

**CITY OF ST. MARTINVILLE, LOUISIANA**

Financial Report

Year Ended June 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Martinville, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of St. Martinville, Louisiana's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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 St. Martinville, Louisiana, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, schedule of changes in net OPEB liability and related ratios, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Martinville, Louisiana's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements of Federal Awards*, and is also not a required part of the basic financial statements. The other supplementary information on pages 53 through 65 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The various combining and comparative statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

The prior year comparative information on the comparative statements has been derived from the City's 2019 financial statements. This information was subjected to 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 and, in our opinion, was fairly presented, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2021, on our consideration of the City of St. Martinville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the City of St. Martinville, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Martinville, Louisiana's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
February 17, 2021

## **BASIC FINANCIAL STATEMENTS**

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Net Position  
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,401,743	\$ 323,833	\$ 1,725,576
Investments	5,300	171,100	176,400
Receivables, net	205,233	973,952	1,179,185
Internal balances	(169,019)	169,019	-
Due from other governmental units	431,506	109,531	541,037
Inventories	45,543	184,204	229,747
Prepaid items	83,378	26,959	110,337
Deposits	-	12,000	12,000
Total current assets	<u>2,003,684</u>	<u>1,970,598</u>	<u>3,974,282</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	-	37,616	37,616
Investments	-	322,624	322,624
Capital assets -			
Land and construction in progress	816,601	482,737	1,299,338
Capital assets, net	6,865,502	8,662,446	15,527,948
Total noncurrent assets	<u>7,682,103</u>	<u>9,505,423</u>	<u>17,187,526</u>
Total assets	<u>9,685,787</u>	<u>11,476,021</u>	<u>21,161,808</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	376,576	158,645	535,221
Deferred outflows related to postemployment benefits	14,262	3,565	17,827
Total deferred outflows of resources	<u>390,838</u>	<u>162,210</u>	<u>553,048</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	472,350	1,085,196	1,557,546
Compensated absences payable	28,235	8,951	37,186
Unearned revenue	6,168	-	6,168
Customer deposits	4,350	360,240	364,590
Capital lease payable	62,338	-	62,338
Bonds payable	393,000	-	393,000
Accrued interest	24,204	-	24,204
Total current liabilities	<u>990,645</u>	<u>1,454,387</u>	<u>2,445,032</u>
Noncurrent liabilities:			
Compensated absences payable	83,445	42,409	125,854
Capital lease payable	227,756	-	227,756
Bonds payable	2,856,816	-	2,856,816
Net pension liability	1,237,770	527,499	1,765,269
Postemployment benefit obligation payable	316,287	79,072	395,359
Total noncurrent liabilities	<u>4,722,074</u>	<u>648,980</u>	<u>5,371,054</u>
Total liabilities	<u>5,712,719</u>	<u>2,103,367</u>	<u>7,816,086</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	244,748	69,603	314,351
NET POSITION			
Net investment in capital assets	5,123,637	9,145,183	14,268,820
Restricted:			
Purpose of grantor	29,802	-	29,802
Capital projects	950,242	-	950,242
Debt service	54,827	-	54,827
Unrestricted (deficit)	<u>(2,039,350)</u>	<u>320,078</u>	<u>(1,719,272)</u>
Total net position	<u>\$ 4,119,158</u>	<u>\$ 9,465,261</u>	<u>\$ 13,584,419</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2020

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 1,125,572	\$ -	\$ 27,462	\$ -	\$ (1,098,110)	\$ -	\$ (1,098,110)
Public safety	1,815,623	106,662	352,267	-	(1,356,694)	-	(1,356,694)
Public works	1,817,967	518,453	7,270	-	(1,292,244)	-	(1,292,244)
Recreation	415,231	22,523	-	-	(392,708)	-	(392,708)
Tourism	176,856	10,990	-	-	(165,866)	-	(165,866)
Urban redevelopment housing	374,115	-	365,175	-	(8,940)	-	(8,940)
Interest on long-term debt	87,054	-	-	-	(87,054)	-	(87,054)
Total governmental activities	<u>5,812,418</u>	<u>658,628</u>	<u>752,174</u>	<u>-</u>	<u>(4,401,616)</u>	<u>-</u>	<u>(4,401,616)</u>
<b>Business-type activities:</b>							
Electric	3,783,683	4,591,198	109,531	-	-	917,046	917,046
Water	502,288	608,360	-	-	-	106,072	106,072
Wastewater	624,569	563,192	-	-	-	(61,377)	(61,377)
Total business-type activities	<u>4,910,540</u>	<u>5,762,750</u>	<u>109,531</u>	<u>-</u>	<u>-</u>	<u>961,741</u>	<u>961,741</u>
Total	<u>\$ 10,722,958</u>	<u>\$ 6,421,378</u>	<u>\$ 861,705</u>	<u>\$ -</u>	<u>(4,401,616)</u>	<u>961,741</u>	<u>(3,439,875)</u>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					226,387	-	226,387
Sales and use taxes, levied for general purposes					1,676,313	-	1,676,313
Franchise taxes					69,753	-	69,753
Occupational licenses					262,743	-	262,743
Grants and contributions not restricted to specific programs -							
State sources					307,027	-	307,027
Non-employer pension contribution					34,222	15,898	50,120
Interest and investment earnings					105,451	12,948	118,399
Gain on sale of assets					30,970	-	30,970
Miscellaneous					10,313	-	10,313
Transfers					<u>1,500,000</u>	<u>(1,500,000)</u>	<u>-</u>
Total general revenues and transfers					<u>4,223,179</u>	<u>(1,471,154)</u>	<u>2,752,025</u>
Change in net position					(178,437)	(509,413)	(687,850)
Net position - July 1, 2019					<u>4,297,595</u>	<u>9,974,674</u>	<u>14,272,269</u>
Net position - June 30, 2020					<u>\$ 4,119,158</u>	<u>\$ 9,465,261</u>	<u>\$ 13,584,419</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **MAJOR FUNDS**

#### **General Fund**

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

#### **Capital Projects Fund**

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

#### **Enterprise Fund**

##### **Utility Fund -**

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

### **NONMAJOR FUNDS**

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

CITY OF ST. MARTINVILLE, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2020

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and interest-bearing deposits	\$ 355,158	\$ 981,444	\$ 65,141	\$ 1,401,743
Investments	5,300	-	-	5,300
Receivables:				
Taxes	170,879	-	-	170,879
Due from other governmental units	391,710	39,555	241	431,506
Due from other funds	180,175	12,968	98,063	291,206
Other	34,354	-	-	34,354
Inventory	45,543	-	-	45,543
Prepaid items	83,378	-	-	83,378
Total assets	<u>\$ 1,266,497</u>	<u>\$ 1,033,967</u>	<u>\$ 163,445</u>	<u>\$ 2,463,909</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 270,709	\$ 58	\$ 1,068	\$ 271,835
Accrued expenses	130,484	-	981	131,465
Contract payable	-	23,485	-	23,485
Retainage payable	-	45,565	-	45,565
Customer rental deposits	4,350	-	-	4,350
Unearned revenue	-	-	6,168	6,168
Due to other funds	375,009	14,617	70,599	460,225
Total liabilities	<u>780,552</u>	<u>83,725</u>	<u>78,816</u>	<u>943,093</u>
Fund balances -				
Nonspendable - prepaid items and inventory	128,921	-	-	128,921
Restricted for capital projects	-	950,242	-	950,242
Restricted for debt service	-	-	54,827	54,827
Restricted for purpose of grantor	-	-	29,802	29,802
Unassigned	357,024	-	-	357,024
Total fund balances	<u>485,945</u>	<u>950,242</u>	<u>84,629</u>	<u>1,520,816</u>
Total liabilities and fund balances	<u>\$ 1,266,497</u>	<u>\$ 1,033,967</u>	<u>\$ 163,445</u>	<u>\$ 2,463,909</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2020

Total fund balances for governmental funds at June 30, 2020 \$1,520,816

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	\$ 745,390	
Construction in progress	71,211	
Buildings and improvements, net of \$4,325,756 accumulated depreciation	2,617,996	
Equipment and vehicles, net of \$978,285 accumulated depreciation	637,496	
Infrastructure, net of \$882,873 accumulated depreciation	<u>3,610,010</u>	7,682,103

The deferred outflows of expenditures for the municipal and police employees retirement systems and postemployment benefits are not a use of current resources, and therefore, are not reported in the funds. 390,838

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

Bonds payable	(3,249,816)	
Accrued interest payable	(24,204)	
Capital lease payable	(290,094)	
Net postemployment benefit obligation payable	(316,287)	
Compensated absences	(111,680)	
Net pension liability	<u>(1,237,770)</u>	(5,229,851)

