-	6%	0.17%
Totals	<u>100%</u>	<u>4.30%</u>	<u>100%</u>	<u>5.28%</u>
Inflation		<u>2.70%</u>		<u>2.75%</u>
Expected arithmetic nominal return		<u>7.00%</u>		<u>8.03%</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2019, the City recognized \$300,877 and \$37,007 in pension expense related to MERS and MPERS, respectively.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	MERS	MPERS	Total
Difference between expected and actual experience	\$ 3,948	\$ 1,924	\$ 5,872
Changes of assumptions	55,149	27,895	83,044
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	22,632	53,875	76,507
Net differences between projected and actual earnings on plan investments	239,533	20,462	259,995
Contributions subsequent to the measurement date	164,802	45,768	210,570
Total	<u>\$ 486,064</u>	<u>\$ 149,924</u>	<u>\$ 635,988</u>

	Deferred Inflows of Resources		
	MERS	MPERS	Total
Difference between expected and actual experience	\$ 66,377	\$ 21,813	\$ 88,190
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	50,515	146,858	197,373
Total	<u>\$ 116,892</u>	<u>\$ 168,671</u>	<u>\$ 285,563</u>

Deferred outflows of resources of \$210,570 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the subsequent year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended	MERS	MPERS	Total
<u>June 30</u>			
2019	\$ 121,522	\$ 25,221	\$ 146,743
2020	53,698	(39,080)	14,618
2021	21,719	(51,397)	(29,678)
2022	7,431	741	8,172
	<u>\$ 204,370</u>	<u>\$ (64,515)</u>	<u>\$ 139,855</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Sensitivity of the Government's Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the Government's proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the Government's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	7.28%	\$ 1,934,105	\$ 1,473,742	\$ 1,082,392
MPERS	7.20%	599,848	426,854	281,719
Total		<u>\$ 2,533,953</u>	<u>\$ 1,900,596</u>	<u>\$ 1,364,111</u>

Payables to the Pension Plans

At June 30, 2019, the City's payables were \$10,141 and \$3,925 to MERS and MPERS, respectively, for the month of June 2019, which were the contractually required contributions.

(9) Postretirement Health Care and Life Insurance Benefits

Plan Description - The City administers a single-employer defined benefit healthcare plan entitled City of St. Martinville Retiree Health Plan (the Plan). The Plan provides lifetime healthcare insurance for eligible employees and their spouses through the City's group insurance plan which covers both active and retired members. Benefits provisions are established and may be amended by the City Council as authorized by City ordinance. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75. The Plan does not issue a publicly available report.

Benefits Provided - The City provides subsidized medical, dental, and vision benefits to eligible retirees. Covered dependents of the retiree may also have medical, dental and vision benefit coverage with the retiree paying 100% of the additional cost for dependents. The City pays 90% of the individual medical, dental and vision contribution for the retiree.

Employees covered by benefit terms - At July 1, 2017, the following employees were covered by the medical plan terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>55</u>
Total	<u>58</u>

A total of 55 active and 3 retirees have one or more health coverages.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Total OPEB Liability

The City's total OPEB liability of \$365,500 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	3.5%
Discount rate, including inflation	3.88%
Medical healthcare cost trend rate, flat annually	4.5%
Dental/vision healthcare cost trend rate, flat annually	3.0%
Mortality	RH-2014 Total Table

Changes in the Total OPEB Liability

Balance at June 30, 2018	<u>\$ 353,732</u>
Changes for the year:	
Service cost	27,433
Interest	13,165
Differences between expected and actual experience	-
Benefit payments and net transfers	<u>(28,830)</u>
Net changes	<u>11,768</u>
Balance at June 30, 2019	<u>\$ 365,500</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.88%) or 1-percentage-point higher (4.88%) than the current discount rate:

	1.00% Decrease 2.88%	Current Discount Rate 3.88%	1.00% Increase 4.88%
Total OPEB liability	<u>\$ 388,586</u>	<u>\$365,500</u>	<u>\$343,722</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current healthcare trend rates:

	1.00% Decrease <u>3.5%</u>	Current Trend Rate <u>4.5%</u>	1.00% Increase <u>5.5%</u>
Total OPEB liability	<u>\$ 334,383</u>	<u>\$ 365,500</u>	<u>\$ 401,764</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$40,598. At June 30, 2019, there were no deferred inflows or outflows of resources related to OPEB.

(10) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2019:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 107,339	\$ 37,622
Capital Projects Funds	64	212
Enterprise Fund:		
Utility Fund	71,458	107,339
Nonmajor Funds	<u>17,535</u>	<u>51,223</u>
Total	<u>\$ 196,396</u>	<u>\$ 196,396</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances are expected to be paid within the next fiscal year.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2019:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 1,200,000	\$ 269,043
Capital Projects Funds	7,068	-
Enterprise Fund:		
Utility Fund	-	1,200,000
Nonmajor Funds	<u>261,975</u>	<u>-</u>
Total	<u>\$ 1,469,043</u>	<u>\$ 1,469,043</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(11) Dedication of Sales Tax Revenues

On June 25, 1975, the voters of the City of St. Martinville approved a one percent (1%) sales and use tax.

On May 5, 2007, the voters of the City of St. Martinville approved a one percent (1%) sales and use tax.

On November 6, 2012, the voters of the City of St. Martinville approved a rededication of all proceeds heretofore and hereafter received. Such proceeds (after paying the reasonable and necessary costs and expenses of collecting and administering the sales taxes) may be used for any lawful corporate purpose of the City, including, but not limited to, establishing, acquiring, constructing, improving, maintaining and/or operating the City's waterworks plant and system, solid waste disposal facilities, sewers and sewerage disposal works, drains and drainage facilities, streets, bridges and sidewalks, electric transmission and distribution system, public buildings and recreational facilities within the City, including the necessary land, equipment and furnishings therefore, and the City shall be further authorized to fund the proceeds of the Sales Taxes into bonds from time to time for any one or more capital purposes, to the extent and in the manner permitted by the laws of Louisiana.

Sales and use tax revenues for the fiscal year ended June 30, 2019 were \$1,668,028. Proceeds from the taxes and all reasonable and necessary costs and expenses of collecting the taxes are recorded in the General Fund.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Ad Valorem Taxes

For the year ended June 30, 2019, taxes of 8.65 mills were levied on property with assessed valuations totaling \$22,187,210 and were dedicated as follows:

General alimony	4.08 mills
Public improvement bonds	4.57 mills

Total taxes levied for the year ended June 30, 2019 were \$188,650. The taxes are levied and assessed in June of each year. Tax bills are mailed in November, due on December 31, and are delinquent if unpaid as of January 1.

