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**CITY OF EUNICE, LOUISIANA**

**Financial Report**

**Year Ended June 30, 2014**

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

Release Date **FEB 11 2015**



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**VIGE, TUJAGUE & NOEL**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor Rusty Moody  
and Members of the Council  
City of Eunice, Louisiana

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 City of Eunice, Louisiana as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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. 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, the auditor considers 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 Eunice, Louisiana, as of June 30, 2014, 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 information listed in the accompanying table of contents 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.

The City of Eunice has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eunice, Louisiana's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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 combining and individual nonmajor fund financial 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2014, on our consideration of the City of Eunice, 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 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 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 City of Eunice, Louisiana's internal control over financial reporting and compliance.

*Vige, Tujague & Noël*

Vige, Tujague & Noël  
Eunice, Louisiana  
December 2, 2014

## BASIC FINANCIAL STATEMENTS



**CITY OF EUNICE, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2014**

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,455,228	\$ 216,167	\$ 5,671,395
Investments, at cost	500,000	-	500,000
Receivables (net of allowance for uncollectibles):			
Accounts	601,624	439,058	1,040,682
Taxes	451,603	-	451,603
Due from governmental units	156	-	156
Due from other funds	10,539	10,068	20,607
Prepaid Items	50,794	16,165	66,959
Restricted assets:			
Cash and cash equivalents	46,801	254,176	300,977
Investments, at cost	200,000	-	200,000
Capital assets:			
Depreciable (net)	9,747,784	8,152,537	17,900,321
Non-depreciable	1,337,065	-	1,337,065
Total assets	<u>18,401,594</u>	<u>9,088,171</u>	<u>27,489,765</u>
<b>Liabilities:</b>			
Accounts payable	393,054	56,615	449,669
Accrued liabilities	119,384	54,136	173,520
Due to other funds	53,905	104	54,009
Compensated absences payable	56,247	16,398	72,645
Payable from restricted assets -			
Customers' deposits	-	350,310	350,310
Non-current liabilities			
Due within one year:			
Bonds payable	125,000	-	125,000
Retirement stipend	25,584	-	25,584
Due in more than one year:			
Compensated absences	98,922	5,761	104,683
Retirement stipend	111,239	-	111,239
Bonds payable	1,485,000	-	1,485,000
Total liabilities:	<u>2,468,335</u>	<u>483,324</u>	<u>2,951,659</u>
<b>Net Position:</b>			
Investment in capital, net of related debt	9,474,849	8,152,537	17,627,386
Restricted for prepaid items	50,794	-	50,794
Restricted for debt service	246,801	-	246,801
Unrestricted	6,160,815	452,310	6,613,125
Total net position	<u>\$ 15,933,259</u>	<u>\$ 8,604,847</u>	<u>\$ 24,538,106</u>

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

**CITY OF EUNICE, LOUISIANA**

**Statement of Activities**

**Year Ended June 30, 2014**

Activities:	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Government activities:</b>				
General government	\$ 2,137,276	\$ 590,564	\$ 41,103	\$ -
Public safety:				
Police	2,744,614	7,175	11,186	-
Fire	1,369,033	-	-	-
Streets	3,292,760	-	674,086	569,932
Culture and recreation	806,792	66,629	3,824	-
Sanitation	41,580	-	-	-
Airport	55,342	-	103,682	-
Interest	78,283	-	-	-
<b>Total government activities</b>	<b>10,525,680</b>	<b>664,368</b>	<b>833,881</b>	<b>569,932</b>
<b>Business type activities:</b>				
Gas	1,575,389	1,715,467	37,109	-
Sewer	1,279,618	1,303,646	16,752	-
<b>Total business-type activities</b>	<b>2,855,007</b>	<b>3,019,113</b>	<b>53,861</b>	<b>-</b>
<b>Total</b>	<b>\$ 13,380,687</b>	<b>\$ 3,683,481</b>	<b>\$ 887,742</b>	<b>\$ 569,932</b>

**General Revenues:**

**Taxes -**

  Property taxes, levied for general purpose

  Sales and use taxes, levied for general purposes

  Payment in lieu of taxes

  Franchise and chain store taxes

  Interest and investment earnings

  Miscellaneous

  Transfers

  Total general revenues and transfers

  Change in net assets

Net position - June 30, 2013

  Prior period adjustment

Net position - June 30, 2013 restated

Net position - June 30, 2014

Net (Expense) Revenues and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,505,609)	\$ -	\$ (1,505,609)
(2,726,253)	-	(2,726,253)
(1,369,033)	-	(1,369,033)
(2,048,742)	-	(2,048,742)
(736,339)	-	(736,339)
(41,580)	-	(41,580)
48,340	-	48,340
(78,283)	-	(78,283)
<u>(8,457,499)</u>	<u>-</u>	<u>(8,457,499)</u>
-	177,187	177,187
-	40,780	40,780
<u>-</u>	<u>217,967</u>	<u>217,967</u>
<u>(8,457,499)</u>	<u>217,967</u>	<u>(8,239,532)</u>
106,152	-	106,152
5,176,667	-	5,176,667
8,000	-	8,000
1,369,437	-	1,369,437
19,217	1,679	20,896
1,365,859	4,302	1,370,161
234,415	(234,415)	-
<u>8,279,747</u>	<u>(228,434)</u>	<u>8,051,313</u>
<u>(177,752)</u>	<u>(10,467)</u>	<u>(188,219)</u>
16,247,834	8,615,314	24,863,148
<u>(136,823)</u>	<u>-</u>	<u>(136,823)</u>
<u>16,111,011</u>	<u>8,615,314</u>	<u>24,726,325</u>
<u>\$ 15,933,259</u>	<u>\$ 8,604,847</u>	<u>\$ 24,538,106</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

**CITY OF EUNICE, LOUISIANA**  
**Balance Sheet - Governmental Funds**  
**June 30, 2014**

	General Fund	Sales Tax Fund	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 143,660	\$ 5,041,417	\$ 270,151	\$ 5,455,228
Investments, at cost	-	500,000	-	500,000
Receivables (net of allowance for uncollectibles):				
Accounts	366,218	-	235,406	601,624
Taxes	4,833	-	-	4,833
Due from governmental units	156	-	-	156
Due from other funds	106,177	3,001	1,037	110,215
Prepaid items	50,794	-	-	50,794
Restricted assets				
Cash and cash equivalents	-	-	46,801	46,801
Investments, at cost	-	-	200,000	200,000
Total assets	<u>\$ 671,838</u>	<u>\$ 5,544,418</u>	<u>\$ 753,395</u>	<u>\$ 6,969,651</u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>				
Account payable	\$ 218,755	\$ 173,714	\$ 585	\$ 393,054
Accrued liabilities	175,631	-	-	175,631
Due to other funds	53,546	525	99,510	153,581
Total liabilities	<u>447,932</u>	<u>174,239</u>	<u>100,095</u>	<u>722,266</u>
<b>Fund balances:</b>				
Nonspendable for prepaid items	50,794	-	-	50,794
Restricted for debt service	-	-	246,801	246,801
Assigned	-	5,370,179	406,499	5,776,678
Unassigned	173,112	-	-	173,112
Total fund balances	<u>223,906</u>	<u>5,370,179</u>	<u>653,300</u>	<u>6,247,385</u>
 Total liabilities and fund balances	 <u>\$ 671,838</u>	 <u>\$ 5,544,418</u>	 <u>\$ 753,395</u>	 <u>\$ 6,969,651</u>

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

CITY OF EUNICE, LOUISIANA  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2014

Total fund balances for governmental funds at June 30, 2014 \$ 6,247,385

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	\$ 1,337,065	
Building and Recreation, net of \$5,973,065 accumulated depreciation	5,125,684	
Infrastructure, net of \$1,002,197 accumulated depreciation	3,647,133	
Equipment, net of \$2,031,391 accumulated depreciation	674,639	
Vehicles, net of \$1,926,818 accumulated depreciation	<u>300,328</u>	11,084,849

Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds		446,770
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Elimination of interfund assets and liabilities:

Due from other funds	(99,676)	
Due to other funds	<u>99,676</u>	-

Some liabilities are not due and payable in the current period and,  
therefore, are not reported as liabilities in the funds. Those  
liabilities consist of:

Compensated absences	(98,922)	
Retirement stipend payable	(136,823)	
Recreation bonds payable	<u>(1,610,000)</u>	<u>(1,845,745)</u>

Total net position of governmental activities at June 30, 2014		<u>\$ 15,933,259</u>
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The accompanying notes are an integral part of the basic financial statements.