The deferred inflows of contributions for the municipal and police employees retirement systems are not available resources, and therefore, are not reported in the funds. (244,748)

Total net position of governmental activities at June 30, 2020 \$4,119,158

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2020

	General	Capital Projects Fund	Nonmajor Funds	Total
<b>Revenues:</b>				
Taxes	\$ 1,800,886	\$ -	\$ 101,814	\$ 1,902,700
Licenses and permits	332,496	-	-	332,496
Intergovernmental	694,026	-	365,175	1,059,201
Charges for services	551,966	-	-	551,966
Fines and forfeits	106,662	-	-	106,662
Miscellaneous	169,174	1,031	167	170,372
Total revenues	<u>3,655,210</u>	<u>1,031</u>	<u>467,156</u>	<u>4,123,397</u>
<b>Expenditures:</b>				
Current -				
General government	1,030,273	-	-	1,030,273
Public safety	1,753,544	-	-	1,753,544
Public works	1,664,062	-	-	1,664,062
Recreation	273,987	-	-	273,987
Tourism	85,902	-	-	85,902
Urban redevelopment and housing	-	-	374,115	374,115
Capital outlay	368,885	101,907	-	470,792
Debt service	56,927	-	415,147	472,074
Total expenditures	<u>5,233,580</u>	<u>101,907</u>	<u>789,262</u>	<u>6,124,749</u>
Deficiency of revenues over expenditures	<u>(1,578,370)</u>	<u>(100,876)</u>	<u>(322,106)</u>	<u>(2,001,352)</u>
<b>Other financing sources (uses):</b>				
Proceeds from capital lease	330,269	-	-	330,269
Transfers in	1,500,000	-	254,593	1,754,593
Transfers out	(254,593)	-	-	(254,593)
Total other financing sources (uses)	<u>1,575,676</u>	<u>-</u>	<u>254,593</u>	<u>1,830,269</u>
Net changes in fund balances	(2,694)	(100,876)	(67,513)	(171,083)
Fund balances, beginning	<u>488,639</u>	<u>1,051,118</u>	<u>152,142</u>	<u>1,691,899</u>
Fund balances, ending	<u>\$ 485,945</u>	<u>\$ 950,242</u>	<u>\$ 84,629</u>	<u>\$ 1,520,816</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2020

Total net changes in fund balances at June 30, 2020 per statement of revenues, expenditures and changes in fund balances			\$ (171,083)
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balances		\$ 449,020	
Loss on disposal of assets		(23,639)	
Depreciation expense for the year ended June 30, 2020		<u>(479,819)</u>	(54,438)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, principal payments are recorded as expenditures in the governmental funds but reduce the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:			
Principal payments		381,734	
Proceeds from issuance of capital leases		(330,269)	
Amortization of bond premium		<u>5,281</u>	56,746
Pension expense not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure			(20,673)
Nonemployer contributions to the municipal employees and police employees pension plans			34,222
Change in net OPEB obligation at June 30, 2020 not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure			(37,353)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Interest expense		(1,995)	
Compensated absences		<u>16,137</u>	<u>14,142</u>
Total changes in net position at June 30, 2020 per statement of activities			<u>\$ (178,437)</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 June 30, 2020

ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 323,833
Investments	171,100
Receivables:	
Accounts, net	973,085
Accrued interest	867
Other	109,531
Due from other funds	362,313
Inventory	184,204
Prepaid items	26,959
Deposits	<u>12,000</u>
Total current assets	<u>2,163,892</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	37,616
Investments	322,624
Capital assets -	
Land and construction in progress	482,737
Other capital assets, net of accumulated depreciation	<u>8,662,446</u>
Total noncurrent assets	<u>9,505,423</u>
Total assets	<u>11,669,315</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	158,645
Deferred outflows related to postemployment benefits	<u>3,565</u>
Total deferred outflows of resources	<u>162,210</u>
LIABILITIES	
Current liabilities:	
Accounts, salaries, and other payables	1,085,196
Compensated absences	8,951
Due to other funds	193,294
Customer deposits	<u>360,240</u>
Total current liabilities	<u>1,647,681</u>
Noncurrent liabilities:	
Compensated absences	42,409
Net pension liability	527,499
Postemployment benefit obligation payable	<u>79,072</u>
Total noncurrent liabilities	<u>648,980</u>
Total liabilities	<u>2,296,661</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>69,603</u>
NET POSITION	
Net investment in capital assets	9,145,183
Unrestricted	<u>320,078</u>
Total net position	<u>\$ 9,465,261</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Fund  
 For the Year Ended June 30, 2020

Operating revenues:	
Charges for services -	
Electric	\$ 4,426,042
Water	608,216
Wastewater	563,192
Permits, reconnections and penalties	<u>165,300</u>
Total operating revenues	<u>5,762,750</u>
Operating expenses:	
Electric	3,783,681
Water	502,288
Wastewater	<u>624,571</u>
Total operating expenses	<u>4,910,540</u>
Operating income	<u>852,210</u>
Nonoperating revenues (expenses):	
Investment income	12,948
Federal grant revenue	109,531
Nonemployer contribution revenue	<u>15,898</u>
Total nonoperating revenues (expenses)	<u>138,377</u>
Income before capital contributions and transfers	990,587
Transfers out	<u>(1,500,000)</u>
Change in net position	(509,413)
Net position, beginning	<u>9,974,674</u>
Net position, ending	<u>\$ 9,465,261</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2020

Cash flows from operating activities:	
Receipts from customers	\$ 5,856,749
Payments to suppliers	(3,562,656)
Payments to employees	<u>(756,467)</u>
Net cash provided by operating activities	<u>1,537,626</u>
Cash flows from noncapital financing activities:	
Decrease in customer deposits, net of refunds	(1,364)
Cash paid to other funds	(204,900)
Transfers out	<u>(1,500,000)</u>
Net cash used by noncapital financing activities	<u>(1,706,264)</u>
Cash flows from investing activities:	
Purchase of investments	(493,724)
Maturities of investments	464,396
Investment income	<u>12,948</u>
Net cash used by investing activities	<u>(16,380)</u>
Net decrease in cash and cash equivalents	(185,018)
Cash and cash equivalents, beginning of period	<u>546,467</u>
Cash and cash equivalents, end of period	<u>\$ 361,449</u>

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund (Continued)  
 For the Year Ended June 30, 2020

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 852,210
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	349,382
Pension/OPEB expense	(1,646)
Changes in current assets and liabilities:	
Accounts receivable	93,999
Inventory	1,000
Prepaid items	(18,251)
Accounts and other payables	272,476
Compensated absences	<u>(11,544)</u>
Total adjustments	<u>685,416</u>
Net cash provided by operating activities	<u>\$ 1,537,626</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 499,454
Cash - restricted	<u>47,013</u>
Total cash and cash equivalents	<u>546,467</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	323,833
Cash - restricted	<u>37,616</u>
Total cash and cash equivalents	<u>361,449</u>
Net increase	<u>\$ (185,018)</u>

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

## CITY OF ST. MARTINVILLE, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

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

##### A. Financial Reporting Entity

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

The financial reporting entity should consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The major funds of the City are described below:

Governmental Funds -

General Fund -

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

Capital Projects Fund -

Capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund -

Enterprise Fund -

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

The City's nonmajor funds are described below:

Debt Service Fund -

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

Section 8 Fund -

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

C. Measurement Focus/Basis of Accounting

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Cash and interest-bearing deposits

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

Investments

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

Interfund receivables and payables

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

Inventories

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

Prepays

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. The major receivable balance for the governmental activities is sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading/billing and the end of the month are estimated and recorded at June 30, 2020. All receivables are shown net of an allowance account, as applicable. At June 30, 2020, the allowance amount associated with the receivables of the Utility Fund was \$28,356.

Capital Assets

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

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

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments that are legally restricted as to their use. At June 30, 2020, the restricted assets were related to utility customers' deposits in the amounts of \$360,240.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Long-term debt

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

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

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

Compensated Absences

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

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

Interfund Transfers

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

F. Capitalization of Interest Expense

It is the policy of the City of St. Martinville to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the proprietary funds. At June 30, 2020, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

G. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2020, the City has cash and interest-bearing deposits (book balances) totaling \$1,763,192.