(13) Contracts

On December 5, 2018, the City entered into a long-term contract with CLECO with an effective date of January 1, 2019 and continued through December 31, 2022. This agreement provides for the purchase of the City's power and energy requirements from CLECO as well as the lease of the City's substation by CLECO.

During the year ended June 30, 2019, the City purchased power from CLECO in the amount of \$2,941,761 of which \$514,693 was payable at year end. This amount has been accrued in the accompanying financial statements.

(14) Fair Value Measurements

Professional standards require the disclosure for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b. Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- c. Level 3 inputs are unobservable inputs for the asset or liability.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2019:

Description	Total	Level 1	Level 2	Level 3
Mutual Funds:				
Fixed Income	\$ 464,396	\$ -	\$ 464,396	\$ -

(15) Compensation of City Council

The compensation paid to the council members for the year ended June 30, 2019 follows:

Craig Prosper	\$ 8,927
Mike Fuselier	8,927
Juma Johnson	8,927
Dennis Williams	8,927
Edmond Joseph	8,927
Total	<u>\$ 44,635</u>

(16) Risk Management

The City is exposed to risks of loss in the areas of general and auto liability, property hazards, health care, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year, nor have settlements exceeded coverage in the past three years.

(17) On-behalf Payments

The City has recognized \$79,683 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(18) Contingencies

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representative. The City's management believes that any liability for reimbursement which may arise as a result of these audits would not be material.

At June 30, 2019, the City is a defendant in a lawsuit. Although the outcome of the lawsuit is not presently determinable, in the opinion of the City's attorney, any judgements rendered in favor of the plaintiff or payments resulting from compromise settlements, if any, will be within the limits of the various insurance coverages carried by the City. The pending lawsuit is not related to any projects funded by the Louisiana Department of Environmental Quality.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(19) Act 706 – Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to the Mayor for the year ended June 30, 2019 follows:

Melinda Mitchell, Mayor

Salary	\$54,660
Benefits - insurance	728
Benefits - retirement	7,652
Car allowance	9,600
Per diem	180
Registration fees	735
Conference travel	678
Total	<u>\$74,233</u>

(20) Tax Abatements

The City is subject to tax abatements granted by the Louisiana Board of Commerce and Energy. The program has a purpose of increasing business activity and employment in the City. Under the program, companies commit to expand or maintain facilities or employment, establish a new business, or relocate an existing business to the City. Agreements include an abatement of ad valorem taxes for a period of 10 years from the initial assessment period. These abatements result in a reduction of property taxes. At June 30, 2019, the City's ad valorem taxes were reduced by \$4,502 for industrial exemptions in effect.

(21) New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statements which were not required to be implemented during the current fiscal year.

- GASB Statement No. 84, "Fiduciary Activities." The requirements of this Statement are effective for fiscal years beginning after December 15, 2018.
- GASB Statement No. 87, "Leases." The requirements of this Statement are effective for fiscal years beginning after December 15, 2019.
- GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." The requirements of this Statement are effective for fiscal year beginning after December 15, 2019.
- GASB Statement No. 90, "Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61." The requirements of this Statement are effective for fiscal year beginning after December 15, 2018.
- GASB Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement are effective for fiscal year beginning after December 15, 2020.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,690,000	\$ 1,792,270	\$ 1,789,035	\$ (3,235)
Licenses and permits	356,000	348,401	359,407	11,006
Intergovernmental	415,270	443,316	447,659	4,343
Charges for services	522,600	574,639	576,037	1,398
Fines and forfeitures	48,000	118,842	131,569	12,727
Miscellaneous income	<u>83,862</u>	<u>220,940</u>	<u>221,459</u>	<u>519</u>
Total revenues	<u>3,115,732</u>	<u>3,498,408</u>	<u>3,525,166</u>	<u>26,758</u>
Expenditures:				
Current -				
General government	835,178	935,606	979,369	(43,763)
Public safety	1,365,306	1,441,553	1,433,386	8,167
Public works	1,553,531	1,441,344	1,436,858	4,486
Recreation	261,004	259,191	259,142	49
Tourism	115,930	118,567	118,560	7
Capital outlay	-	11,220	26,069	(14,849)
Debt service	<u>30,802</u>	<u>32,103</u>	<u>31,336</u>	<u>767</u>
Total expenditures	<u>4,161,751</u>	<u>4,239,584</u>	<u>4,284,720</u>	<u>(45,136)</u>
Deficiency of revenues over expenditures	<u>(1,046,019)</u>	<u>(741,176)</u>	<u>(759,554)</u>	<u>(18,378)</u>
Other financing sources (uses):				
Transfers in	1,250,000	1,200,000	1,200,000	-
Transfers out	<u>(261,975)</u>	<u>(275,556)</u>	<u>(269,043)</u>	<u>6,513</u>
Total other financing sources (uses)	<u>988,025</u>	<u>924,444</u>	<u>930,957</u>	<u>6,513</u>
Net change in fund balances	(57,994)	183,268	171,403	(11,865)
Fund balance, beginning	<u>317,236</u>	<u>317,236</u>	<u>317,236</u>	<u>-</u>
Fund balance, ending	<u>\$ 259,242</u>	<u>\$ 500,504</u>	<u>\$ 488,639</u>	<u>\$ (11,865)</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 27,433	\$ 26,408
Interest	13,165	13,751
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments and net transfers	<u>(28,830)</u>	<u>(28,830)</u>
Net changes	11,768	11,329
Total OPEB liability - beginning	<u>353,732</u>	<u>342,403</u>
Total OPEB liability - ending	<u>\$ 365,500</u>	<u>\$ 353,732</u>
Covered employee payroll	\$1,790,083	\$ 1,790,083
Total OPEB liability as a percentage of covered-employee payroll	20.42%	19.76%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF ST. MARTINVILLE

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2019*

Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees Retirement System					
2019	1.74236%	\$ 1,473,742	\$ 1,291,227	114.1%	65.60%
2018	1.85732%	1,607,017	1,378,305	116.6%	63.49%
2017	1.79651%	1,489,139	1,319,904	112.8%	63.34%
2016	1.76133%	1,197,084	1,230,739	97.3%	68.71%
2015	1.72688%	810,765	1,204,589	67.3%	76.94%
Municipal Police Employees Retirement System					
2019	0.05049%	\$ 426,854	\$ 149,005	286.5%	71.89%
2018	0.07106%	620,349	212,125	292.4%	70.08%
2017	0.07828%	733,667	219,269	334.6%	66.04%
2016	0.04933%	386,425	141,570	273.0%	70.73%
2015	0.06298%	394,921	174,883	225.8%	75.10%

* The amounts presented have a measurement date of the previous fiscal year end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Employer Pension Contributions
For the Year Ended June 30, 2019

<u>Year ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Municipal Employees Retirement System					
2019	\$ 165,665	\$ 165,665	\$ -	\$ 1,183,320	14.00%
2018	171,088	171,088	-	1,291,227	13.25%
2017	151,648	151,648	-	1,378,305	11.00%
2016	125,391	125,391	-	1,319,904	9.50%
2015	116,920	116,920	-	1,230,739	9.50%
Municipal Police Employees Retirement System					
2019	\$ 45,768	\$ 45,768	\$ -	\$ 141,916	32.25%
2018	45,819	45,819	-	149,005	30.75%
2017	67,350	67,350	-	212,125	31.75%
2016	64,684	64,684	-	219,269	29.50%
2015	44,595	44,595	-	141,570	31.50%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF ST. MARTINVILLE

Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

(1) Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Mayor submits, no later than 15 days prior to the beginning of each fiscal year, to the City Council a proposed operating budget.
- b) A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) 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 a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- e) 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 Mayor.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the City Council.