CITY OF EUNICE, LOUISIANA  
Statement of Revenues, Expenditures, and Change in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2014

	General Fund	Sales Tax Fund	Other Governmental Funds	Total
<b>Revenues</b>				
Taxes	\$1,475,589	\$5,195,925	\$ -	\$6,671,514
Licenses and permits	590,564	-	-	590,564
Intergovernmental revenues	320,625	944,985	423,503	1,689,113
Fines, forfeitures and bonds	1,323	-	5,852	7,175
Liberty Cajun Music Show	70,453	-	-	70,453
Interest	3,956	14,685	576	19,217
Miscellaneous	1,084,735	-	-	1,084,735
Total revenues	<u>3,547,245</u>	<u>6,155,595</u>	<u>429,931</u>	<u>10,132,771</u>
<b>Expenditures</b>				
Current - general government				
Administrative	1,589,536	116,728	9,696	1,715,960
Public safety	3,846,476	32,427	115,788	3,994,691
Public works	978,675	2,146,395	-	3,125,070
Health and welfare	10,475	-	-	10,475
Culture and recreation	615,452	191,341	-	806,793
Other	55,342	-	260	55,602
Capital outlay	595,835	88,845	-	684,680
Debt service:				
Principal retirement	-	-	120,000	120,000
Interest and fiscal charges	-	-	78,283	78,283
Total expenditures	<u>7,691,791</u>	<u>2,575,736</u>	<u>324,027</u>	<u>10,591,554</u>
Excess (deficiency) of revenues over expenditures	<u>(4,144,546)</u>	<u>3,579,859</u>	<u>105,904</u>	<u>(458,783)</u>
Other financing sources (uses):				
Operating transfers in	3,924,547	-	202,782	4,127,329
Operating transfers out	(98,000)	(3,669,914)	(125,000)	(3,892,914)
Total other financing sources (uses)	<u>3,826,547</u>	<u>(3,669,914)</u>	<u>77,782</u>	<u>234,415</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(317,999)</u>	<u>(90,055)</u>	<u>183,686</u>	<u>(224,368)</u>
Fund balances, beginning	<u>541,905</u>	<u>5,460,234</u>	<u>469,614</u>	<u>6,471,753</u>
Fund balances, ending	<u>\$ 223,906</u>	<u>\$ 5,370,179</u>	<u>\$ 653,300</u>	<u>\$ 6,247,385</u>

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

CITY OF EUNICE, LOUISIANA  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2014

Total net changes in fund balance at June 30, 2014 per statement of revenues, expenditures and changes in fund balances	\$ (224,368)
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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 the statement of revenues, expenditures and changes in fund balances	\$ 684,680	
Depreciation expense for the year ended June 30, 2014	(727,714)	(43,034)

Payments on long term debt	120,000
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(19,258)
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Some items 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. These activities consist of:

Increase in compensated absences	(11,092)
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Total changes in net position at June 30, 2014 per statement of activities	\$ (177,752)
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The accompanying notes are an integral part of the basic financial statements.



CITY OF EUNICE, LOUISIANA  
Proprietary Fund  
Statement of Net Position  
June 30, 2014

	<u>Business-Type Enterprise fund</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 470,343
Receivables (net of allowance of uncollectibles)	439,058
Due from other funds	10,068
Prepaid items	16,165
Utility, plant and equipment, at cost	18,018,508
Accumulated depreciation	<u>(9,865,971)</u>
Total assets	<u>9,088,171</u>
<b>Liabilities:</b>	
Accounts payable	56,615
Accrued liabilities	76,295
Due to other funds	104
Payable from restricted assets - Customers' deposits	<u>350,310</u>
Total liabilities	<u>483,324</u>
<b>Net Position:</b>	
Investment in capital assets, net of related debt	8,152,537
Unrestricted	<u>452,310</u>
Total net position	<u>\$ 8,604,847</u>

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

CITY OF EUNICE, LOUISIANA  
Proprietary Fund  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Year Ended June 30, 2014

	<u>Business-Type Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ 2,967,847
Other billings to customers	51,266
Total operating revenues	<u>3,019,113</u>
Operating expenses:	
Payroll and related benefits	665,638
Natural gas purchases	973,841
Supplies and materials	180,651
Repairs and maintenance	146,288
Office expenses	34,292
Professional fees	27,214
Insurance	169,327
Depreciation	390,209
Bad debts	803
Permits	11,915
Utilities and telephone	226,092
Miscellaneous	28,737
Total operating expenses	<u>2,855,007</u>
Operating income	<u>164,106</u>
Nonoperating income (loss):	
Interest earned on investments	1,679
Other revenue	4,302
Total nonoperating income	<u>5,981</u>
Capital contributions	
Intergovernmental grant	53,861
Income before operating transfers	<u>223,948</u>
Operating transfers:	
Operating transfers in	605,412
Operating transfers out	(839,827)
Total operating transfers	<u>(234,415)</u>
Change in net position	(10,467)
Net position, beginning	<u>8,615,314</u>
Net position, ending	<u>\$ 8,604,847</u>

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

CITY OF EUNICE, LOUISIANA  
Proprietary Fund  
Statement of Cash Flows  
Year Ended June 30, 2014

	Business-Type Activities-Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 2,929,251
Payments to supplies	(1,761,512)
Payments to employees	(657,050)
Net cash provided (used) by operating activities	<u>510,689</u>
Cash flows from noncapital financing activities:	
Other receipts	58,163
Transfers from other funds	605,412
Transfers to other funds	(839,827)
Net cash provided (used) by noncapital financing activities	<u>(176,252)</u>
Cash flows from capital and related financing activities:	
Proceeds from meter deposits	14,855
Acquisition of property, plant and equipment	(228,878)
Net cash provided (used) by capital and related financing activities	<u>(214,023)</u>
Cash flows from investing activities:	
Interest on investments	1,679
Net cash provided (used) by investing activities	<u>1,679</u>
Net increase (decrease) in cash and cash equivalents	122,093
Cash and cash equivalents, beginning of year	<u>348,250</u>
Cash and cash equivalents, end of year	<u>\$ 470,343</u>

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

CITY OF EUNICE, LOUISIANA  
Proprietary Fund  
Statement of Cash Flows  
Year Ended June 30, 2014

	Business-Type Activities-Enterprise Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 164,106
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	390,209
Changes in current assets and liabilities:	
(Increase) decrease in receivables (net)	(89,862)
(Increase) decrease in prepaid items	15,421
Increase (decrease) in accounts payable	22,227
Increase (decrease) in accrued liabilities	8,588
Net cash used by operating activities	<u>\$ 510,689</u>
Reconciliation of cash and cash equivalents per the statement of cash flows to the statement of net position:	
Cash and cash equivalents, beginning of year -	
Cash - unrestricted	\$ 114,279
Cash - restricted	233,971
Total cash and cash equivalents	<u>348,250</u>
Cash and cash equivalents, end of year -	
Cash - unrestricted	216,167
Cash - restricted	254,176
Total cash and cash equivalents	<u>470,343</u>
Net decrease	<u>\$ 122,093</u>