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

Deposit balances (bank balances) at June 30, 2020 are secured as follows:

Bank balances	<u>\$1,664,413</u>
Federal deposit insurance	\$ 713,591
Pledged securities	<u>950,822</u>
Total	<u>\$1,664,413</u>

Deposits in the amount of \$950,822 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the City's name. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand. The City does not have a policy for custodial credit risk.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Investments

As of June 30, 2020, the City had the following investments and maturities:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One - Five Years</u>
Mutual Funds:				
Fixed Income	100%	\$ 498,777	\$ 448,253	\$ 50,524
Money Market	0%	247	247	-
Total	<u>100%</u>	<u>\$ 499,024</u>	<u>\$ 448,500</u>	<u>\$ 50,524</u>

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

Credit Risk/Concentration of Credit Risk – Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City limits investments to government securities that are direct and indirect obligations of the United States Government. At June 30, 2020, investments with a fair value of 498,777 were rated AA+ by Standards & Poor’s.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires all investments to be in the City’s name and all ownership securities to be evidenced by an acceptable safekeeping receipt issued by a third-party financial institution which is acceptable to the City. Accordingly, the City had no custodial credit risk related to its investments at June 30, 2020.

(4) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2020 consisted of the following:

Governmental Activities -	
Federal grants	\$ 39,555
State of Louisiana:	
Federal pass-through grant funds	295,929
Beer tax	3,991
Video poker	54,500
Louisiana Department of Transportation:	
Off track betting	3,599
Housing Authority - payment in lieu of taxes	33,691
Other	241
Total Governmental Activities	<u>431,506</u>
Business Type Activities -	
Federal Grants	109,531
	<u>\$ 541,037</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance 07/01/19	Additions	Deletions	Balance 06/30/20
Governmental activities:				
Assets not being depreciated:				
Land	\$ 768,890	\$ -	\$ 23,500	\$ 745,390
Construction in progress	1,225,779	43,774	1,198,342	71,211
Assets being depreciated:				
Buildings and improvements	6,916,302	51,338	23,888	6,943,752
Equipment and vehicles	1,273,428	381,409	39,056	1,615,781
Infrastructure	3,322,042	1,170,841	-	4,492,883
Totals	<u>13,506,441</u>	<u>1,647,362</u>	<u>1,284,786</u>	<u>13,869,017</u>
Less accumulated depreciation:				
Buildings and improvements	4,111,001	238,643	23,888	4,325,756
Equipment and vehicles	876,152	141,050	38,917	978,285
Infrastructure	782,747	100,126	-	882,873
Total accumulated depreciation	<u>5,769,900</u>	<u>479,819</u>	<u>62,805</u>	<u>6,186,914</u>
Governmental activities, capital assets, net	<u>\$7,736,541</u>	<u>\$1,167,543</u>	<u>\$1,221,981</u>	<u>\$7,682,103</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 482,737	\$ -	\$ -	\$ 482,737
Capital assets being depreciated:				
Buildings and improvements	1,044,232	-	692	1,043,540
Equipment	1,031,021	-	113,257	917,764
Wastewater and water plant	17,153,144	-	77,698	17,075,446
Electric lines and meters	1,869,924	-	12,207	1,857,717
Totals	<u>21,581,058</u>	<u>-</u>	<u>203,854</u>	<u>21,377,204</u>
Less accumulated depreciation:				
Buildings and improvements	1,034,121	938	692	1,034,367
Equipment	847,931	28,832	113,257	763,506
Wastewater and water plant	8,524,640	294,022	77,698	8,740,964
Electric lines and meters	1,679,801	25,590	12,207	1,693,184
Total accumulated depreciation	<u>12,086,493</u>	<u>349,382</u>	<u>203,854</u>	<u>12,232,021</u>
Business-type activities, capital assets, net	<u>\$9,494,565</u>	<u>\$ (349,382)</u>	<u>\$ -</u>	<u>\$9,145,183</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 47,249
Public safety	78,019
Public works	129,519
Culture and recreation	137,213
Tourism	87,819
	<u>\$ 479,819</u>

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

Electric	\$ 32,676
Water	93,066
Wastewater	223,640
	<u>\$ 349,382</u>

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2020:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 271,836	\$ 1,042,730	\$ 1,314,566
Contracts and retainage	69,050	-	69,050
Accrued payroll and related liabilities	131,465	42,466	173,931
Totals	<u>\$ 472,351</u>	<u>\$ 1,085,196</u>	<u>\$ 1,557,547</u>

(7) Changes in Long-Term Debt

The following is a summary of the changes for the year ended June 30, 2020:

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020
Governmental Activities:				
General obligation bonds	\$ 1,440,000	\$ -	\$ 60,000	\$ 1,380,000
Sales tax revenue bonds	901,013	-	46,000	855,013
Series 2012 refunding bonds	1,225,000	-	230,000	995,000
Capital lease	5,559	330,269	45,734	290,094
Compensated absences	127,817	-	16,137	111,680
	<u>3,699,389</u>	<u>330,269</u>	<u>397,871</u>	<u>3,631,787</u>
Unamortized bond premium	25,084	-	5,281	19,803
Total governmental activities	<u>\$ 3,724,473</u>	<u>\$ 330,269</u>	<u>\$ 403,152</u>	<u>\$ 3,651,590</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020
Business-type Activities:				
Compensated absences	\$ 62,904	\$ -	\$ 11,544	\$ 51,360

Long-term debt at June 30, 2020 is comprised of the following:

Governmental activities –

		<u>Current Portion</u>
\$2,485,000 Street Improvement Refunding Bonds Series 2012 dated June 29, 2012; due in annual installments of \$20,000 to \$260,000 through April 1, 2024; interest at 2.55 percent, payable from and secured by a pledge and dedication of excess revenues.	\$ 995,000	\$ 235,000
\$1,500,000 General Obligation Bond Series 2016 dated March 10, 2016; due in annual installments of \$60,000 - \$115,000 through March 1, 2036; interest at 3.00 percent and payable from and secured by levy collection of ad valorem taxes.	1,380,000	65,000
\$944,013 Sales Tax Bond, Series 2015 issued by Louisiana Department of Environmental Quality; due in annual installments of \$92,000 to \$99,000 through January 1, 2029; interest at 0.45 percent, payable from sales tax collections. Interest and administrative fees amounted to \$2,027 and \$2,253, respectively, for the year ended June 30, 2020.	<u>855,013</u>	<u>93,000</u>
Total bonds payable	3,230,013	393,000
Add: premium on issuance of debt	<u>19,803</u>	
Net bonds payable	<u>3,249,816</u>	

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(Continued)

Capital Lease -

\$228,623 vehicle lease dated August 8, 2019, due in 60 monthly installments of \$754.05, including interest at 5.50 percent, through August 8, 2024, secured by General Fund revenues and assets with a carrying value of \$193,995 at June 30, 2020.

194,739      42,760

\$75,413 equipment lease dated Febaury 10, 2020, due in 60 monthly installments of \$1,457, including interest at 6.06 percent, through August 8, 2024, secured by General Fund revenues and assets with a carrying value of \$73,842 at June 30, 2020.

70,712      13,489

\$26,233 equipment lease dated April 9, 2020, due in 60 monthly installments of \$754.05, including interest at 5.45 percent, through August 8, 2024, secured by General Fund revenues and assets with a carrying value of \$25,296 at June 30, 2020.

24,643      6,088

Total capital lease payable

290,094      62,337

Total governmental activities long-term liabilities

\$ 3,539,910      \$ 455,337

The annual requirements to amortize debt outstanding at June 30, 2020 are as follows:

June 30,	Governmental Activities			
	Bonds		Capital Lease	
	Principal	Interest	Principal	Interest
2021	\$ 393,000	\$ 69,645	\$ 62,338	\$ 14,828
2022	404,000	61,284	65,948	11,218
2023	420,000	52,589	69,767	7,398
2024	426,000	43,559	71,980	3,365
2025	172,000	34,322	20,062	326
2026-2030	795,013	129,378	-	-
2031-2035	505,000	56,325	-	-
2036	115,000	1,725	-	-
Totals	<u>\$ 3,230,013</u>	<u>\$ 448,827</u>	<u>\$ 290,094</u>	<u>\$ 37,136</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Pension Plans

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

**Plan Descriptions:**

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

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

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

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

	<u>MERS</u>	<u>MPERS</u>
Final average salary	Final average compensation	Highest 36 months or 60 months <sup>2</sup>
Years of service required and/or age eligible for benefits	25 years of any age 10 years age 60 20 years any age <sup>1</sup>	25 years of any age 20 years age 50 12 years age 55 20 years any age <sup>1</sup> 30 years any age <sup>3</sup> 25 years age 55 <sup>3</sup> 10 years age 60 <sup>3</sup>
Benefit percent per years of service	3.00%	2.50 - 3.33% <sup>4</sup>

<sup>1</sup> With actuarial reduced benefits

<sup>2</sup> Membership commencing January 1, 2013

<sup>3</sup> Under non hazardous duty sub plan commencing January 1, 2013

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Contributions**

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee. Contributions of employees, employers, and non-employer contributing entities effective for the year ended June 30, 2020 for the defined benefit pension plans in which the City is a participating employer were as follows:

<u>Plan</u>	<u>Active Member Contribution Percentage</u>	<u>Employer Contribution Percentage</u>	<u>Nonemployer Contributing Entities</u>	<u>Government Contributions</u>
MERS	5.00%	14.00%	\$ 40,764	\$ 180,030
MPERS	10.00%	32.25%	9,356	45,816
Total			<u>\$ 50,120</u>	<u>\$ 225,846</u>

**Net Pension Liability**

The City’s net pension liability at June 30, 2020 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the City is a participating employer. The City’s net pension liability for each plan was measured as of the plan’s measurement date (June 30, 2019 for both plans) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

<u>Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Proportionate Share (%) of Net Pension Liability</u>	<u>Increase/(Decrease) from Prior Measurement Date</u>
MERS	\$ 1,352,561	1.546114%	-0.196244%
MPERS	412,708	0.045444%	-0.005047%
Total	<u>\$ 1,765,269</u>		

Since the measurement date of the net pension liability was June 30, 2019, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan’s assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the City’s net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows: MERS – <http://www.mersla.com> ; MPERS – <http://lampers.org/> .