(2) Excess Expenditures Over Appropriations

For the year ended June 30, 2019, the General Fund's general government function had a final budget of \$935,606 and actual expenditures of \$979,369 resulting in a negative variance of \$43,763.

(3) Pension Plans

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plans.

(4) Other Postemployment Benefits

- a) Benefit changes – There were no changes of benefit terms.
- b) Changes of assumptions – There were no changes of assumptions.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			Variance with Final Budget Positive (Negative)	2018 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes -					
Ad valorem	\$ 90,000	\$ 89,769	\$ 88,983	\$ (786)	\$ 90,786
Payments in lieu of taxes	-	31,559	32,024	465	31,559
Sales	<u>1,600,000</u>	<u>1,670,942</u>	<u>1,668,028</u>	<u>(2,914)</u>	<u>1,632,926</u>
Total taxes	<u>1,690,000</u>	<u>1,792,270</u>	<u>1,789,035</u>	<u>(3,235)</u>	<u>1,755,271</u>
Licenses and permits -					
Occupational and liquor licenses	259,500	238,213	241,478	3,265	266,469
Franchise, fees, and permits	<u>96,500</u>	<u>110,188</u>	<u>117,929</u>	<u>7,741</u>	<u>100,840</u>
Total licenses and permits	<u>356,000</u>	<u>348,401</u>	<u>359,407</u>	<u>11,006</u>	<u>367,309</u>
Intergovernmental -					
Federal and state grants	-	4,800	4,960	160	33,699
State revenue sharing	4,000	4,176	4,395	219	4,946
Beer tax	12,000	9,777	8,652	(1,125)	11,218
Video poker/Off track betting	290,000	295,959	298,699	2,740	297,420
Local grants	-	44,000	44,000	-	15,000
Other	7,270	4,847	7,270	2,423	7,270
On behalf payments	<u>102,000</u>	<u>79,757</u>	<u>79,683</u>	<u>(74)</u>	<u>93,149</u>
Total intergovernmental	<u>415,270</u>	<u>443,316</u>	<u>447,659</u>	<u>4,343</u>	<u>462,702</u>
Charges for services -					
Garbage	457,000	503,801	504,021	220	596,271
Grass cutting fees	-	1,275	1,315	40	1,990
Recreation	45,600	56,091	56,773	682	43,663
Tourism center	<u>20,000</u>	<u>13,472</u>	<u>13,928</u>	<u>456</u>	<u>18,496</u>
Total charges for services	<u>522,600</u>	<u>574,639</u>	<u>576,037</u>	<u>1,398</u>	<u>660,420</u>
Fines and forfeits	<u>48,000</u>	<u>118,842</u>	<u>131,569</u>	<u>12,727</u>	<u>39,791</u>
Miscellaneous -					
Sale of assets	-	123,610	123,610	-	104,000
Interest	152	196	273	77	250
Other	<u>83,710</u>	<u>97,134</u>	<u>97,576</u>	<u>442</u>	<u>92,531</u>
Total miscellaneous	<u>83,862</u>	<u>220,940</u>	<u>221,459</u>	<u>519</u>	<u>196,781</u>
Total revenues	<u>\$3,115,732</u>	<u>\$3,498,408</u>	<u>\$3,525,166</u>	<u>\$ 26,758</u>	<u>\$ 3,482,274</u>

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			Variance with Final Budget Positive (Negative)	2018 Actual
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Mayor and council salaries	\$ 101,027	\$ 100,738	\$ 101,194	\$ (456)	\$ 102,794
Other salaries and wages	270,690	281,683	280,813	870	281,751
Retirement	45,192	45,108	44,283	825	43,853
Group insurance	59,204	52,769	53,152	(383)	53,313
Payroll taxes	27,576	28,548	27,167	1,381	27,498
Auto allowance	-	9,600	9,600	-	-
Insurance	86,229	84,287	83,306	981	80,321
Office	17,618	38,223	37,989	234	18,897
Advertising	11,000	8,637	7,941	696	9,004
Dues	5,500	1,600	1,300	300	1,590
Claim payments	15,000	13,240	13,220	20	17,967
Legal and professional fees	60,000	102,598	101,824	774	68,221
Magistrate	12,600	12,600	12,600	-	12,600
Travel and conferences	10,800	12,907	14,406	(1,499)	11,771
Fuel	3,500	3,041	3,070	(29)	3,329
Indigent defendants cost	22,000	38,280	42,597	(4,317)	18,628
Telephone and postage	6,800	7,783	6,703	1,080	7,631
Rent	5,142	5,143	5,143	-	5,143
Repairs and maintenance	8,326	9,200	9,184	16	7,223
Collection expense	24,500	24,911	24,260	651	24,418
Contribution - SMEDA	14,000	14,000	14,000	-	14,000
Inspection fees	15,000	25,912	26,317	(405)	20,691
Election expense	-	-	-	-	36,946
Grant repayment	-	-	43,429	(43,429)	-
Uniforms	1,500	203	152	51	611
Miscellaneous	11,974	14,595	15,719	(1,124)	8,400
Total general government	835,178	935,606	979,369	(43,763)	876,600
Public safety -					
Salaries	811,589	872,492	870,361	2,131	820,627
Retirement	50,124	46,644	45,768	876	45,819
Group insurance	139,139	147,459	146,855	604	147,093
Payroll taxes	62,086	64,940	64,141	799	61,101
Workman's comp	25,925	33,422	33,606	(184)	32,576
Insurance	92,485	96,192	95,547	645	78,548