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

CITY OF EUNICE, LOUISIANA

Fiduciary Fund

Payroll Fund

Statement of Net Position

June 30, 2014

ASSETS

Cash	\$ 130,396
Due from other funds	50,904
Total assets	<u>\$ 181,300</u>

LIABILITIES

Accrued liabilities	\$ 163,798
Due to other funds	17,502
Total liabilities	<u>\$ 181,300</u>

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

CITY OF EUNICE, LOUISIANA  
Fiduciary Fund  
Payroll Fund  
Statement of Changes in Net Position  
Year Ended June 30, 2014

	<u>Balance</u> <u>6/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2014</u>
<b>ASSETS</b>				
Cash	\$ 160,875	\$ -	\$ (30,479)	\$ 130,396
Due from other funds	5,769	45,135	-	50,904
Total assets	<u>\$ 166,644</u>	<u>\$ 45,135</u>	<u>\$ (30,479)</u>	<u>\$ 181,300</u>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 154,056	\$ 9,742	\$ -	\$ 163,798
Due to other funds	12,588	4,914	-	17,502
Total liabilities	<u>\$ 166,644</u>	<u>\$ 14,656</u>	<u>\$ -</u>	<u>\$ 181,300</u>

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

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Eunice was incorporated in 1909 under the Lawrason Act, and is administered under the Mayor and Board of Aldermen form of government. The accounting and reporting policies of the City of Eunice conform to United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant Financial Accounting Standards Board (FASB) pronouncements in the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

The following is a summary of the more significant accounting policies:

##### Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion in the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based on the foregoing criteria, the following governmental organizations are not considered part of the City because they are not material in relation to the financial statement taken as a whole and are thus excluded from the accompanying financial statements for the reasons noted:

The Eunice City Court and City Marshall are operated under the directorship of the Eunice City Judge and Marshall who are elected public officials. Revenues are derived from court costs and the City cannot significantly influence operations nor does it have responsibility for fiscal management. A copy of the financial statements can be obtained from the City of Eunice, Louisiana.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Opelousas-Eunice Public Library is a joint venture between the cities of Opelousas and Eunice. The City of Eunice does not exercise significant influence over management or fiscal matters of the Library. A copy of the joint ventures separate financial statements can be obtained from the Opelousas-Eunice Public Library, P.O. Box 249, Opelousas, LA 70570.

The municipality's officials are also responsible for appointing the members of the board of the Housing Authority of Eunice, Louisiana. This agency is considered to be a related organization since the municipality appoints the governing board but is not financially accountable for the organization. A copy of the financial statements can be obtained from the Eunice Housing Authority, P.O. Box 224, Eunice, LA 70535.

#### Basis of Presentation

##### Government - Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the non-fiduciary activities of the City of Eunice, the primary government, as a whole. They include all funds of the reporting entity. 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. Program revenues include (a) fees, fines, and charges paid by the recipients of goods and services offered by the programs, and (b) 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 of Eunice are organized on the basis of funds each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which spending activities are controlled. The various funds are grouped in the financial statements



## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

in this report, into seven generic fund types and three broad fund categories. 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, liabilities, 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, liabilities, revenues, or expenditures/expense of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

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.

##### Special Revenue Fund – Sales Tax Fund

Special revenues funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Additionally, the City reports the following fund types:

##### Other Special Revenue Funds

Special revenues funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

##### Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of,

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

general long-term debt principal, interest and related costs.

##### Fiduciary Funds

Fiduciary fund types are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either, a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. The City of Eunice's fiduciary fund is the payroll fund.

##### Proprietary Funds –

##### 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 to be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City of Eunice's enterprise fund is the utility fund. It accounts for the provision of gas and sewer services to residents of the City.

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, ARB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities management may elect to apply all FASB Statement and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under control of the City will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Measurement Focus/Basis of Accounting

Measurement focus is the 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.

##### 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 statements 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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" when collected by the collection agency and are recognized as revenue at that time. Ad valorem taxes

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

are recognized as revenue in the year in which they are billed. Fees and non tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, and grant funds. Available means collectible within the current period or soon enough thereafter to pay current liabilities, usually 60 days. Those revenues susceptible to accrual are property taxes, grant revenues and interest revenue.

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Bad debts are written off when accounts become worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

#### Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds as required by law. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds; therefore, they are not included in this report.

Encumbrances are not recorded in the financial statements.

The budget presented is as amended by the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations by more than 5% at the individual fund level.

#### Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Allocation of Indirect Expenses

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

##### Cash and Investments

Cash includes amounts in demand deposits. Investments include certificates of deposit and time deposits. The bank balance of cash and investments is covered by federal depository insurance or by collateral in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

##### Short-Term Interfund Receivable/Payables

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

##### Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items.

##### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. The amounts of estimated costs are immaterial to these financial statements. Donated fixed assets are stated at their fair market value on the date donated. The City maintains a threshold level of \$2,500 or more for capitalizing capital assets.

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

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

range of estimated useful lives by type of assets is as follows:

Buildings	40 years
Equipment	7 years
Vehicles	5 years
Utility system and improvements	25-50 years

Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method. The estimated useful lives are as follows:

Gas system	67 years
Sewerage system	40-67 years
Meters & regulators	25 years
Vehicle & other equipment	4-10 years

#### Compensated Absences

Vested compensatory time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested compensatory time of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vacation time is allowed January 1<sup>st</sup> and lapse December 31<sup>st</sup> if not used.

#### 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 and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable.

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.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Equity Classifications

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

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consist 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 "invested in capital assets, net of related debt."

In the fund financial statements, governmental funds report aggregate amount for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining for classifications: restricted, committed, assigned, and unassigned.

- a. Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- b. Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the city council – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the city council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- c. Assigned fund balance. This classification reflects the amounts constrained by the city's "intent"

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to be used for specific purposes, but are neither restricted nor committed. The city council and the city manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

- d. Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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 the amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

#### Revenues, Expenditure, 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 revenues and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

##### 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 Fund - By Operating and Nonoperating

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



## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Interfund Transactions

Transactions that constitute reimbursements to a fund expenditure/expense initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

##### Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

##### Subsequent Events

FASB issued SFAS No 165, Subsequent Events (ASC 855) establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We have evaluated events subsequent to the balance sheet through the date the financial statements were available to be issued.

##### Recently Issued Accounting Standards

In March 2012, the GASB issued Statement 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62. GASB 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement is effective for periods beginning after December 15, 2012. The adoption of GASB 66 does not have any impact on the City's financial statements.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 2. LEGAL COMPLIANCE - BUDGETS

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

The City Clerk prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.

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.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

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 Council.

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year end June 30, 2014.

#### NOTE 3 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, 2014, the City had cash, book balances and interest-bearing deposits as follows:

Demand deposits/savings	<u>\$6,802,768</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balance) at June 30, 2014, are secured as follows.

# CITY OF EUNICE, LOUISIANA

## Notes to Financial Statements

### NOTE 3 CASH AND INTEREST-BEARING DEPOSITS (Continued)

Bank balances	<u>\$ 6,842,525</u>
Federal deposit insurance	250,000
Pledged securities (Category 3)	<u>7,490,350</u>
Total	<u>7,740,350</u>
Excess	<u>\$ 897,825</u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3) 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.

### NOTE 4 RECEIVABLES

Receivables at June 30, 2014 in the fund financial statements consist of the following:

	<u>Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Taxes	\$ 4,833	\$ -	\$ 4,833
Accounts	574,734	536,121	1,110,855
Grants	<u>28,497</u>	<u>-</u>	<u>28,497</u>
Gross receivables	608,064	536,121	1,144,185
Less allowance for uncollectibles	<u>1,607</u>	<u>97,063</u>	<u>98,670</u>
Net total receivables	<u>\$ 606,457</u>	<u>\$ 439,058</u>	<u>\$ 1,045,515</u>

Accounts receivables in the Enterprise Fund consist of billed and unbilled receivables relating to gas and sewerage services. Gas accounts receivable are divided into two billing cycles. Cycle 1 is billed for meters read from the 1<sup>st</sup> through the 15<sup>th</sup> and Cycle 2 is billed for meters read the 16<sup>th</sup> through 24<sup>th</sup>. Billed receivables at June 30, 2014 were \$226,608 and unbilled receivables were \$309,513.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 4 RECEIVABLES (Continued)

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessors of St. Landry Parish and Acadia Parish.