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Actuarial Assumptions**

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

	<u>MERS</u>	<u>MPERS</u>
Date of experience study	7/1/2009-6/30/2014	7/1/2009-6/30/2014
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	7.0%, net of investment expense	7.125%, net of investment expense
Expected remaining service lives	3	4
Inflation rate	2.500%	2.500%
Projected salary increases	4.5% - 7.4%	4.25% - 9.75%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(4), (5)

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

**Cost of Living Adjustments**

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability for MERS was 7.000%, which was a decrease of 0.275% from the prior year valuation. The discount rate used to measure the total pension liability for MPERS was 7.125%, which was a decrease of 0.075% from the prior year valuation. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net positions was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-term Rate of Return**

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

Asset Class	MERS		MPERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Public equity	49%	3.28%	50%	2.15%
Public fixed income	34%	0.80%	35%	1.51%
Alternative Investments	18%	1.06%	15%	0.64%
Other	-	-	0%	0.00%
Totals	<u>100%</u>	<u>5.14%</u>	<u>100%</u>	<u>4.30%</u>
Inflation		<u>2.75%</u>		<u>2.70%</u>
Expected arithmetic nominal return		<u>7.89%</u>		<u>7.00%</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2020, the City recognized \$233,350 and \$60,122 in pension expense related to MERS and MPERS, respectively.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	MERS	MPERS	Total
Difference between expected and actual experience	\$ -	\$ 866	\$ 866
Changes of assumptions	82,451	23,127	105,578
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	8,965	-	8,965
Net differences between projected and actual earnings on plan investments	142,458	26,813	169,271
Contributions subsequent to the measurement date	180,547	69,994	250,541
Total	<u>\$ 414,421</u>	<u>\$ 120,800</u>	<u>\$ 535,221</u>

  

	Deferred Inflows of Resources		
	MERS	MPERS	Total
Difference between expected and actual experience	\$ 59,992	\$ 12,697	\$ 72,689
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	118,478	123,184	241,662
Total	<u>\$ 178,470</u>	<u>\$ 135,881</u>	<u>\$ 314,351</u>

Deferred outflows of resources of \$250,541 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the subsequent year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended June 30	MERS	MPERS	Total
2020	\$ 25,301	\$ (41,085)	\$ (15,784)
2021	(1,241)	(50,795)	(52,036)
2022	18,970	110	19,080
2023	12,374	6,695	19,069
	<u>\$ 55,404</u>	<u>\$ (85,075)</u>	<u>\$ (29,671)</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	7.000%	\$ 1,802,616	\$ 1,352,561	\$ 971,936
MPERS	7.125%	575,038	412,708	276,529
Total		<u>\$ 2,377,654</u>	<u>\$ 1,765,269</u>	<u>\$ 1,248,465</u>

**Payables to the Pension Plans**

At June 30, 2020, the City’s payables were \$11,945 and \$7,226 to MERS and MPERS, respectively, for the month of June 2020, which were the contractually required contributions.

(9) Postretirement Health Care and Life Insurance Benefits

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>48</u>
Total	<u>52</u>

A total of 48 active and 4 retirees have one or more health coverages.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Total OPEB Liability**

The City's total OPEB liability of \$395,359 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	3.5%
Discount rate, including inflation	2.21%
Medical healthcare cost trend rate, flat annually	4.5%
Dental/vision healthcare cost trend rate, flat annually	3.0%
Mortality	RH-2014 Total Table

**Changes in the Total OPEB Liability**

Balance at June 30, 2019	<u>\$ 365,500</u>
Changes for the year:	
Service cost	27,433
Interest	14,592
Changes in assumptions	21,556
Benefit payments and net transfers	<u>(33,722)</u>
Net changes	<u>29,859</u>
Balance at June 30, 2019	<u>\$ 395,359</u>

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

	1.00% Decrease 1.21%	Current Discount Rate 2.21%	1.00% Increase 3.21%
Total OPEB liability	<u>\$ 420,464</u>	<u>\$ 395,359</u>	<u>\$ 371,241</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

	1.00% Decrease 3.5%	Current Trend Rate 4.5%	1.00% Increase 5.5%
Total OPEB liability	<u>\$ 356,942</u>	<u>\$ 395,359</u>	<u>\$ 440,623</u>

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$42,025. At June 30, 2020, there were no deferred inflows with \$17,827 of deferred outflows of resources related to OPEB.

(10) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 180,175	\$ 375,009
Capital Projects Funds	12,968	14,617
Enterprise Fund:		
Utility Fund	362,313	193,294
Nonmajor Funds	<u>98,063</u>	<u>70,599</u>
Total	<u>\$ 653,519</u>	<u>\$ 653,519</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2020:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 1,500,000	\$ 254,593
Capital Projects Funds	-	-
Enterprise Fund:		
Utility Fund	-	1,500,000
Nonmajor Funds	<u>254,593</u>	<u>-</u>
Total	<u>\$ 1,754,593</u>	<u>\$ 1,754,593</u>

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

(11) Dedication of Sales Tax Revenues

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

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

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

Sales and use tax revenues for the fiscal year ended June 30, 2020 were \$1,676,313. Proceeds from the taxes and all reasonable and necessary costs and expenses of collecting the taxes are recorded in the General Fund.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Ad Valorem Taxes

For the year ended June 30, 2020, taxes of 8.65 mills were levied on property with assessed valuations totaling \$22,678,418 and were dedicated as follows:

General alimony	4.08 mills
Public improvement bonds	4.57 mills

Total taxes levied for the year ended June 30, 2020 were \$196,168. The taxes are levied and assessed in June of each year. Tax bills are mailed in November, due on December 31, and are delinquent if unpaid as of January 1.

(13) Contracts

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

During the year ended June 30, 2020, the City purchased power from CLECO in the amount of \$2,710,509 of which \$592,560 was payable at year end. This amount has been accrued in the accompanying financial statements.

(14) Fair Value Measurements

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

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

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2020:

Description	Total	Level 1	Level 2	Level 3
Mutual Funds:				
Fixed Income	<u>\$ 498,777</u>	<u>\$ -</u>	<u>\$ 498,777</u>	<u>\$ -</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Compensation of City Council

The compensation paid to the council members for the year ended June 30, 2020 follows:

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

(16) Risk Management

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

(17) On-behalf Payments

The City has recognized \$83,800 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(18) Contingencies

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

At June 30, 2020, the City is a defendant in a lawsuit. Although the outcome of the lawsuit is not presently determinable, in the opinion of the City's attorney, any judgements rendered in favor of the plaintiff or payments resulting from compromise settlements, if any, will be within the limits of the various insurance coverages carried by the City. The pending lawsuit is not related to any projects funded by the Louisiana Department of Environmental Quality.