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Actual	Variance with Final Budget Positive (Negative)	2018 Actual
	Budget				
	Original	Final			
Public safety (continued) -					
Supplies	13,100	21,176	20,713	463	11,835
Telephone	27,000	23,325	24,186	(861)	26,317
Advertising	450	-	-	-	450
Dues and subscriptions	500	256	267	(11)	347
Legal and professional fees	10,000	8,068	7,638	430	9,871
Training	2,500	2,104	2,200	(96)	2,320
Prisoner	6,000	3,600	3,360	240	4,426
Travel and conferences	2,000	928	971	(43)	882
Fuel	37,500	45,485	44,930	555	41,374
Repairs and maintenance	32,746	52,100	51,569	531	53,830
Drug testing	2,500	1,287	1,325	(38)	2,423
Equipment	38,603	6,399	5,685	714	6,600
Uniforms	6,500	8,633	7,951	682	5,496
Miscellaneous	4,559	7,043	6,313	730	8,004
Total public safety	<u>1,365,306</u>	<u>1,441,553</u>	<u>1,433,386</u>	<u>8,167</u>	<u>1,359,939</u>
Public works -					
Salaries	564,592	502,763	502,501	262	438,468
Retirement	52,160	44,687	44,161	526	40,726
Group insurance	65,327	71,196	71,565	(369)	66,732
Workman's comp	30,031	32,174	32,977	(803)	24,158
Payroll taxes	40,637	34,912	34,776	136	29,975
Contract labor	37,800	43,612	43,778	(166)	22,155
Insurance	61,860	64,306	63,436	870	48,477
Supplies	53,000	40,166	39,845	321	45,455
Legal and professional fees	25,150	4,781	4,053	728	9,196
Telephone and postage	5,004	5,076	5,061	15	4,838
Auto	30,000	33,433	32,866	567	30,605
Travel and conferences	-	475	451	24	-
Repairs and maintenance	54,086	47,184	46,522	662	47,285
Street repairs and maintenance	65,000	33,063	31,714	1,349	74,969
Miscellaneous	2,884	6,903	6,480	423	2,283
Dog pound	14,500	14,285	14,257	28	14,285
Waste collection	450,000	462,135	461,859	276	637,065
Uniforms	1,500	193	556	(363)	272
Total public works	<u>1,553,531</u>	<u>1,441,344</u>	<u>1,436,858</u>	<u>4,486</u>	<u>1,536,944</u>

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Actual	Variance with Final Budget Positive (Negative)	2018 Actual
	Budget				
	Original	Final			
Recreation -					
Salaries	136,761	137,396	136,392	1,004	134,572
Retirement	9,432	7,572	7,274	298	8,918
Group insurance	14,710	14,141	14,584	(443)	15,633
Payroll taxes	10,294	9,073	10,027	(954)	9,902
Insurance	15,305	16,004	15,986	18	14,355
Workman's comp	5,370	5,338	5,223	115	5,045
Contract labor	-	6,600	6,531	69	1,308
Supplies	24,179	29,714	29,406	308	21,166
Legal and professional fees	6,600	5,040	4,117	923	5,980
Fuel	3,500	2,623	2,135	488	3,443
Utilities	23,712	18,225	19,132	(907)	23,602
Repairs and maintenance	10,372	7,031	7,793	(762)	9,112
Uniforms	-	173	149	24	-
Miscellaneous	769	261	393	(132)	2,393
Total recreation	<u>261,004</u>	<u>259,191</u>	<u>259,142</u>	<u>49</u>	<u>255,429</u>
Tourism -					
Salaries	70,813	74,045	73,208	837	106,353
Group insurance	7,355	7,769	7,845	(76)	7,905
Payroll taxes	5,418	5,772	5,503	269	8,014
Economic development	4,368	4,480	4,368	112	5,362
Workman's comp	182	199	217	(18)	268
Supplies	1,000	1,207	2,079	(872)	924
Repairs and maintenance	10,192	5,400	5,367	33	5,077
Utilities and telephone	7,718	6,620	5,937	683	7,684
Advertising	2,300	1,333	2,069	(736)	2,129
Miscellaneous	5,234	10,645	10,979	(334)	4,958
Legal and professional	350	-	-	-	704
Travel and conferences	1,000	1,097	988	109	916
Bicentennial expenses	-	-	-	-	4,747
Total tourism	<u>115,930</u>	<u>118,567</u>	<u>118,560</u>	<u>7</u>	<u>155,041</u>
Capital outlay	-	11,220	26,069	(14,849)	118,363
Debt service:					
Principal retirement	27,959	30,840	29,574	1,266	27,959
Interest	2,843	1,263	1,762	(499)	2,843
Total debt service	<u>30,802</u>	<u>32,103</u>	<u>31,336</u>	<u>767</u>	<u>30,802</u>
Total expenditures	<u>\$ 4,161,751</u>	<u>\$ 4,239,584</u>	<u>\$ 4,284,720</u>	<u>\$ (45,136)</u>	<u>\$ 4,333,118</u>

CITY OF ST. MARTINVILLE, LOUISIANA
Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance with Final Budget Positive (Negative)	2018 Actual
	Budget	Actual		
Revenues:				
Intergovernmental -				
Federal grants	\$ 1,498	\$ 13,874	\$ 12,376	\$ 435,650
Local grants	-	-	-	975,000
Miscellaneous	1,143	1,106	(37)	6,702
Total revenues	<u>2,641</u>	<u>14,980</u>	<u>12,339</u>	<u>1,417,352</u>
Expenditures:				
General government -				
Office expenditures	-	-	-	5
Capital outlay -				
Recreation	75,000	83,318	(8,318)	987,530
Sewer improvements	-	-	-	541,251
Streets and drainage	8,566	21,593	(13,027)	589,505
Total capital outlay	<u>83,566</u>	<u>104,911</u>	<u>(21,345)</u>	<u>2,118,286</u>
Debt service -				
Bond issuance costs	-	-	-	1,125
Total expenditures	<u>83,566</u>	<u>104,911</u>	<u>(21,345)</u>	<u>2,119,416</u>
Deficiency of revenues over expenditures	<u>(80,925)</u>	<u>(89,931)</u>	<u>(9,006)</u>	<u>(702,064)</u>
Other financing sources:				
Proceeds from issuance of debt	-	-	-	599,932
Transfers in	7,068	7,068	-	151,040
Total other financing sources	<u>7,068</u>	<u>7,068</u>	<u>-</u>	<u>750,972</u>
Net change in fund balance	(73,857)	(82,863)	(9,006)	48,908
Fund balance, beginning	<u>1,133,981</u>	<u>1,133,981</u>	<u>-</u>	<u>1,085,073</u>
Fund balance, ending	<u>\$ 1,060,124</u>	<u>\$ 1,051,118</u>	<u>\$ (9,006)</u>	<u>\$ 1,133,981</u>

**NON MAJOR GOVERNMENTAL
FUND DESCRIPTIONS**

SECTION 8 FUND

To account for the receipt and subsequent expenditure of Section 8 housing funds received from the federal government.

DEBT SERVICE FUND

To account for the accumulation of resources for the payment of general obligation bonds, street improvement refunding bonds, and sales tax bonds. Financing is provided by ad valorem and sales taxes.