For the year ended June 30, 2014 taxes of 11.62 mills were levied on property with an assessed valuation totaling \$57,969,150 and were dedicated as follows:

	<u>Millage</u>	<u>Duration</u>
General corporate tax	6.77 mills	Permanent
Street maintenance	<u>5.00 mills</u>	2012-2021
	<u>11.77</u>	

Total taxes levied were \$688,390. Taxes receivable, net of allowance for uncollectibles, at June 30, 2014 were \$3,226.

#### NOTE 5 FLOWS OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES

The City of Eunice levies a 2.2% sales and use tax dedicated as follows:

Proceeds of the 1% sales and use tax levied in 1978 are dedicated as follows:

Under the terms of the sales tax ordinance, all monies collected are deposited into a separate account.

Monies remaining in the sales tax fund after payment of collection expenses may be used for providing additional general fund revenues and for the construction, operations and maintenance of capital improvements.

This is a 25 year sales and use tax that was renewed for an additional 25 years and will expire on December 31, 2028.

Proceeds of the 1% sales and use tax levied in 1962 are dedicated as follows:

Under the terms of the Recreational Complex, Sales Tax Bonds-Series 2004, all monies collected are deposited into a separate sales tax fund account.

## CITY OF EUNICE, LOUISIANA

### Notes of Financial Statements

#### NOTE 5 FLOWS OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES (Continued)

After payment of collection expenses monies must be transferred monthly to a "Sales Tax Bond Sinking Fund" established for retirement of these bonds, in amounts equal to one-twelfth of the interest and principal of the bonds becoming due in the next maturity.

A "Sales Tax Bond Reserve Fund" is to be established and transfers from the sales tax fund are to be deposited until such time as the fund has accumulated sufficient funds to equal the highest combined interest and bond payments due for any succeeding fiscal year.

Monies remaining in the sales tax fund after payment of the above noted obligations may be used for:

Opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and subsurface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment for civil defense; constructing, acquiring or improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishing for public works, buildings, improvements and facilities.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, to defray costs of operating and maintaining a public library.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, for the payment of salaries of municipal employees.

The 1962 sales and use tax is a permanent sales tax.

Proceeds of the .2% sales and use tax levied in 1988 are dedicated as follows:

Under the terms of the Bond Indenture for the Public Improvement Bond, ST-1997, all monies collected will be deposited into a sales tax fund account.

After payment of collection expenses, monies must be transferred to a sinking fund established for retirement of these bonds, in amounts equal to one-sixth of the interest and one-twelfth of the bonds becoming due in the next maturity.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

**NOTE 5 FLOWS OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES (Continued)**

A reserve fund is established by monthly transfers from the sales tax fund of \$1,000 until such time as the reserve fund has accumulated sufficient funds to equal the highest combined interest and bond payments due for any succeeding fiscal year.

Monies remaining in the sales tax fund may be used for constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities.

The 1988 sales and use tax is a permanent sales tax.

**NOTE 6 LONG-TERM DEBT**

The following is a summary of debt transactions of the City of Eunice for the year ended June 30, 2014:

	<u>6/30/2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2014</u>
Recreation complex bonds	\$ 1,730,000	\$ -	\$ 120,000	\$ 1,610,000
Compensated absences payable	92,864	11,819	-	104,683
	<u>\$ 1,822,864</u>	<u>\$ 11,819</u>	<u>\$ 120,000</u>	<u>\$ 1,714,683</u>

Bonds payable at June 30, 2014 are comprised of the following individual issues:

Sales Tax Revenue Bonds (secured by proceeds of a 1% sales and use tax):

Recreation Complex Bonds, Series 2004, dated 12/01/2004,  
original issue of \$2,550,000, retired annually in various installment  
amounts, bearing interest at 3.75% to 7% per annum, final  
maturity at 6/01/2024 .

\$1,610,000

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

**NOTE 6 LONG-TERM DEBT (Continued)**

The annual requirement to amortize all debt outstanding at June 30, 2014 including interest payments are as follows:

Year Ending June 30,	Principal Payments	Interest	Total
2015	\$ 125,000	\$ 73,363	\$ 198,363
2016	135,000	68,113	203,113
2017	140,000	62,308	202,308
2018	150,000	56,148	206,148
2019	155,000	49,473	204,473
2020-2024	905,000	132,798	1,037,798
	<u>\$ 1,610,000</u>	<u>\$ 442,203</u>	<u>\$ 2,052,203</u>

The Debt Service Fund has \$246,801 available of June 30, 2014 to service these debts.

# CITY OF EUNICE, LOUISIANA

## Notes of Financial Statements

### NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,337,065	\$ -	\$ -	\$ 1,337,065
Other capital assets:				
Buildings & recreation	11,098,749	-	-	11,098,749
Infrastructure	4,079,398	569,932	-	4,649,330
Equipment	2,591,282	114,748	-	2,706,030
Vehicles	2,227,146	-	-	2,227,146
Total capital assets	<u>21,333,640</u>	<u>684,680</u>	<u>-</u>	<u>22,018,320</u>
Less accumulated depreciation				
Buildings & recreation	5,682,258	290,807	-	5,973,065
Infrastructure	799,752	202,445	-	1,002,197
Equipment	1,893,609	137,782	-	2,031,391
Vehicles	1,830,138	96,680	-	1,926,818
Total accumulated depreciation	<u>10,205,757</u>	<u>727,714</u>	<u>-</u>	<u>10,933,471</u>
Governmental activities, capital assets, net	<u>\$ 11,127,883</u>	<u>\$ (43,034)</u>	<u>\$ -</u>	<u>\$ 11,084,849</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Other capital assets:				
Gas system	5,690,462	166,296	-	5,856,758
Sewer system	11,404,663	62,582	-	11,467,245
Vehicles	155,151	-	-	155,151
Equipment	539,354	-	-	539,354
Total capital assets	<u>17,789,630</u>	<u>228,878</u>	<u>-</u>	<u>18,018,508</u>
Less accumulated depreciation				
Gas system	3,024,329	88,450	-	3,112,779
Sewer system	5,839,989	286,251	-	6,126,240
Vehicles	135,082	8,028	-	143,110
Equipment	476,362	7,480	-	483,842
Total accumulated depreciation	<u>9,475,762</u>	<u>390,209</u>	<u>-</u>	<u>9,865,971</u>
Business type activities, capital assets, net	<u>\$ 8,313,868</u>	<u>\$ (161,331)</u>	<u>\$ -</u>	<u>\$ 8,152,537</u>



## CITY OF EUNICE, LOUISIANA

### Notes of Financial Statements

#### NOTE 8 PENSION COST

##### Municipal Employees' Retirement System

Membership in the retirement system is mandatory for all employees who are employed on a permanent basis working at least 35 hours per week. However, new employees over 60 years of age and employees covered by another retirement system are not eligible. Employees are eligible to retire at any age with thirty or more years of creditable service or age 55 with twenty-five years of creditable service. Creditable service means all periods of time for which credit is allowed towards any benefits. Upon retirement, members are entitled to a retirement benefit, payable monthly in an amount equal to three percent of the member's final compensation multiplied by years of creditable service, provided however, that: (1) any member who has held an elective office in a municipality which is a participating employer shall be paid an additional annuity equal to one-half of one percent for each year of such elected service, (2) for any employee who was a member only of the supplemental plan prior to the revision date, the benefit earned for service credited prior to the revision shall be determined on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation of each year of service credited after the revision date; and (3) the benefit of the Section shall not exceed one hundred percent of a member's final salary.