(19) Tax Abatements

The City is subject to tax abatements granted by the Louisiana Board of Commerce and Energy. The program has a purpose of increasing business activity and employment in the City. Under the program, companies commit to expand or maintain facilities or employment, establish a new business, or relocate an existing business to the City. Agreements include an abatement of ad valorem taxes for a period of 10 years from the initial assessment period. These abatements result in a reduction of property taxes. At June 30, 2020, the City's ad valorem taxes were reduced by \$4,470 for industrial exemptions in effect.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

The schedule of compensation, benefits, and other payments to the Mayor for the year ended June 30, 2020 follows:

Melinda Mitchell, Mayor

Salary	\$ 56,395
Benefits - insurance	728
Benefits - retirement	8,741
Car allowance	3,547
Registration fees	250
Conference travel	597
Total	<u>\$ 70,258</u>

(21) New Accounting Pronouncements

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

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

(22) Uncertainties Arising During and After Financial Statement Date

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which may have and continue to impact the City's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CITY OF ST. MARTINVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,832,000	\$ 1,722,358	\$ 1,800,886	\$ 78,528
Licenses and permits	363,000	386,968	332,496	(54,472)
Intergovernmental	470,000	474,763	694,026	219,263
Charges for services	563,000	569,113	551,966	(17,147)
Fines and forfeitures	220,000	123,466	106,662	(16,804)
Miscellaneous income	135,250	179,638	169,174	(10,464)
Total revenues	3,583,250	3,456,306	3,655,210	198,904
Expenditures:				
Current -				
General government	905,343	980,969	1,030,273	(49,304)
Public safety	1,441,953	1,725,360	1,753,544	(28,184)
Public works	1,563,605	1,798,773	1,664,062	134,711
Recreation	238,100	280,165	273,987	6,178
Tourism	127,800	93,838	85,902	7,936
Capital outlay	452,430	291,022	368,885	(77,863)
Debt service	102,934	45,490	56,927	(11,437)
Total expenditures	4,832,165	5,215,617	5,233,580	(17,963)
Deficiency of revenues over expenditures	(1,248,915)	(1,759,311)	(1,578,370)	180,941
Other financing sources (uses):				
Proceeds from capital lease	-	254,856	330,269	75,413
Transfers in	1,200,000	1,500,000	1,500,000	-
Transfers out	(266,000)	(300,000)	(254,593)	45,407
Total other financing sources (uses)	934,000	1,454,856	1,575,676	120,820
Net change in fund balance	(314,915)	(304,455)	(2,694)	301,761
Fund balance, beginning	488,639	488,639	488,639	-
Fund balance, ending	\$ 173,724	\$ 184,184	\$ 485,945	\$ 301,761

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Changes in Net OPEB Liability and Related Ratios  
For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 27,433	\$ 27,433
Interest	14,592	13,165
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	21,556	-
Benefit payments and net transfers	<u>(33,722)</u>	<u>(28,830)</u>
Net changes	29,859	11,768
Total OPEB liability - beginning	<u>365,500</u>	<u>353,732</u>
Total OPEB liability - ending	<u>\$ 395,359</u>	<u>\$ 365,500</u>
Covered employee payroll	\$2,029,798	\$ 1,790,083
Total OPEB liability as a percentage of covered-employee payroll	19.48%	20.42%

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

CITY OF ST. MARTINVILLE

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2020\*

Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>Municipal Employees Retirement System</b>					
2020	1.54611%	\$ 1,352,561	\$ 1,183,320	114.3%	65.60%
2019	1.74236%	1,473,742	1,291,227	114.1%	65.60%
2018	1.85732%	1,607,017	1,378,305	116.6%	63.49%
2017	1.79651%	1,489,139	1,319,904	112.8%	63.34%
2016	1.76133%	1,197,084	1,230,739	97.3%	68.71%
2015	1.72688%	810,765	1,204,589	67.3%	76.94%
<b>Municipal Police Employees Retirement System</b>					
2020	0.04544%	\$ 412,708	\$ 141,916	290.8%	71.89%
2019	0.05049%	426,854	149,005	286.5%	71.89%
2018	0.07106%	620,349	212,125	292.4%	70.08%
2017	0.07828%	733,667	219,269	334.6%	66.04%
2016	0.04933%	386,425	141,570	273.0%	70.73%
2015	0.06298%	394,921	174,883	225.8%	75.10%

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Employer Pension Contributions  
For the Year Ended June 30, 2020

<u>Year ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
<b>Municipal Employees Retirement System</b>					
2020	\$ 180,030	\$ 180,030	\$ -	\$ 1,285,932	14.00%
2019	165,665	165,665	-	1,183,320	14.00%
2018	171,088	171,088	-	1,291,227	13.25%
2017	151,648	151,648	-	1,378,305	11.00%
2016	125,391	125,391	-	1,319,904	9.50%
2015	116,920	116,920	-	1,230,739	9.50%
<b>Municipal Police Employees Retirement System</b>					
2020	\$ 69,994	\$ 69,994	\$ -	\$ 217,036	32.25%
2019	45,768	45,768	-	141,916	32.25%
2018	45,819	45,819	-	149,005	30.75%
2017	67,350	67,350	-	212,125	31.75%
2016	64,684	64,684	-	219,269	29.50%
2015	44,595	44,595	-	141,570	31.50%

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

CITY OF ST. MARTINVILLE

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2020

(1) Budget and Budgetary Accounting

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

- a) The Mayor submits, no later than 15 days prior to the beginning of each fiscal year, to the City Council a proposed operating budget.
- b) A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Mayor.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the City Council.

(2) Excess Expenditures Over Appropriations

For the year ended June 30, 2020, the General Fund had actual expenditures over appropriations as follows:

	Final Budget	Actual	Excess
General Government	\$ 980,969	\$ 1,030,273	\$ (49,304)
Public Safety	1,725,360	1,756,349	(30,989)
Capital Outlay	291,022	368,885	(77,863)
Debt Service	45,490	56,927	(11,437)

(3) Pension Plans

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

CITY OF ST. MARTINVILLE

Notes to the Required Supplementary Information (Continued)  
For the Year Ended June 30, 2020

(4) Other Postemployment Benefits

- a) Benefit changes – There were no changes of benefit terms.
- b) Changes of assumptions – The valuation as of July 1, 2020 was based on a discount rate of 2.21%, which was the value of the 20 year municipal bond index as of the measurement date at the end of the measurement period and a discount rate of 3.88% was used as of the measurement date of the preceding period.

**OTHER SUPPLEMENTARY INFORMATION**

## CITY OF ST. MARTINVILLE, LOUISIANA

## Statement of Net Position

June 30, 2020

With Comparative Totals as of June 30, 2019

	2020			2019 Totals
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and interest-bearing deposits	\$ 1,401,743	\$ 323,833	\$ 1,725,576	\$ 2,147,976
Investments	5,300	171,100	176,400	154,983
Receivables, net	205,233	973,952	1,179,185	1,230,085
Internal balances	(169,019)	169,019	-	-
Due from other governmental units	431,506	109,531	541,037	200,093
Inventories	45,543	184,204	229,747	203,711
Prepaid items	83,378	26,959	110,337	38,713
Deposits	-	12,000	12,000	12,000
Total current assets	<u>2,003,684</u>	<u>1,970,598</u>	<u>3,974,282</u>	<u>3,987,561</u>
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	-	37,616	37,616	97,139
Investments	-	322,624	322,624	314,591
Capital assets -				
Land and construction in progress	816,601	482,737	1,299,338	2,477,406
Capital assets, net	<u>6,865,502</u>	<u>8,662,446</u>	<u>15,527,948</u>	<u>14,753,700</u>
Total noncurrent assets	<u>7,682,103</u>	<u>9,505,423</u>	<u>17,187,526</u>	<u>17,642,836</u>
Total assets	<u>9,685,787</u>	<u>11,476,021</u>	<u>21,161,808</u>	<u>21,630,397</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	376,576	158,645	535,221	635,988
Deferred outflows related to postemployment benefits	<u>14,262</u>	<u>3,565</u>	<u>17,827</u>	<u>-</u>
Total deferred outflows of resources	<u>390,838</u>	<u>162,210</u>	<u>553,048</u>	<u>635,988</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts, salaries, and other payables	472,350	1,085,196	1,557,546	1,265,967
Compensated absences payable	28,235	8,951	37,186	20,750
Unearned revenue	6,168	-	6,168	-
Customer deposits	4,350	360,240	364,590	366,904
Capital lease payable	62,338	-	62,338	5,559
Bonds payable	393,000	-	393,000	382,000
Accrued interest	<u>24,204</u>	<u>-</u>	<u>24,204</u>	<u>22,209</u>
Total current liabilities	<u>990,645</u>	<u>1,454,387</u>	<u>2,445,032</u>	<u>2,063,389</u>
Noncurrent liabilities:				
Compensated absences payable	83,445	42,409	125,854	169,971
Capital lease payable	227,756	-	227,756	-
Bonds payable	2,856,816	-	2,856,816	3,209,097
Net pension liability	1,237,770	527,499	1,765,269	1,900,596
Postemployment benefit obligation payable	<u>316,287</u>	<u>79,072</u>	<u>395,359</u>	<u>365,500</u>
Total noncurrent liabilities	<u>4,722,074</u>	<u>648,980</u>	<u>5,371,054</u>	<u>5,645,164</u>
Total liabilities	<u>5,712,719</u>	<u>2,103,367</u>	<u>7,816,086</u>	<u>7,708,553</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	<u>244,748</u>	<u>69,603</u>	<u>314,351</u>	<u>285,563</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,123,637	9,145,183	14,268,820	14,557,242
Restricted:				
Purpose of grantor	29,802	-	29,802	38,702
Capital projects	950,242	-	950,242	1,051,118
Debt service	54,827	-	54,827	113,440
Unrestricted (deficit)	<u>(2,039,350)</u>	<u>320,078</u>	<u>(1,719,272)</u>	<u>(1,488,233)</u>
Total net position	<u>\$ 4,119,158</u>	<u>\$ 9,465,261</u>	<u>\$ 13,584,419</u>	<u>\$ 14,272,269</u>