CITY OF ST. MARTINVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2019

	<u>Section 8 Fund</u>	<u>2008 Debt Service Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 44,805	\$ 142,341	\$ 187,146
Due from other governmental units	-	1,048	1,048
Due from other funds	<u>-</u>	<u>17,535</u>	<u>17,535</u>
 Total assets	 <u>\$ 44,805</u>	 <u>\$ 160,924</u>	 <u>\$ 205,729</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 932	\$ -	\$ 932
Accrued expenses	812	-	812
Due to other funds	<u>4,359</u>	<u>47,484</u>	<u>51,843</u>
Total liabilities	<u>6,103</u>	<u>47,484</u>	<u>53,587</u>
 Fund balances:			
Restricted	<u>38,702</u>	<u>113,440</u>	<u>152,142</u>
 Total liabilities and fund balances	 <u>\$ 44,805</u>	 <u>\$ 160,924</u>	 <u>\$ 205,729</u>

CITY OF ST. MARTINVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
For the Year Ended June 30, 2019

	Section 8 Fund	2008 Debt Service Fund	Total
Revenues:			
Ad valorem taxes	\$ -	\$ 99,666	\$ 99,666
Federal grants	344,661	-	344,661
Miscellaneous	<u>44</u>	<u>212</u>	<u>256</u>
 Total revenues	 <u>344,705</u>	 <u>99,878</u>	 <u>444,583</u>
 Expenditures:			
Current -			
Urban redevelopment and housing	350,718	-	350,718
Debt service	<u>-</u>	<u>414,859</u>	<u>414,859</u>
 Total expenditures	 <u>350,718</u>	 <u>414,859</u>	 <u>765,577</u>
 Deficiency of revenues over expenditures	 (6,013)	 (314,981)	 (320,994)
 Other financing sources:			
Transfers in	<u>-</u>	<u>261,975</u>	<u>261,975</u>
 Net changes in fund balances	 (6,013)	 (53,006)	 (59,019)
 Fund balances, beginning	 <u>44,715</u>	 <u>166,446</u>	 <u>211,161</u>
 Fund balances, ending	 <u>\$ 38,702</u>	 <u>\$ 113,440</u>	 <u>\$ 152,142</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Comparative Statement of Net Position
Enterprise Fund
June 30, 2019 and 2018

	Utility Fund	
	2019	2018
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 449,328	\$ 106,441
Investments	149,805	160,163
Receivables:		
Accounts	1,067,084	1,070,886
Accrued interest	867	867
Due from other funds	71,458	-
Inventory	185,204	183,329
Prepaid items	8,708	24,933
Deposits	12,000	12,000
Total current assets	<u>1,944,454</u>	<u>1,558,619</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	97,139	38,356
Investments	314,591	316,412
Capital assets -		
Land and construction in progress	482,737	482,737
Other capital assets, net of accumulated depreciation	9,011,828	9,393,008
Total noncurrent assets	<u>9,906,295</u>	<u>10,230,513</u>
Total assets	<u>11,850,749</u>	<u>11,789,132</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>189,667</u>	<u>270,705</u>
LIABILITIES		
Current liabilities:		
Accounts, salaries, and other payables	812,720	615,915
Compensated absences	6,289	29,199
Due to other funds	107,339	65,315
Capital lease payable	-	26,345
Customer deposits	361,604	349,645
Total current liabilities	<u>1,287,952</u>	<u>1,086,419</u>
Noncurrent liabilities:		
Compensated absences	56,615	38,003
Net pension liability	574,759	691,017
Postemployment benefit obligation payable	100,828	97,582
Total noncurrent liabilities	<u>732,202</u>	<u>826,602</u>
Total liabilities	<u>2,020,154</u>	<u>1,913,021</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>45,588</u>	<u>15,001</u>
NET POSITION		
Net investment in capital assets	9,494,565	9,849,400
Unrestricted	480,109	282,415
Total net position	<u>\$ 9,974,674</u>	<u>\$ 10,131,815</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position

Enterprise Fund

For the Years Ended June 30, 2019 and 2018

	Utility Fund	
	2019	2018
Operating revenues:		
Charges for services -		
Electric	\$ 4,678,908	\$ 4,585,467
Water	595,143	618,950
Wastewater	545,418	567,077
Permits, reconnections and penalties	169,774	135,686
Contract revenues	250,000	-
Total operating revenues	<u>6,239,243</u>	<u>5,907,180</u>
Operating expenses:		
Electric	3,849,734	3,752,319
Water	660,678	659,645
Wastewater	715,121	705,728
Total operating expenses	<u>5,225,533</u>	<u>5,117,693</u>
Operating income	<u>1,013,710</u>	<u>789,487</u>
Nonoperating revenues (expenses):		
Investment income	12,581	2,096
Interest expense	(494)	(1,825)
Nonemployer contribution revenue	17,062	19,884
Total nonoperating revenues (expenses)	<u>29,149</u>	<u>20,155</u>
Income before capital contributions and transfers	1,042,859	809,642
Capital contributions	-	1,788,318
Transfers out	<u>(1,200,000)</u>	<u>(1,066,295)</u>
Change in net position	(157,141)	1,531,665
Net position, beginning	<u>10,131,815</u>	<u>8,600,150</u>
Net position, ending	<u>\$ 9,974,674</u>	<u>\$ 10,131,815</u>

CITY OF ST. MARTINVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Statement of Revenues and Expenses
For the Years Ended June 30, 2019 and 2018

	Totals		Electric	
	2019	2018	2019	2018
Operating revenues:				
Customers service charges	\$ 5,819,469	\$ 5,771,494	\$ 4,678,908	\$ 4,585,467
Permits, reconnections and penalties	169,774	135,686	140,579	107,288
Contract revenues	250,000	-	250,000	-
Total operating revenues	<u>6,239,243</u>	<u>5,907,180</u>	<u>5,069,487</u>	<u>4,692,755</u>
Operating expenses:				
Salaries	552,336	668,822	169,755	207,972
Retirement	76,804	142,447	22,157	47,218
Payroll taxes	40,143	51,266	12,124	15,785
Group insurance	104,933	129,615	26,342	33,011
Worker's comp	20,886	23,413	5,257	5,233
Power purchased	2,941,761	2,858,315	2,941,761	2,858,315
State mandated water fee	45,302	46,303	-	-
Supplies	137,865	131,387	52,387	75,747
Chemicals	47,530	15,460	-	-
Fuel	42,003	45,763	10,179	17,970
Depreciation expense	381,180	360,320	44,834	54,311
Utilities	67,322	78,271	4,358	3,273
Telephone	40,086	36,698	920	1,400
Repairs and maintenance	125,978	74,922	57,050	12,807
Office supplies and postage	12,639	12,658	-	-
Bad debts	22,061	37,523	-	-
Insurance	114,698	95,007	43,583	29,196
Miscellaneous	4,668	4,338	549	530
Professional fees	335,153	220,459	100,214	19,448
Uniforms	757	981	151	211
Travel	-	1,929	-	-
Contractual services	111,428	81,796	100,970	81,796
Allocation of general and administrative expense	-	-	257,143	288,096
Total operating expenses	<u>5,225,533</u>	<u>5,117,693</u>	<u>3,849,734</u>	<u>3,752,319</u>
 Net operating income (loss)	 <u>\$ 1,013,710</u>	 <u>\$ 789,487</u>	 <u>\$ 1,219,753</u>	 <u>\$ 940,436</u>