Final compensation means the average monthly earnings during the highest thirty-six months or joined months if service has interrupted. Final salary means the average monthly earnings of a member during the twelve month period immediately preceding his death or the establishment of Plan A. The System also provides death and disability benefits which require five years of creditable service for eligibility.

The City has several pension plans covering substantially all of its employees, as follows:

- Municipal Employees' Retirement System of Louisiana
- State of Louisiana - Municipal Police Employees' Retirement System
- State of Louisiana - Firefighters' Retirement System
- Louisiana State Employees' Retirement System
- The Police Pension & Relief Fund of Eunice

Substantially all employees are covered under the Municipal Employees' Retirement System of Louisiana except for firemen, policemen, and judges which are covered under the Firefighters' Retirement System, Municipal Police Employees' Retirement System, and Louisiana State Employees' Retirement System, respectively. Details concerning these plans follow:

##### Municipal Employees Retirement System of Louisiana

##### Plan description:

The Municipal Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-

## CITY OF EUNICE, LOUISIANA

### Notes of Financial Statements

#### NOTE 8 PENSION COST (Continued)

employer public employee retirement system (PERS) as established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. Employees of the City are members of Plan A.

The Municipal Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809.

#### Funding policy:

Plan members are required to contribute 9.50% of their annual salary and the City is required to contribute at an actuarially determined rate. The current rate is 18.75% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended June 30, 2014, 2013 and 2012 were \$301,153, \$280,240 and \$255,980, respectively, which were equal to the required contributions for each year.

#### State of Louisiana - Municipal Police Employees' Retirement System

#### Plan description:

The Municipal Police Employees' Retirement System (the System) is a cost sharing multiple-employer retirement system (PERS).

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing they do not have to pay social security and providing they meet the statutory criteria. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Police Employees' Retirement System issues a publicly available report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employees' Retirement System, P.O. Box 94095, Capital Station, Baton Rouge, LA 70809-9095.

## CITY OF EUNICE, LOUISIANA

### Notes of Financial Statements

#### NOTE 8 PENSION COST (Continued)

##### Funding policy:

Plan members are required to contribute 10% of their annual covered salary and the City is required to contribute 31.0% as established by the state statute. The City's contributions to the System for the year ended June 30, 2014, 2013 and 2012 were \$336,857, \$315,984 and \$276,669, respectively, which equaled the required contributions for each year.

##### State of Louisiana – Firefighters' Retirement System

##### Plan description:

The Firefighters' Retirement System (the System) is a cost sharing multiple-employer public employee retirement system (PERS), as established and provided for by R.S. 11:2251 through 2269 of the Louisiana Revised Statutes (LRS).

Membership is mandatory as a condition of employment beginning on date employed if the employee is on a permanent basis as a firefighter, not participating in another public funded retirement system and under age fifty (50) at date of employment. Employees who retire at or after age 50 with a least 20 years of credit service, or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Firefighters' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Firefighters' Retirement System, P.O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095.

##### Funding policy:

Plan members are required to contribute 10% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 28.25% of annual covered payroll. The contribution requirements of Plan members are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended June 30, 2014, 2013 and 2012 were \$201,564, \$179,442 and \$176,539, respectively, which equaled to the required contributions for each year.

## CITY OF EUNICE, LOUISIANA

### Notes of Financial Statements

#### NOTE 8 PENSION COST (Continued)

##### Louisiana State Employees Retirement System (LASERS)

###### Plan description:

The City Court Judge participates in LASERS, a cost sharing multiple employer defined benefit pension plan administered by a separate Board of Trustees. LASERS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. LASERS issues a publically available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70844-4213, or by calling 225-922-0600.

###### Funding policy:

The City is required by State statute to contribute at an actuarially determined rate. The current Plan member contributions are 11.5% and the City is required to contribute 41.5%. The City's contribution to the System for the years ended June 30, 2014, 2013 and 2012 were \$7,143, \$5,990 and \$5,474, respectively, which were equal to the required contributions for each year.

##### The Police Pension & Relief Fund of Eunice – City of Eunice Ordinance #18-70

###### Ordinance description:

The ordinance established on September 24, 1970, provided a special fund for pensioning members of the police department and their widows, children and dependent mothers. When the City joined the Municipal Police Employees Retirement System all police employees joined it unless over the age of eligibility, those employees stayed in the fund. An actuarial valuation has not been performed to determine the City's annual required contributions (ARC) or the net pension obligation (NPO) for this plan which covers eight retirees or their beneficiaries. Generally Accepted Accounting Principles require recording and disclosure of the ARC and NPD. During fiscal year ended June 30, 2012, 2011 and 2010, the City paid out benefits in the amount of \$25,580, \$28,774 and \$38,780, respectively.

#### NOTE 9 RESTRICTED ASSETS

###### Proprietary Fund Type:

Restricted assets applicable to customers' deposits at June 30, 2014 are as follows:

###### Customers' deposits:

Cash	\$ 254,176
	<u>\$ 254,176</u>

# CITY OF EUNICE, LOUISIANA

## Notes of Financial Statements

### NOTE 9 RESTRICTED ASSETS (Continued)

#### Governmental Fund Type:

Restricted assets applicable to debt service at June 30, 2014 are as follows:

Debt service:	
Cash	\$ 46,801
Investment	200,000
	<u>\$ 246,801</u>

### NOTE 10 DUE FROM/TO OTHER FUNDS

	Due From Other Funds	Due to Other Funds
General Fund	\$ 106,177	\$ 53,546
Special Revenue Funds -		
Sales Tax Fund	3,001	525
St. Landry & Acadia Parish Fire District		99,510
Court Witness Fees Fund	1,037	-
Enterprise Fund -		
Utility Fund	10,068	104
Fiduciary Fund -		
Payroll Fund	50,904	17,502
	<u>\$ 171,187</u>	<u>\$ 171,187</u>

### NOTE 11 ENTERPRISE FUND OPERATIONS

Operations of the City of Eunice Utility System consist of a gas distribution system and sewer utility system. Operating results of the individual utilities for the year ended June 30, 2014 are as follows:

	Gas Department	Sewer Department
Operating Revenues	\$ 1,715,467	\$ 1,303,646
Operating Expenses	<u>1,575,389</u>	<u>1,279,618</u>
Operating Income (loss)	<u>\$ 140,078</u>	<u>\$ 24,028</u>

Operating expenses above include costs which cannot be directly associated with a single department; thus these expenses have been allocated on the basis of gross utility sales. For the fiscal year ended June 30, 2014, the Gas and Sewer Utilities provided services to 4,197 and 5,633 customers, respectively.

## CITY OF EUNICE, LOUISIANA

### Notes of Financial Statements

#### NOTE 12 LEASE

The St. Landry Parish Solid Waste Disposal District entered into a lease with the City of Eunice for various equipment. The original cost of the equipment totaled \$303,025. The lease terms are for a five year period at a cost of \$100 per year beginning November 1, 2010.

#### NOTE 13 ACTUARIAL VALUATION OF CERTAIN MONTHLY STIPENDS PAYABLE TO POLICE

The City of Eunice maintains a "pay-as-you-go" informal retirement program in which it pays monthly stipends to two (2) police retirees and three (3) beneficiaries of former police retirees. The total monthly benefits amount to \$ 2,131.70 and the actuarial present value of those benefits is \$ 136,823.00 as of the end of the Fiscal Year, June 30, 2014, based on the RP-2000 Sex-Distinct Annuitants' Mortality Table at an assumed annual investment return of 4% compounded annually.

#### NOTE 14 PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to the Government Wide Financial Statements to account for the actuarial valuation of monthly stipends payable to police. This information was not available in the prior year.

#### NOTE 15 PENDING LITIGATION

*Michael L. Dunn, et al v. City of Eunice, Civil Docket No. 14-C-2775-B, 27<sup>th</sup> JDC, St. Landry Parish, La.* The potential financial exposure to the City in this matter cannot be determined at this time.