CITY OF ST. MARTINVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2020  
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020			Variance with Final Budget Positive (Negative)	2019 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes -					
Ad valorem	\$ 100,000	\$ 90,514	\$ 90,882	\$ 368	\$ 88,983
Payments in lieu of taxes	32,000	32,000	33,691	1,691	32,024
Sales	1,700,000	1,599,844	1,676,313	76,469	1,668,028
Total taxes	<u>1,832,000</u>	<u>1,722,358</u>	<u>1,800,886</u>	<u>78,528</u>	<u>1,789,035</u>
Licenses and permits -					
Occupational and liquor licenses	255,000	276,733	241,857	(34,876)	241,478
Franchise, fees, and permits	108,000	110,235	90,639	(19,596)	116,875
Total licenses and permits	<u>363,000</u>	<u>386,968</u>	<u>332,496</u>	<u>(54,472)</u>	<u>358,353</u>
Intergovernmental -					
Federal and state grants	30,000	109,531	295,929	186,398	4,960
State revenue sharing	2,000	2,027	3,040	1,013	4,395
Beer tax	12,000	11,260	12,436	1,176	8,652
Video poker/Off track betting	325,000	265,145	291,551	26,406	335,244
Local grants	-	-	-	-	44,000
Other	5,000	-	7,270	7,270	7,270
On behalf payments	96,000	86,800	83,800	(3,000)	79,683
Total intergovernmental	<u>470,000</u>	<u>474,763</u>	<u>694,026</u>	<u>219,263</u>	<u>484,204</u>
Charges for services -					
Garbage	514,000	512,814	513,833	1,019	504,021
Grass cutting fees	-	11,575	4,620	(6,955)	1,315
Recreation	38,000	33,198	22,523	(10,675)	56,773
Tourism center	11,000	11,526	10,990	(536)	13,928
Total charges for services	<u>563,000</u>	<u>569,113</u>	<u>551,966</u>	<u>(17,147)</u>	<u>576,037</u>
Fines and forfeits	220,000	123,466	106,662	(16,804)	131,569
Miscellaneous -					
Sale of assets	50,000	43,429	54,609	11,180	123,610
Interest	250	209	479	270	273
Other	85,000	136,000	114,086	(21,914)	62,086
Total miscellaneous	<u>135,250</u>	<u>179,638</u>	<u>169,174</u>	<u>(10,464)</u>	<u>185,969</u>
Total revenues	<u>\$ 3,583,250</u>	<u>\$ 3,456,306</u>	<u>\$ 3,655,210</u>	<u>\$ 198,904</u>	<u>\$ 3,525,167</u>

CITY OF ST. MARTINVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2020  
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Actual	Variance with Final Budget Positive (Negative)	2019 Actual
	Budget				
	Original	Final			
Current:					
General government -					
Mayor and council salaries	\$ 101,000	\$ 97,432	\$ 101,210	\$ (3,778)	\$ 101,194
Other salaries and wages	294,000	315,710	296,761	18,949	280,813
Retirement	46,000	50,070	50,974	(904)	44,283
Group insurance	50,000	58,596	55,365	3,231	53,152
Payroll taxes	29,000	30,629	30,345	284	27,167
Auto allowance	9,600	4,000	4,000	-	9,600
Insurance	98,000	55,138	94,870	(39,732)	83,306
Office	30,000	55,833	58,835	(3,002)	37,989
Advertising	13,000	8,074	10,149	(2,075)	7,941
Dues	1,750	1,958	1,698	260	1,300
Claim payments	14,000	-	57,107	(57,107)	13,220
Legal and professional fees	60,000	101,643	105,897	(4,254)	101,824
Magistrate	12,600	12,600	16,650	(4,050)	12,600
Travel and conferences	12,500	6,045	6,045	-	14,406
Fuel	3,500	1,566	1,374	192	3,070
Indigent defendants cost	33,000	27,257	34,011	(6,754)	42,597
Telephone and postage	7,500	15,160	16,249	(1,089)	6,703
Rent	5,143	5,143	-	5,143	5,143
Repairs and maintenance	8,000	17,214	20,325	(3,111)	9,184
Collection expense	26,500	23,325	26,330	(3,005)	24,260
Contribution - SMEDA	14,000	14,000	7,965	6,035	14,000
Inspection fees	20,000	19,771	20,254	(483)	26,317
COVID 19 expense	-	-	2,200	(2,200)	-
Grant repayment	-	50,000	-	50,000	43,429
Uniforms	250	-	-	-	152
Miscellaneous	16,000	9,805	11,659	(1,854)	15,718
Total general government	<u>905,343</u>	<u>980,969</u>	<u>1,030,273</u>	<u>(49,304)</u>	<u>979,368</u>
Public safety -					
Salaries	900,753	1,003,914	1,014,360	(10,446)	870,361
Retirement	34,200	67,267	74,141	(6,874)	45,768
Group insurance	153,000	161,896	154,711	7,185	146,855
Payroll taxes	67,000	74,264	72,527	1,737	64,141
Workman's comp	33,000	35,438	46,103	(10,665)	33,606
Insurance	98,500	122,092	132,730	(10,638)	95,547

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2020  
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Actual	Variance with Final Budget Positive (Negative)	2019 Actual
	Budget				
	Original	Final			
Public safety (continued) -					
Supplies	18,000	29,069	29,842	(773)	20,713
Telephone	24,000	26,444	43,423	(16,979)	24,186
Advertising	-	1,530	1,918	(388)	-
Dues and subscriptions	500	356	297	59	267
Legal and professional fees	18,000	30,493	33,434	(2,941)	7,638
Training	3,000	4,540	2,793	1,747	2,200
Prisoner	4,500	1,302	1,090	212	3,360
Travel and conferences	1,000	3,056	3,074	(18)	971
Fuel	39,000	56,260	46,350	9,910	44,930
Repairs and maintenance	25,000	56,328	59,644	(3,316)	51,569
Drug testing	3,000	3,063	85	2,978	1,325
Equipment	6,000	29,910	17,872	12,038	5,685
Uniforms	7,500	9,948	11,228	(1,280)	7,951
Miscellaneous	6,000	8,190	7,922	268	6,313
Total public safety	<u>1,441,953</u>	<u>1,725,360</u>	<u>1,753,544</u>	<u>(28,184)</u>	<u>1,433,386</u>
Public works -					
Salaries	565,000	593,715	598,262	(4,547)	502,501
Retirement	52,160	53,243	53,230	13	44,161
Group insurance	69,000	78,895	87,563	(8,668)	71,565
Workman's comp	30,000	39,840	57,498	(17,658)	32,977
Payroll taxes	40,600	42,454	41,108	1,346	34,776
Contract labor	20,000	28,137	29,585	(1,448)	43,778
Insurance	65,500	90,584	64,916	25,668	63,436
Supplies	52,000	32,104	47,459	(15,355)	39,845
Hurricane expenses	-	133,707	-	133,707	-
Legal and professional fees	27,000	45,739	32,987	12,752	4,053
Telephone and postage	5,000	9,757	10,666	(909)	5,061
Auto	30,000	43,955	31,245	12,710	32,866
Travel and conferences	-	-	-	-	451
Repairs and maintenance	53,635	53,274	51,527	1,747	46,522
Street repairs and maintenance	71,600	71,987	64,687	7,300	31,714
Miscellaneous	3,000	2,912	1,995	917	6,252
Dog pound	14,285	-	14,220	(14,220)	14,257
Waste collection	460,000	478,470	477,114	1,356	461,859
Uniforms	4,825	-	-	-	556
Total public works	<u>1,563,605</u>	<u>1,798,773</u>	<u>1,664,062</u>	<u>134,711</u>	<u>1,436,630</u>