Water		Wastewater		Administrative	
2019	2018	2019	2018	2019	2018
\$ 595,143	\$ 618,950	\$ 545,418	\$ 567,077	\$ -	\$ -
15,353	14,916	13,842	13,482	-	-
-	-	-	-	-	-
<u>610,496</u>	<u>633,866</u>	<u>559,260</u>	<u>580,559</u>	<u>-</u>	<u>-</u>
126,343	187,247	134,647	157,666	121,591	115,937
15,436	31,293	18,957	32,542	20,254	31,394
8,740	14,477	10,047	11,938	9,232	9,066
23,489	26,125	24,401	39,099	30,701	31,380
7,033	9,321	8,172	8,493	424	366
-	-	-	-	-	-
45,302	46,303	-	-	-	-
61,585	20,098	23,582	34,700	311	842
24,482	10,846	23,048	4,614	-	-
11,145	21,371	20,679	6,422	-	-
111,134	128,446	225,212	177,563	-	-
45,254	55,014	17,710	19,984	-	-
12,819	11,928	4,367	2,147	21,980	21,223
33,640	19,013	33,042	41,417	2,246	1,685
-	81	-	15	12,639	12,562
-	-	-	-	22,061	37,523
30,640	23,483	2,000	2,506	38,475	39,822
651	475	428	626	3,040	2,707
62,049	12,657	136,018	130,368	36,872	57,986
300	770	306	-	-	-
-	1,810	-	-	-	119
7,928	-	2,530	-	-	-
<u>32,708</u>	<u>38,887</u>	<u>29,975</u>	<u>35,628</u>	<u>(319,826)</u>	<u>(362,612)</u>
<u>660,678</u>	<u>659,645</u>	<u>715,121</u>	<u>705,728</u>	<u>-</u>	<u>-</u>
<u>\$ (50,182)</u>	<u>\$ (25,779)</u>	<u>\$(155,861)</u>	<u>\$(125,169)</u>	<u>\$ -</u>	<u>\$ -</u>

**COMPLIANCE,
INTERNAL CONTROL,
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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* A Professional Accounting Corporation

The Honorable Melinda Mitchell, Mayor
and Members of the City Council
City of St. Martinville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Martinville, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of St. Martinville, Louisiana's basic financial statements and have issued our report thereon dated January 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of St. Martinville, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of St. Martinville, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of St. Martinville, Louisiana's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified items 2019-001 through 2019-010 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of St. Martinville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2019-010 through 2019-013.

City of St. Martinville, Louisiana's Response to Findings

The City of St. Martinville, Louisiana's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The City of St. Martinville, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
January 31, 2020

CITY OF ST. MARTINVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Correction Action Plan
For the Year Ended June 30, 2019

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CRITERIA: The City should have a control policy according to which no person should be given responsibility for more than one related function.

CONDITION: The City did not have adequate segregation of functions within the accounting system.

CAUSE: Due to the size of the City, there are a small number of available employees.

EFFECT: The City has employees that are performing more than one related function.

RECOMMENDATION: The City should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2019-002 Inadequate Controls Over Reconciling Accounts

Fiscal year finding initially occurred: 2019

CRITERIA: The City should have control policies and procedures that includes reconciling general ledger accounts to supporting schedules or subsidiary ledgers on a monthly basis.

CONDITION: The City does not have adequate procedures in place to reconcile general ledger accounts to appropriate supporting documentation.

CAUSE: Due to the lack of policies and procedures, monthly reconciliations of general ledger accounts are not being performed.

EFFECT: The general ledger required numerous adjusting journal entries in order to correct account balances.

RECOMMENDATION: The City should establish policies and procedures to reconcile general ledger accounts to appropriate supporting documentation on a monthly basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will review its policies and procedures and ensure that general ledger accounts are being reconciled to appropriate supporting documentation.

CITY OF ST. MARTINVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Correction Action Plan (Continued)
For the Year Ended June 30, 2019

2019-003 Inadequate Controls Over Occupational Licenses

Fiscal year finding initially occurred: 2018

CRITERIA: The City should have a control policy to properly monitor the collection and issuance of occupational licenses.

CONDITION: The City does not have adequate procedures in place to ensure that occupational licenses renewals were mailed, collections were recorded to the appropriate account, and delinquent accounts pursued for active businesses.

CAUSE: The City did not have adequate controls in place to determine adherence to their policies and procedures.

EFFECT: The City is unable to determine whether occupational renewal notices were mailed to active businesses; the collections were not applied consistently to accounts within their subsidiary ledger; and delinquent businesses were not contacted to remit payment.

RECOMMENDATION: The City should implement policies and procedures to track the issuance of occupational license renewals, reconcile the daily collections, and follow up on delinquent notices.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will review its procedures to ensure that occupational licenses duties are segregated. Documentation will be maintained to support the renewal notices issued and collections will be reconciled daily to subsidiary reports. Additionally, delinquent businesses will be contacted, and appropriate actions will be taken for any unpaid licenses.

2019-004 Inadequate Controls Over Utility Fees

Fiscal year finding initially occurred: 2019

CRITERIA: The City should have a control policy to properly monitor penalties, late fees, and reconnect fees billed to customers.

CONDITION: The City does not have procedures in place to ensure that penalties and late fees are added to customer accounts when the account become delinquent. Additionally, management is not consistently following the City's policy relative to the date accounts should be disconnected.

CAUSE: The City's utility billing software is not setup to automatically add the designated penalties and late fees in accordance with the City's policies. There are no procedures to verify customer accounts are being disconnected on the proper cutoff date.

EFFECT: There are delinquent accounts including employees and related parties that are not consistently being charged the appropriate fees in accordance with the City's policy. The inconsistency of this policy could be considered a violation of Article VII section 14 of the Louisiana Constitution.

CITY OF ST. MARTINVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Correction Action Plan (Continued)
For the Year Ended June 30, 2019

RECOMMENDATION: The City should establish internal controls and computer automation over customer accounts to ensure the appropriate fees are being charged on delinquent accounts.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will contact their utility billing software provider to determine if these charges can be automated. Management will establish policies and procedures to ensure all delinquent accounts are charged the appropriate fees.