*Ronald Dies, Chief of Police City of Eunice v. Eunice Municipal Fire and Police Civil Service Board, Civil Docket No. 14-C-2977-B, 27<sup>th</sup> JDC, St. Landry Parish, La.* The potential financial exposure to the City in this matter cannot be determined at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF EUNICE, LOUISIANA  
General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 1,457,000	\$ 1,509,766	\$ 1,475,589	\$ (34,177)
Licenses and permits	547,500	558,080	590,564	32,484
Intergovernmental revenues	354,000	363,062	320,625	(42,437)
Fines and forfeitures	10,000	1,000	1,323	323
Liberty Cajun Music Show	52,125	36,563	70,453	33,890
Interest	3,050	2,879	3,956	1,077
Miscellaneous	662,200	574,249	1,084,735	510,486
Total revenues	<u>3,085,875</u>	<u>3,045,599</u>	<u>3,547,245</u>	<u>501,646</u>
<b>Expenditures</b>				
Current -				
General government	1,602,255	1,633,758	1,589,536	44,222
Public safety	3,905,190	3,958,169	3,872,379	85,790
Public works	1,074,570	1,006,907	1,548,607	(541,700)
Health and welfare	19,600	20,570	10,475	10,095
Culture and recreation	735,170	718,695	615,452	103,243
Other	51,500	57,500	55,342	2,158
Total expenditures	<u>7,388,285</u>	<u>7,395,599</u>	<u>7,691,791</u>	<u>(296,192)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,302,410)</u>	<u>(4,350,000)</u>	<u>(4,144,546)</u>	<u>205,454</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	3,726,000	4,350,000	3,924,547	(425,453)
Operating transfers out	-	-	(98,000)	(98,000)
Total other financing sources (uses)	<u>3,726,000</u>	<u>4,350,000</u>	<u>3,826,547</u>	<u>(523,453)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(576,410)</u>	<u>-</u>	<u>(317,999)</u>	<u>(317,999)</u>
Fund balances, beginning	<u>651,343</u>	<u>541,905</u>	<u>541,905</u>	<u>-</u>
Fund balances, ending	<u>\$ 74,933</u>	<u>\$ 541,905</u>	<u>\$ 223,906</u>	<u>\$ (317,999)</u>

See accompanying notes to Required Supplementary Information.



CITY OF EUNICE, LOUISIANA  
Sales Tax Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 5,280,000	\$ 5,852,000	\$ 5,195,925	\$ (656,075)
Intergovernmental revenues	175,000	266,557	944,985	678,428
Interest	20,000	3,369	14,685	11,316
Total revenues	<u>5,475,000</u>	<u>6,121,926</u>	<u>6,155,595</u>	<u>33,669</u>
Expenditures:				
Current -				
General government	86,000	83,208	2,295,550	(2,212,342)
Culture and recreation	195,175	173,451	191,341	(17,890)
Capital outlay	<u>1,953,000</u>	<u>2,113,363</u>	<u>88,845</u>	<u>2,024,518</u>
Total expenditures	<u>2,234,175</u>	<u>2,370,022</u>	<u>2,575,736</u>	<u>(205,714)</u>
Excess of revenues over expenditures	<u>3,240,825</u>	<u>3,751,904</u>	<u>3,579,859</u>	<u>(172,045)</u>
Other financing sources (uses):				
Operating transfers out	<u>(3,213,800)</u>	<u>(3,750,181)</u>	<u>(3,669,914)</u>	<u>80,267</u>
Total other financing sources (uses)	<u>(3,213,800)</u>	<u>(3,750,181)</u>	<u>(3,669,914)</u>	<u>80,267</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>27,025</u>	<u>1,723</u>	<u>(90,055)</u>	<u>(91,778)</u>
Fund balances, beginning	<u>4,845,388</u>	<u>5,460,234</u>	<u>5,460,234</u>	<u>-</u>
Fund balances, ending	<u>\$ 4,872,413</u>	<u>\$ 5,461,957</u>	<u>\$ 5,370,179</u>	<u>\$ (91,778)</u>

See accompanying notes to Required Supplementary Information.

## **CITY OF EUNICE, LOUISIANA**

### **Notes to Required Supplementary Information**

#### **NOTE 1 LEGAL COMPLIANCE - BUDGETS**

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

The City Clerk prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.

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.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

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 Council.

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year end June 30, 2014.

## OTHER SUPPLEMENTARY INFORMATION

## OTHER FINANCIAL INFORMATION

**NONMAJOR GOVERNMENTAL FUNDS**

CITY OF EUNICE, LOUISIANA  
Nonmajor Governmental Funds  
Balance Sheet  
June 30, 2014

	Special Revenue Funds	Debt Service Funds	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 270,151	\$ 46,801	\$ 316,952
Investments, at cost	-	200,000	200,000
Receivables	235,406	-	235,406
Due from other funds	1,037	-	1,037
Total assets	<u>\$ 506,594</u>	<u>\$ 246,801</u>	<u>\$ 753,395</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 585	\$ -	\$ 585
Due to other funds	99,510	-	99,510
Total liabilities	<u>100,095</u>	<u>-</u>	<u>100,095</u>
<b>Fund balances:</b>			
Restricted for debt service	-	246,801	246,801
Assigned	406,499	-	406,499
Total fund balances	<u>406,499</u>	<u>246,801</u>	<u>653,300</u>
Total liabilities and fund balances	<u>\$ 506,594</u>	<u>\$ 246,801</u>	<u>\$ 753,395</u>

CITY OF EUNICE, LOUISIANA  
Nonmajor Governmental Funds  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances  
Year Ended June 30, 2014

	Special Revenue Funds	Debt Service Fund	Totals
Revenues:			
Intergovernmental revenues	\$ 423,503	\$ -	\$ 423,503
Fines, forfeitures and bonds	5,852	-	5,852
Interest	463	113	576
Total revenues:	<u>429,818</u>	<u>113</u>	<u>429,931</u>
Expenditures:			
Current -			
General government	9,696	-	9,696
Public safety	115,788	-	115,788
Other	-	260	260
Debt service -			
Principal retirement	-	120,000	120,000
Interest paid	-	78,283	78,283
Total expenditures	<u>125,484</u>	<u>198,543</u>	<u>324,027</u>
Excess (deficiency) of revenues over expenditures	<u>304,334</u>	<u>(198,430)</u>	<u>105,904</u>
Other financing sources:			
Operating transfers in	4,500	198,282	202,782
Operating transfers out	(125,000)	-	(125,000)
Total other financing sources	<u>(120,500)</u>	<u>198,282</u>	<u>77,782</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	183,834	(148)	183,686
Fund balances, beginning	<u>222,665</u>	<u>246,949</u>	<u>469,614</u>
Fund balances, ending	<u><u>\$ 406,499</u></u>	<u><u>\$ 246,801</u></u>	<u><u>\$ 653,300</u></u>

## NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purpose.

### PUBLIC SAFETY TESTING FUND

To account for receipts and expenditures associated with court fees collected in connection with drug and alcohol related driving offenses.

### COURT APPEARANCE BOND FUND

To account for receipts and expenditures associated with the receipt of appearance bonds collected on arrests and traffic citations.

### ST. LANDRY & ACADIA PARISH FIRE DISTRICT

To account for receipts and expenditures associated with the cooperative agreement between the city and area fire districts, to provide fire protection.

### WITNESS FEES FUND

To account for receipts and expenditures associated with witness fees collected by City Court.