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2020  
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Actual	Variance with Final Budget Positive (Negative)	2019 Actual
	Budget				
	Original	Final			
Recreation -					
Salaries	125,000	150,688	138,692	11,996	136,392
Retirement	9,000	5,539	5,299	240	7,274
Group insurance	15,000	16,078	17,007	(929)	14,584
Payroll taxes	10,000	11,690	10,389	1,301	10,027
Insurance	17,000	27,569	21,499	6,070	15,986
Workman's comp	6,000	8,072	9,654	(1,582)	5,223
Contract labor	-	11,249	13,793	(2,544)	6,531
Supplies	9,000	13,500	15,205	(1,705)	29,406
Legal and professional fees	6,000	10,164	6,848	3,316	4,117
Fuel	3,500	1,390	2,812	(1,422)	2,135
Utilities	19,000	11,502	19,691	(8,189)	19,132
Repairs and maintenance	8,000	11,938	12,408	(470)	7,793
Swimming pool expenses	10,000	-	-	-	-
Uniforms	300	-	-	-	149
Miscellaneous	300	786	690	96	393
Total recreation	<u>238,100</u>	<u>280,165</u>	<u>273,987</u>	<u>6,178</u>	<u>259,142</u>
Tourism -					
Salaries	78,000	67,537	56,281	11,256	73,208
Group insurance	8,500	8,390	7,503	887	7,845
Payroll taxes	6,500	4,225	4,225	-	5,503
Dues and subscriptions	-	750	1,675	(925)	-
Economic development	6,000	3,610	3,610	-	4,368
Workman's comp	300	345	1,834	(1,489)	217
Supplies	2,000	1,373	1,507	(134)	2,079
Repairs and maintenance	10,000	4,739	5,114	(375)	5,367
Utilities and telephone	7,500	1,060	2,023	(963)	5,937
Advertising	2,000	389	389	-	2,069
Miscellaneous	5,500	1,315	1,636	(321)	10,979
Travel and conferences	1,500	105	105	-	988
Total tourism	<u>127,800</u>	<u>93,838</u>	<u>85,902</u>	<u>7,936</u>	<u>118,560</u>
Capital outlay	<u>452,430</u>	<u>291,022</u>	<u>368,885</u>	<u>(77,863)</u>	<u>26,069</u>
Debt service:					
Principal retirement	80,483	35,474	45,734	(10,260)	29,574
Interest	22,451	10,016	11,193	(1,177)	1,762
Total debt service	<u>102,934</u>	<u>45,490</u>	<u>56,927</u>	<u>(11,437)</u>	<u>31,336</u>
Total expenditures	<u>\$ 4,832,165</u>	<u>\$ 5,215,617</u>	<u>\$ 5,233,580</u>	<u>\$ (17,963)</u>	<u>\$ 4,284,491</u>

CITY OF ST. MARTINVILLE, LOUISIANA  
Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2020  
With Comparative Actual Amounts for the Year Ended June 30, 2019

	2020		Variance with Final Budget Positive (Negative)	2019 Actual
	Budget	Actual		
<b>Revenues:</b>				
Intergovernmental -				
Federal grants	\$ -	\$ -	\$ -	\$ 13,874
Miscellaneous	835	1,031	196	1,106
Total revenues	<u>835</u>	<u>1,031</u>	<u>196</u>	<u>14,980</u>
<b>Expenditures:</b>				
Capital outlay -				
Recreation	111,596	71,239	40,357	83,318
Sewer improvements	-	30,668	(30,668)	-
Streets and drainage	-	-	-	21,593
Total capital outlay	<u>111,596</u>	<u>101,907</u>	<u>9,689</u>	<u>104,911</u>
Debt service -				
Bond issuance costs	-	-	-	-
Total expenditures	<u>111,596</u>	<u>101,907</u>	<u>9,689</u>	<u>104,911</u>
Deficiency of revenues over expenditures	<u>(110,761)</u>	<u>(100,876)</u>	<u>9,885</u>	<u>(89,931)</u>
<b>Other financing sources:</b>				
Transfers in	-	-	-	7,068
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,068</u>
Net change in fund balance	(110,761)	(100,876)	9,885	(82,863)
Fund balance, beginning	<u>1,051,118</u>	<u>1,051,118</u>	<u>-</u>	<u>1,133,981</u>
Fund balance, ending	<u>\$ 940,357</u>	<u>\$ 950,242</u>	<u>\$ 9,885</u>	<u>\$ 1,051,118</u>

**NON MAJOR GOVERNMENTAL  
FUND DESCRIPTIONS**

**SECTION 8 FUND**

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

**DEBT SERVICE FUND**

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

CITY OF ST. MARTINVILLE, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet  
June 30, 2020

	Section 8 Fund	2008 Debt Service Fund	Total
<b>ASSETS</b>			
Cash	\$ 42,201	\$ 22,940	\$ 65,141
Due from other governmental units	-	241	241
Due from other funds	3,314	94,749	98,063
Total assets	\$ 45,515	\$ 117,930	\$ 163,445
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,068	\$ -	\$ 1,068
Accrued expenses	981	-	981
Due to other funds	7,496	63,103	70,599
Unearned Revenue	6,168	-	6,168
Total liabilities	15,713	63,103	78,816
Fund balances:			
Restricted	29,802	54,827	84,629
Total liabilities and fund balances	\$ 45,515	\$ 117,930	\$ 163,445

CITY OF ST. MARTINVILLE, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
For the Year Ended June 30, 2020

	Section 8 Fund	2008 Debt Service Fund	Total
Revenues:			
Ad valorem taxes	\$ -	\$ 101,814	\$ 101,814
Federal grants	365,175	-	365,175
Miscellaneous	<u>40</u>	<u>127</u>	<u>167</u>
Total revenues	<u>365,215</u>	<u>101,941</u>	<u>467,156</u>
Expenditures:			
Current -			
Urban redevelopment and housing	374,115	-	374,115
Debt service	<u>-</u>	<u>415,147</u>	<u>415,147</u>
Total expenditures	<u>374,115</u>	<u>415,147</u>	<u>789,262</u>
Deficiency of revenues over expenditures	(8,900)	(313,206)	(322,106)
Other financing sources:			
Transfers in	<u>-</u>	<u>254,593</u>	<u>254,593</u>
Net changes in fund balances	(8,900)	(58,613)	(67,513)
Fund balances, beginning	<u>38,702</u>	<u>113,440</u>	<u>152,142</u>
Fund balances, ending	<u>\$ 29,802</u>	<u>\$ 54,827</u>	<u>\$ 84,629</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Comparative Statement of Net Position  
Enterprise Fund  
June 30, 2020 and 2019

	Utility Fund	
	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and interest-bearing deposits	\$ 323,833	\$ 499,454
Investments	171,100	149,805
Receivables:		
Accounts	973,085	1,067,084
Accrued interest	867	867
Other	109,531	-
Due from other funds	362,313	71,458
Inventory	184,204	185,204
Prepaid items	26,959	8,708
Deposits	12,000	12,000
Total current assets	2,163,892	1,994,580
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	37,616	47,013
Investments	322,624	314,591
Capital assets -		
Land and construction in progress	482,737	482,737
Other capital assets, net of accumulated depreciation	8,662,446	9,011,828
Total noncurrent assets	9,505,423	9,856,169
Total assets	11,669,315	11,850,749
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	158,645	189,667
Deferred outflows related to postemployment benefits	3,565	-
Total deferred outflows of resources	162,210	189,667
<b>LIABILITIES</b>		
Current liabilities:		
Accounts, salaries, and other payables	1,085,196	812,720
Compensated absences	8,951	6,289
Due to other funds	193,294	107,339
Customer deposits	360,240	361,604
Total current liabilities	1,647,681	1,287,952
Noncurrent liabilities:		
Compensated absences	42,409	56,615
Net pension liability	527,499	574,759
Postemployment benefit obligation payable	79,072	100,828
Total noncurrent liabilities	648,980	732,202
Total liabilities	2,296,661	2,020,154
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	69,603	45,588
<b>NET POSITION</b>		
Net investment in capital assets	9,145,183	9,494,565
Unrestricted	320,078	480,109
Total net position	\$ 9,465,261	\$ 9,974,674

CITY OF ST. MARTINVILLE, LOUISIANA

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

Enterprise Fund

For the Years Ended June 30, 2020 and 2019

	Utility Fund	
	2020	2019
Operating revenues:		
Charges for services -		
Electric	\$ 4,426,042	\$ 4,678,908
Water	608,216	595,143
Wastewater	563,192	545,418
Permits, reconnections and penalties	165,300	169,774
Contract revenues	-	250,000
Total operating revenues	<u>5,762,750</u>	<u>6,239,243</u>
Operating expenses:		
Electric	3,783,681	3,849,734
Water	502,288	660,678
Wastewater	<u>624,571</u>	<u>715,121</u>
Total operating expenses	<u>4,910,540</u>	<u>5,225,533</u>
Operating income	<u>852,210</u>	<u>1,013,710</u>
Nonoperating revenues (expenses):		
Investment income	12,948	12,581
Interest expense	-	(494)
Federal grant revenue	109,531	-
Nonemployer contribution revenue	<u>15,898</u>	<u>17,062</u>
Total nonoperating revenues (expenses)	<u>138,377</u>	<u>29,149</u>
Income before capital contributions and transfers	990,587	1,042,859
Transfers out	<u>(1,500,000)</u>	<u>(1,200,000)</u>
Change in net position	(509,413)	(157,141)
Net position, beginning	<u>9,974,674</u>	<u>10,131,815</u>
Net position, ending	<u>\$ 9,465,261</u>	<u>\$ 9,974,674</u>