2019-005 Inadequate Controls Over Customer Utility Deposits

Fiscal year finding initially occurred: 2019

CRITERIA: The City should have a control policy to properly monitor the collection of customer utility deposits.

CONDITION: The City does not have controls in place over the collection of customer utility deposits.

CAUSE: The City's policies and procedures related to the balancing of the teller daily cash does not include the collection of customer utility deposits.

EFFECT: The City is unable to determine the completeness of customer utility deposits.

RECOMMENDATION: The collection of customer utility deposits should be handled in the same manner as customer utility payments. The collections should be recorded in the subsidiary ledger upon receipt and reports should be generated at the end of the day to reconcile to total cash on hand.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will revise their policies and procedures to include the teller recording the customer utility deposits on the subsidiary ledger. Reports will be generated and incorporated in the balancing of the teller cash.

2019-006 Inadequate Controls Over Inventory

Fiscal year finding initially occurred: 2018

CRITERIA: The City should have a control policy in place to properly account for their inventory.

CONDITION: The City does not have adequate controls in place to account for received and requisitioned goods.

CAUSE: The City's policies and procedures do not properly address controls over their inventory processes.

EFFECT: The City's employees have unrestricted access to inventory items and documentation is not being properly utilized to receive or requisition goods.

CITY OF ST. MARTINVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Correction Action Plan (Continued)
For the Year Ended June 30, 2019

RECOMMENDATION: Management should restrict access to designated warehouse personnel and establish proper controls relative to receiving and checking out inventory.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will revise their policies and procedures to ensure inventory access is restricted to authorized personnel. Procedures will be implemented to ensure proper documentation is being utilized to receive and requisition inventory items.

2019-007 Inadequate Controls Over Capital Assets

Fiscal year finding initially occurred: 2019

CRITERIA: Louisiana Revised Statute 24:515.B.1 requires the municipality to maintain records of its capital assets. Management is responsible for recording, tagging, and coordinating the annual inventory of all capital assets. The listing of capital assets is to be updated each year for assets acquired and disposed.

CONDITION: The City does not have procedures in place to maintain accurate records of their capital assets.

CAUSE: The City's policies and procedures does not allow proper identification of assets being purchased and disposed and a physical inventory was not conducted prior to the end of their fiscal year.

EFFECT: The City's capital asset listing contained assets that were previously disposed or no longer useful in operations.

RECOMMENDATION: The City should implement policies and procedures relative to capital asset additions and disposals. Additionally, an annual inventory of all capital assets should be conducted prior to the end of the fiscal year.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will revise their policies and procedures to include maintaining proper records of capital assets. Additions and disposals will be documented and approved by management. Physical inventories will be conducted prior to the end of the fiscal year and ending balances will be reconciled to the asset account balances in the general ledger.

2019-008 Inadequate Controls Over Bank Reconciliations

Fiscal year finding initially occurred: 2019

CRITERIA: The City should have a control policy in place that allows for the proper and timely reconciliation of all bank accounts.

CONDITION: The City did not have procedures in place to all for the proper and timely reconciliation of the City's bank accounts.

CAUSE: The City's lack of policies and procedures did not allow for the timely reconciliation of their bank accounts during the fiscal year.

CITY OF ST. MARTINVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Correction Action Plan (Continued)
For the Year Ended June 30, 2019

EFFECT: The City's bank reconciliations were completed in excess of 60 days of the related statement closing date. The City's operating bank reconciliation did not reconcile to the book balance reflected on the general ledger as of fiscal year end and unsupported adjustments were made to the payroll account during the months of April, May, and June 2019 to reconcile the account balance.

RECOMMENDATION: The City should ensure that the proper activity is recorded in all bank accounts and complete the reconciliations no later than 60 days after the statement closing date.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will ensure all activity is properly recorded on the general ledger and bank reconciliations will be completed within the prescribed timeframe.

2019-009 Inadequate Controls Over the Collection of Fines

Fiscal year finding initially occurred: 2019

CRITERIA: The City should have a control policy to properly account for the collection of ticket fines and ensure cash collections are deposited timely.

CONDITION: The City did not have procedures in place to properly account for the collection of ticket fines.

CAUSE: The City's procedures did not allow for a daily reconciliations and deposits of cash collected for fines. The amounts recorded on the general ledger are not reconciled to the subsidiary documentation to determine the completeness of cash collections.

EFFECT: The City's general ledger had miscoding requiring reclassifications and supporting documentation could not be located to substantiate some deposits.

RECOMMENDATION: The City should revise their policies and procedures to require daily reconciliations and deposits of fine collections and subsidiary reports should be reconciled to the amounts recorded on their general ledger.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will revise their policies and procedures to incorporate daily reconciliation and deposits of cash collections for fine revenue.

2019-010 Inadequate Controls Over Timesheets

Fiscal year finding initially occurred: 2019

CRITERIA: The City should have a control policy to ensure adequate documentation is maintained to substantiate the hours worked by each employee.

CONDITION: The City did not have a control policy to ensure adequate documentation is being maintained to substantiate the hours worked by each employee.

CAUSE: The City's procedures does not require the employee to sign their individual timesheet.

CITY OF ST. MARTINVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Correction Action Plan (Continued)
For the Year Ended June 30, 2019

EFFECT: The City does not have the employee's certification for the hours being paid. In accordance with AG Opinions 15-186, 99-397, and 94.284, the City does not have the required documentation to substantiate the accrual of leave.

RECOMMENDATION: The City should have their employees sign their timesheet prior to submitting to their supervisor for approval.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will revise their policies and procedures to incorporate obtaining the employees signature on their timesheet.

B. Compliance Findings -

2019-011 Compliance with Bond Covenants

Fiscal year finding initially occurred: 2019

CRITERIA: The City has outstanding debt obligation that are governed by debt covenants.

CONDITION: The City did not comply with the continuing disclosure requirement of SEC Rule 15c12(b).

CAUSE: The City failed to report the required disclosures within the prescribed deadline related to the General Obligation Bonds, Series 2016.

EFFECT: The City did not comply with the provision of the debt covenant.

RECOMMENDATION: We recommend that the City review the requirements of their debt covenants to ensure the appropriate disclosures are made within the prescribed timeframe.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City has obtained the official documents for all outstanding debt obligations and review the debt covenants for each to ensure ongoing compliance.

2019-012 Inadequate Controls Over Utility Fees

See Internal Control Finding 2019-004

2019-013 Failure to File Audited Financial Statements Timely

Fiscal year finding initially occurred: 2019

CRITERIA: In accordance with Louisiana Revised Statute 24:513, the Organization must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office.

CONDITION: The annual audited financial statements were not filed timely for fiscal year ended June 30, 2019.

CAUSE: The City did not take appropriate actions to ensure that their financial records were properly closed and available to the City's auditors in a timely manner.