CITY OF EUNICE, LOUISIANA  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2014

	Public Safety Testing Fund	Court Appearance Bond Fund	St. Landry & Acadia Parish Fire District	Witness Fees Fund	Totals
<b>ASSETS</b>					
Cash	\$ 10,252	\$ 9,788	\$ 247,080	\$ 3,031	\$ 270,151
Receivables	-	-	235,406	-	235,406
Due from other funds	-	-	-	1,037	1,037
Total assets	<u>\$ 10,252</u>	<u>\$ 9,788</u>	<u>\$ 482,486</u>	<u>\$ 4,068</u>	<u>\$ 506,594</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 585	\$ -	\$ 585
Due to other funds	-	-	99,510	-	99,510
Total liabilities	<u>-</u>	<u>-</u>	<u>100,095</u>	<u>-</u>	<u>100,095</u>
<b>Fund balances:</b>					
Assigned	<u>10,252</u>	<u>9,788</u>	<u>382,391</u>	<u>4,068</u>	<u>406,499</u>
Total fund balances	<u>10,252</u>	<u>9,788</u>	<u>382,391</u>	<u>4,068</u>	<u>406,499</u>
Total liabilities and fund balances	<u>\$ 10,252</u>	<u>\$ 9,788</u>	<u>\$ 482,486</u>	<u>\$ 4,068</u>	<u>\$ 506,594</u>

**CITY OF EUNICE, LOUISIANA**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2014**

	Public Safety Testing Fund	Court Appearance Bond Fund	St. Landry & Acadia Parish Fire District	Witness Fees Fund	Totals
<b>Revenues:</b>					
Intergovernmental revenues	\$ 2,542	\$ -	\$ 413,263	\$ 7,698	\$ 423,503
Fine, forfeitures and bonds	-	5,852	-	-	5,852
Interest	4	197	261	1	463
Miscellaneous	-	-	-	-	-
Total revenues	<u>2,546</u>	<u>6,049</u>	<u>413,524</u>	<u>7,699</u>	<u>429,818</u>
<b>Expenditures</b>					
Current -					
General government	-	-	-	9,696	9,696
Public safety	-	695	115,093	-	115,788
Total expenditures	<u>-</u>	<u>695</u>	<u>115,093</u>	<u>9,696</u>	<u>125,484</u>
Excess (deficiency) of revenues over expenditures	<u>2,546</u>	<u>5,354</u>	<u>298,431</u>	<u>(1,997)</u>	<u>304,334</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	-	-	-	4,500	4,500
Operating transfers out	-	-	(125,000)	-	(125,000)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(125,000)</u>	<u>4,500</u>	<u>(120,500)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>2,546</u>	<u>5,354</u>	<u>173,431</u>	<u>2,503</u>	<u>183,834</u>
Fund balances, beginning	<u>7,706</u>	<u>4,434</u>	<u>208,960</u>	<u>1,565</u>	<u>222,665</u>
Fund balances, ending	<u>\$ 10,252</u>	<u>\$ 9,788</u>	<u>\$ 382,391</u>	<u>\$ 4,068</u>	<u>\$ 406,499</u>

## NONMAJOR DEBT SERVICE FUNDS

### RECREATION COMPLEX DEBT SERVICE FUND

The fund is to accumulate monies for payment of the \$ 2,550,000 Recreation Complex Sales Tax Revenue Bonds, Series 2004.

CITY OF EUNICE, LOUISIANA  
Nonmajor Debt Service Fund  
Combining Balance Sheet  
June 30, 2014

	Recreation Complex Debt Service Fund	Total
Cash	\$ 46,801	\$ 46,801
Investments, at cost	200,000	200,000
Total assets	<u>\$ 246,801</u>	<u>\$ 246,801</u>
Liabilities:		
Due to sales tax fund	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>
Fund balances:		
Restricted for debt service	246,801	246,801
Unassigned	<u>-</u>	<u>-</u>
Total fund balances	<u>246,801</u>	<u>246,801</u>
Total liabilities and fund balances	<u>\$ 246,801</u>	<u>\$ 246,801</u>

CITY OF EUNICE, LOUISIANA  
Nonmajor Debt Service Fund  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Year Ended June 30, 2014

	Recreation Complex Debt Service Fund	Total
Revenues:		
Interest	\$ 113	\$ 113
Total revenues	<u>113</u>	<u>113</u>
Expenditures		
Current -		
Other	260	260
Debt service -		
Principal retirement	120,000	120,000
Interest paid	78,283	78,283
Total expenditures	<u>198,543</u>	<u>198,543</u>
Excess (deficiency) of revenues over expenditures	<u>(198,430)</u>	<u>(198,430)</u>
Other financing sources (uses):		
Operating transfers in	198,282	198,282
Operating transfers out	-	-
Total other financing uses	<u>198,282</u>	<u>198,282</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(148)	(148)
Fund balance, beginning	<u>246,949</u>	<u>246,949</u>
Fund balance, ending	<u>\$ 246,801</u>	<u>\$ 246,801</u>

## ENTERPRISE FUNDS

### UTILITY FUND

The fund is to account for the city's operation of the gas and sewer departments.

CITY OF EUNICE, LOUISIANA  
Enterprise Fund  
Utility Fund  
Statement of Revenues, Expenditures and Changes in Net Position  
Year Ended June 30, 2014

	Gas Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 1,688,563	\$ 1,279,284	\$ 2,967,847
Other billings to customers	26,904	24,362	51,266
Total operating revenues	<u>1,715,467</u>	<u>1,303,646</u>	<u>3,019,113</u>
Operating expenses			
Payroll and related benefits	265,674	399,964	665,638
Natural gas purchases	973,841	-	973,841
Supplies and materials	37,241	143,410	180,651
Repairs and maintenance	44,722	101,566	146,288
Office expenses	27,738	6,554	34,292
Professional fees	13,607	13,607	27,214
Insurance - general	52,715	34,219	86,934
Depreciation	103,958	286,251	390,209
Group insurance	37,672	44,721	82,393
Bad debts	803	-	803
Permits	-	11,915	11,915
Utilities and telephone	2,989	223,103	226,092
Miscellaneous	14,429	14,308	28,737
Total operating expenses	<u>1,575,389</u>	<u>1,279,618</u>	<u>2,855,007</u>
Operating income (loss)	<u>\$ 140,078</u>	<u>\$ 24,028</u>	<u>164,106</u>
Nonoperating income (loss):			
Interest earned on investments			1,679
Other revenue			4,302
Total nonoperating income			<u>5,981</u>
Capital contributions			
Intergovernmental grant			53,861
Income before operating transfers			<u>223,948</u>
Operating transfers:			
Operating transfers in			605,412
Operating transfers out			(839,827)
Total operating transfers			<u>(234,415)</u>
Change in net position			(10,467)
Net position, beginning			8,615,314
Net position, ending			<u>\$ 8,604,847</u>

INTERNAL CONTROL  
AND  
COMPLIANCE



**VIGE, TUJAGUE & NOEL**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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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**

The Honorable Mayor Rusty Moody  
and Members of the Council  
City of Eunice, 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 City of Eunice, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Eunice, Louisiana's basic financial statements and have issued our report thereon dated December 2, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Eunice, 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 City of Eunice, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Eunice, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items #2014-001 through #2014-003, which we consider to be significant deficiencies.

### **Compliance and Other Matters**

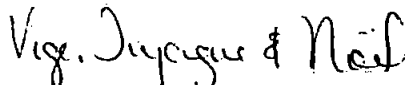
As part of obtaining reasonable assurance about whether City of Eunice, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 schedule of findings and questioned costs as items #2014-001 through #2014-003.

### **City of Eunice, Louisiana's Response to Findings**

City of Eunice, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Eunice, 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.



Vigé, Tujague & Noël, CPA's  
December 2, 2014

**VIGE, TUJAGUE & NOEL**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY OMB CIRCULAR A-133**

The Honorable Mayor Rusty Moody  
and Members of the Council  
City of Eunice, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited City of Eunice, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Eunice, Louisiana's major federal programs for the year ended June 30, 2014. City of Eunice, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Eunice, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Eunice, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Eunice, Louisiana's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, City of Eunice, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control over Compliance**

Management of City of Eunice, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Eunice, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Eunice, Louisiana's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Vige, Tujague & Noël*

Vige, Tujague & Noël, CPA's  
December 2, 2014

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Responses  
Year Ended June 30, 2014

We have audited the financial statements of City of Eunice, Louisiana as of and for the year ended June 30, 2014, and have issued our report thereon dated December 2, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2014, resulted in an unmodified opinion.