CITY OF ST. MARTINVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Correction Action Plan (Continued)
For the Year Ended June 30, 2019

EFFECT: The City did not comply with Louisiana Revised Statute 24:513.

RECOMMENDATION: The City should take necessary actions to ensure their annual financial statement audit is submitted within six months of the close of their fiscal year.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will take appropriate actions to ensure future audits are completed and submitted to the Legislative Auditor's office within six months of the close of their fiscal year.

Part II. Prior Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

2018-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The City did not have adequate segregation of functions within the accounting system.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Not resolved. See IC 2019-001

2018-002 Qualified Staff Person

Fiscal year finding initially occurred: Unknown

CONDITION: The City did not have adequate segregation of functions within the accounting system.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City's management has evaluated the cost-benefit and will outsource this task. The financial statements and related notes will be carefully reviewed prior to accepting responsibility for their contents and presentation.

CURRENT STATUS: Resolved.

2018-003 Inadequate Controls Over Occupational Licenses

Fiscal year finding initially occurred: 2018

CONDITION: The City did not have adequate procedures in place over the collection process for occupational licenses.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will revise their policies and procedures to segregate the functions related to occupational licenses. Additionally, procedures will be implemented to ensure delinquent notices are collected timely.

CITY OF ST. MARTINVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Correction Action Plan (Continued)
For the Year Ended June 30, 2019

CURRENT STATUS: Not resolved. See IC 2019-003

2018-004 Inadequate Controls Over Police Ticket Books

Fiscal year finding initially occurred: 2018

CONDITION: The City did not have adequate procedures in place to account for all ticket books issued during the fiscal year.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will revise their policies and procedures to ensure ticket books are properly signed in/out and additional ticket books will not be issued to officers until completed ticket books are returned.

CURRENT STATUS: Resolved.

2018-005 Inadequate Controls Over Inventory

Fiscal year finding initially occurred: 2018

CONDITION: The City did not have adequate procedures in place to account for received and requisitioned goods.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will revise their policies and procedures to ensure inventory access is restricted to authorized personnel. Procedures will be implemented to ensure proper documentation is being utilized to receive and requisition inventory items.

CURRENT STATUS: Not resolved. See IC 2019-006

2018-006 Inadequate Controls Over Park Rentals

Fiscal year finding initially occurred: 2018

CONDITION: The City did not have adequate procedures in place over their park rentals.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will revise their policies and procedures to ensure the park rentals process is segregated. Management will also ensure that proper supporting documentation is maintained for all activity relative to park rentals.

CURRENT STATUS: Resolved.

CITY OF ST. MARTINVILLE, LOUISIANA

Agreed-Upon Procedures Report

Year Ended June 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council of the
City of St. Martinville, Louisiana and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City of St. Martinville (hereinafter "City") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019, as required by the *Louisiana Governmental Audit Guide*. The City's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable provisions of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this 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.

The procedures and associated exceptions are as follows:

Written Policies and Procedures

1. Obtain and inspect the City's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the City's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the City's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories in Year 3."

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the City's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the City's main operating account. Select the City's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtain the City's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories in Year 3."

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 3: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories in Year 3.”

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 3: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories in Year 3.”

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 3: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories in Year 3.”

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the City’s cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management’s representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management’s termination payment calculations, agree the hours to the employee/officials’ cumulate leave records, and agree the pay rates to the employee/officials’ authorized pay rates in the employee/officials’ personnel files.
- 19. Obtain management’s representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers’ compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the City’s ethics policy during the fiscal period.

Debt Service

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 3: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories in Year 3.”

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

Other

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 3: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 2 may exclude those categories in Year 3.”

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

Exceptions

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures

1. Purchasing policies do not address the required subcategories including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Management’s response: The City will update their written policies to address the required subcategories.

2. Receipts/Collection policies do not include management's actions to determine the completeness of all collections for each type of revenue or agency fund addition.

Management’s response: The City will update their written policies to include management’s actions to determine the completeness of all collections for each type of revenue or agency fund addition.

3. Contract policies do not address standard terms and conditions.

Management’s response: The City will update their written policies to include standard terms and conditions.

4. Credit card policies do not address required approvers of statements.

Management's response: The City will update their written policies to include required approvers of credit card statements.

5. Travel and expense reimbursement policies do not address the required subcategories, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Management's response: The City will update their written policies to address the required subcategories.

6. Ethics policy does not require employees to annually attest through signature verification that they have read the City's ethics policy.

Management's response: The City will update their written policies to require employees to annually attest through signature verification that they have read the City's ethics policy.

7. The City has no policies related to disaster recovery/business continuity.

Management's response: The City will update their written policies to include disaster recovery/business continuity, including identification of critical data and frequency of data backups, storage of backups in a separate physical location isolated from the network, periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

Bank Reconciliations

8. Two (2) of the five (5) bank accounts selected for testing did not include evidence of researching items outstanding greater than 12 months.

Management's response: The City will implement a policy to research all reconciling items that have been outstanding for more than 12 months from the statement closing date and to provide evidence on the bank reconciliation that the procedure has been completed.

9. Five (5) of the five (5) bank reconciliations selected for testing were performed four months after the related statement closing date.

Management's response: The City will implement policies and/or procedures to ensure that bank reconciliations are performed in a timely manner.

Collections

10. At the City's single deposit site, the person collecting cash is also responsible for preparing/making bank deposits when another employee/official is not responsible for reconciling collection documentation to the deposit.

Management's response: The City will implement policies and/or procedures to ensure that the person collecting cash is not also responsible for preparing/making bank deposits unless another employee/official is responsible for reconciling collection documentation to the deposit.

11. At the City's single deposit site, the person collecting cash is also responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions when another employee does not verify the reconciliation.

Management's response: The City will implement policies and/or procedures to ensure that the person collecting cash is not also responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers unless another employee verifies the reconciliation.

Disbursements

12. The employee responsible for processing payments is not prohibited from adding/modifying vendor files when no other employee is responsible for periodically reviewing changes to vendor files.

Management's response: The City will implement policies and procedures prohibiting the person responsible for processing payments from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

Ethics

13. Documentation demonstrating that one (1) of the five (5) employees selected for testing completed one hour of ethics training during the fiscal period could not be provided by management.

Management's response: The City will follow its policy to ensure that each public servant has documentation of receiving a minimum of one hour of ethics training during the fiscal period.

14. Documentation demonstrating attestation through signature verification that five (5) of the five (5) employees selected for testing has read the entity's ethics policy during the fiscal period could not be provided by management.

Management's response: The City will update their written policies to require employees to annually attest through signature verification that they have read the City's ethics policy.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the City's management and the LLA. Accordingly, this report is not suitable for any other purpose 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 LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
January 31, 2020