**Section I. Summary of Auditor's Reports**

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

Internal Control

Material Weaknesses \_\_\_\_ Yes X No Significant Deficiencies X Yes \_\_\_\_ No

Compliance

Compliance Material to Financial Statement \_\_\_\_ Yes X No

b. Federal Awards

Internal Control over Major Programs

Material Weaknesses \_\_\_\_ Yes X No Significant Deficiencies \_\_\_\_ Yes X No

Type of auditor's report issued in compliance for major programs:  
Unmodified.

Audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133 are reported in this schedule.

Identification of major program:

CFDA Number  
14.228

Name of Federal Program  
Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000.

Auditee qualified as low-risk auditee? \_\_\_\_ Yes X No

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Responses (continued)  
Year Ended June 30, 2014

**Section II. Financial Statement Findings**

**#2014-001 Segregation of Accounting Functions**

**Condition:** The City of Eunice did not have adequate segregation of functions within the accounting system.

**Criteria:** SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU314.43 defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT501.03 states:

“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

**Cause:** The cause of the condition is the fact that the City does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

**Effect:** Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

**Recommendation:** Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

**Response:** It is not cost effective to achieve complete segregation of duties within the accounting function. No corrective action is considered necessary.

**#2014-002 Budget Variance**

**Condition:** The City’s actual expenditures in the Sales Tax Fund exceeded budgeted expenditures by greater than 5%.

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Responses (continued)  
Year Ended June 30, 2014

- Criteria:** When total actual expenditures exceed total budgeted expenditures by 5% or more and/or when total revenues fail to meet total budgeted revenues by 5% or more or there has been a change in operation upon which the original adopted budget was developed, the City shall adopt a budget amendment in an open meeting to reflect such a change.
- Cause:** The cause of the condition is that the City did not make the necessary amendments to the budget prior to the year end.
- Effect:** Failure to properly amend the budget results in variances beyond the 5% of budgeted expenses and results in noncompliance with budget laws.
- Recommendation:** We recommend that the City make the necessary amendments to the budget prior to year end for changes in expenditures incurred.
- Response:** The City will make the necessary amendments to the budget prior to year end for changes in estimated expenses.

#2014-003 Timely Preparation of Bank Reconciliations

- Condition:** The City of Eunice did not reconcile bank accounts on a timely basis and did not report fraudulent activity to the legislative auditor.
- Criteria:** All bank reconciliations should be prepared on a timely basis, as statements are received from the bank. The City was required by law (R.S. 24:523) to notify the Louisiana Legislative Auditor and the district attorney, in writing, when they became aware that a misappropriation had taken place.
- Cause:** There was an unexpected employee turnover resulting in a staff shortage, causing a delay in reconciliation procedures.
- Effect:** The City's untimely preparation of bank reconciliations resulted in the loss of \$5,571 in fraudulent check activity, due to out of state identity theft. If the bank accounts were reconciled as the statements were received, the fraudulent activity would have been detected early on, and the bank would have refunded the money. The City Clerk contacted the sheriff department on August 22, 2014, when the fraudulent activity was discovered, and a file number was assigned to the case. The sheriff department contacted the stores where the fraudulent checks were issued and were unable to get any additional information, due to time constraints. This matter is still under investigation by the sheriff department; however, the chances of recovering the funds are minimal. If an arrest is made, the case will be turned over to the district attorney.

**CITY OF EUNICE, LOUISIANA**

**Schedule of Findings and Responses (continued)**  
**Year Ended June 30, 2014**

**Recommendation:** All bank accounts should be reconciled on a monthly basis, as the statements are received from the bank. Any misappropriations should be reported to the legislative auditor and the district attorney, in writing.

**Response:** In the future, the Clerk will prepare monthly reconciliations of all bank accounts in a timely manner. Any misappropriations will be reported to the legislative auditor and district attorney, in writing, upon discovery.

**Section III. Findings and Questioned Costs Relating to Federal Programs**

None



CITY OF EUNICE, LOUISIANA

Status of Prior Years Findings and Questioned Costs  
Year Ended June 30, 2014

#2013-001 Segregation of Accounting Functions

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

Criteria: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU314.43 defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT501.03 states:

“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

Cause: The cause of the condition is the fact that the City does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

Effect: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

Recommendation: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: It is not cost effective to achieve complete segregation of duties within the accounting function. No corrective action is considered necessary.

Status: This finding is repeated.

#2013-002 Actuarial Valuation of Pension Costs

Condition: The annual pension costs and net pension obligations for certain employees are neither computed nor reported in accordance with Generally Accepted Accounting Principles.

Criteria: The City of Eunice is required to compute and report annual pension costs and net pension

**CITY OF EUNICE, LOUISIANA**

**Status of Prior Years Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2014**

obligations in the financial statements in order to comply with Generally Accepted Accounting Principles.

**Cause:** The cause of the condition is the fact that the City has determined that the costs of the computation outweigh the benefits, due to the minimal number of retirees and beneficiaries.

**Effect:** Failure to compute and report the annual pension costs and net pension obligations results in the City's noncompliance with Generally Accepted Accounting Principles.

**Recommendation:** Management should implement procedures to ensure that their financial statements are in accordance with Generally Accepted Accounting Principles.

**Response:** The City will evaluate the cost/benefit of having the pension costs and net pension obligation actuarially valued and will respond accordingly. As noted in Note 8 in the financial statements, the City is currently only making payments to eight retirees or their beneficiaries. These annual payments are immaterial to the financial statements as a whole.

**Status:** This finding is cleared.

CITY OF EUNICE, LOUISIANA  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014

Federal Grantor/Pass through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
Department of Homeland Security Direct Programs		
Community Assistance Program State Support Services	97.023	\$ 18,077
Department of Transportation Direct Programs		
Highway Planning and Construction	20.205	6,300
Alcohol Open Container Requirements	20.607	24,086
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	4,886
Department of Housing and Urban Development		
Community Development Block Grants/State Program	14.228	650,000
Community Development Block Grants/State Program	14.228	569,931
		<u>\$ 1,273,280</u>

CITY OF EUNICE, LOUISIANA

Schedule of Compensation Paid to Members of the Council  
Year Ended June 30, 2014

Mayor, Claud Rusty Moody	\$ 46,410
I. Jackson Burson	13,700
Germain Simpson	7,120
James Bergeron	7,119
Scott Fontenot	7,119
Roland Miller	7,119
	<u>\$ 88,587</u>



**CITY OF EUNICE**  
EUNICE, LOUISIANA

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ALDERMAN AT LARGE  
ROLAND MILLER  
WARD 1  
GERMAINE SIMPSON  
WARD 2  
JAMES "JR." BERGERON  
WARD 3  
SCOTT A. FONTENOT  
WARD 4  
GINNY MOODY  
CITY CLERK  
RONALD J. DIES  
CHIEF OF POLICE

VIGE, TUJAGUE & NOEL, CPA'S  
P. O. BOX 1006  
EUNICE, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the City's Audited Financial Statement as of June 30, 2014.

**2014-001 Segregation of Accounting Functions**

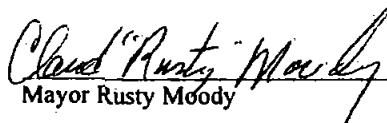
A complete segregation of duties is not feasible due to the cost/benefit of hiring additional personnel and the size of the City's operations.

**2014-002 Budget Variance**

The City will make the necessary amendments to the budget prior to year end for changes in estimated expenses.

**2014-003 Timely Preparation of Bank Reconciliations**

In the future, the Clerk will prepare monthly reconciliations of all bank accounts in a timely manner.

  
\_\_\_\_\_  
Mayor Rusty Moody