CITY OF ST. MARTINVILLE, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Departmental Statement of Revenues and Expenses  
For the Years Ended June 30, 2020 and 2019

	Totals		Electric	
	2020	2019	2020	2019
Operating revenues:				
Customers service charges	\$ 5,597,450	\$ 5,819,469	\$ 4,426,042	\$ 4,678,908
Permits, reconnections and penalties	165,300	169,774	165,156	140,579
Contract revenues	-	250,000	-	250,000
Total operating revenues	<u>5,762,750</u>	<u>6,239,243</u>	<u>4,591,198</u>	<u>5,069,487</u>
Operating expenses:				
Salaries	606,387	552,336	257,499	169,755
Retirement	91,109	76,804	33,989	22,157
Payroll taxes	43,545	40,143	18,342	12,124
Group insurance	81,796	104,933	14,886	26,342
Worker's comp	24,739	20,886	10,706	5,257
Power purchased	2,710,509	2,941,761	2,710,509	2,941,761
State mandated water fee	42,356	45,302	-	-
Maintenance and supplies	320,978	233,780	242,170	100,119
Chemicals	38,815	47,530	-	-
Fuel	34,862	42,003	14,402	10,179
Depreciation expense	349,382	381,180	32,676	44,834
Utilities	75,747	67,322	15,680	4,358
Telephone	53,269	40,086	80	920
Truck operation	12,424	30,064	5,511	9,318
Office supplies and postage	18,015	12,639	-	-
Bad debts	8,237	22,061	-	-
Insurance	122,914	114,698	44,710	43,583
Miscellaneous	2,933	4,668	392	549
Professional fees	183,086	335,152	7,841	100,214
Uniforms	713	757	563	151
Contractual services	88,724	111,428	86,199	100,970
Allocation of general and administrative expense	-	-	287,526	257,143
Total operating expenses	<u>4,910,540</u>	<u>5,225,533</u>	<u>3,783,681</u>	<u>3,849,734</u>
Net operating income (loss)	<u>\$ 852,210</u>	<u>\$ 1,013,710</u>	<u>\$ 807,517</u>	<u>\$ 1,219,753</u>

Water		Wastewater		Administrative	
2020	2019	2020	2019	2020	2019
\$ 608,216	\$ 595,143	\$ 563,192	\$ 545,418	\$ -	\$ -
144	15,353	-	13,842	-	-
-	-	-	-	-	-
<u>608,360</u>	<u>610,496</u>	<u>563,192</u>	<u>559,260</u>	<u>-</u>	<u>-</u>
89,573	126,343	136,120	134,647	123,195	121,591
13,229	15,436	21,107	18,957	22,784	20,254
6,327	8,740	9,971	10,047	8,905	9,232
25,501	23,489	14,703	24,401	26,706	30,701
5,088	7,033	8,465	8,172	480	424
-	-	-	-	-	-
42,356	45,302	-	-	-	-
42,311	88,294	33,028	42,810	3,469	2,557
12,736	24,482	26,079	23,048	-	-
9,311	11,145	11,149	20,679	-	-
93,066	111,134	223,640	225,212	-	-
56,781	45,254	3,286	17,710	-	-
13,523	12,819	13,804	4,367	25,862	21,980
858	6,932	6,055	13,814	-	-
-	-	-	-	18,015	12,639
-	-	-	-	8,237	22,061
31,160	30,640	1,032	2,000	46,012	38,475
1,415	651	715	428	411	3,040
17,647	62,048	78,051	136,018	79,547	36,872
150	300	-	306	-	-
1,745	7,928	780	2,530	-	-
39,511	32,708	36,586	29,975	(363,623)	(319,826)
<u>502,288</u>	<u>660,678</u>	<u>624,571</u>	<u>715,121</u>	<u>-</u>	<u>-</u>
<u>\$ 106,072</u>	<u>\$ (50,182)</u>	<u>\$ (61,379)</u>	<u>\$ (155,861)</u>	<u>\$ -</u>	<u>\$ -</u>

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

# KOLDER, SLAVEN & COMPANY, LLC

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Victor R. Slaven, CPA\* - retired 2020

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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*

WWW.KCSRCPAS.COM

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Martinville, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of St. Martinville, Louisiana's basic financial statements and have issued our report thereon dated February 17, 2021.

## Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified items 2020-001 through 2020-010 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of St. Martinville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2020-011 through 2020-012.

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

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

### **Purpose of this Report**

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
February 17, 2021

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

WWW.KCSRCPAS.COM

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

### Report on Compliance for Each Major Federal Program

We have audited the City of St Martinville, Louisiana compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the City'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the City'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 the City's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, the City 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, 2020.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-013 through 2020-015. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Management of the City 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 the City'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 the Uniform Guidance, 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 the City'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 a 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 identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-016 and 2020-017, that we consider to be material weaknesses.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
February 17, 2021

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Name	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
<b>Direct Programs:</b>			
United States Department of Housing and Urban Development- Section 8 Housing Choice Vouchers	14.871	N/A	<u>\$ 349,791</u>
<b>Indirect Programs:</b>			
United States Department of Housing and Urban Development - Passed through the Monroe Housing Authority - Section 8 Housing Choice Vouchers	14.871	N/A	5,059
Passed through the Lafayette Housing Authority - Section 8 Housing Choice Vouchers	14.871	N/A	3,499
Passed through the East Baton Rouge Housing Authority - Section 8 Housing Choice Vouchers	14.871	N/A	5,435
Passed through the Town of Kinder Housing Authority - Section 8 Housing Choice Vouchers	14.871	N/A	<u>927</u>
Total Indirect Section 8 Housing Choice Vouchers			<u>14,920</u>
Total Housing Voucher Cluster			<u>364,711</u>
United States Department of Treasury/State of Louisiana Division of Administration COVID 19 - Coronavirus Relief Fund	21.019	N/A	<u>268,467</u>
United States Department of Homeland Security/Governor's Office of Homeland Security and Emergency Preparedness Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	<u>136,993</u>
Total indirect programs			<u>420,380</u>
Total Federal Awards			<u>\$ 770,171</u>

CITY OF ST. MARTINVILLE, LOUISIANA  
Lafayette, Louisiana

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of City of St. Martinville (City) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported in accordance with accounting principles generally accepted in the United States of America as applied to governmental units, which is described in Note 1 to the City's basic financial statements for the year ended June 30, 2020. Such expenditures are recognized following the cost principle contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Outstanding Loans

The City has an outstanding loan balance under the Clean Water State Revolving funds in the amount of \$855,013.

(5) COVID-19 Grant Funds

The City received \$6,168 of COVID-19 funding from U.S. Department of Housing and Urban Development for the Section 8 Housing Choice Voucher Program (CFDA 14.871). The City was unable to utilize these funds for their intended purpose during the fiscal year; therefore, these funds are reported as unearned revenues on the City's statement of net position.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City were prepared in accordance with GAAP.
2. There were no significant deficiencies in internal control disclosed during the audit of the financial statements. There were ten material weaknesses reported.
3. There were two instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, disclosed during the audit.
4. There were no significant deficiencies and two material weakness in internal control over the major federal program disclosed during the audit.
5. The auditor's report on compliance for the major federal award program for the City expresses an unmodified opinion on the major federal program.
6. There were audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) reported on this schedule.
7. The following program is considered to be a major program: Coronavirus Relief Fund (21.019) and Section 8 Housing Choice Vouchers (14.871).
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The City was determined to not be a low-risk auditee

Part II Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

**Internal Control Findings -**

**2020-001 Inadequate Segregation of Accounting Functions**

Fiscal year finding initially occurred: Unknown

Criteria

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

Condition

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

Cause

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

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

Effect

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

Recommendation

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

Management's Corrective Action Plan

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

**2020-002 Inadequate Controls Over Reconciling Accounts**

Fiscal year finding initially occurred: 2019

Criteria

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

Condition

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

Cause

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

Effect

The general ledger required numerous adjusting journal entries in order to correct account balances. Management is unable to produce accurate monthly financial statements including budget to actual schedules.

Recommendation

The City should establish policies and procedures to reconcile general ledger accounts to appropriate supporting documentation on a monthly basis. Additionally, monthly financial statements and budget to actuals schedules should be prepared in order to adequately monitor the operations of the City.

Management's Corrective Action Plan

The City will review its policies and procedures and ensure that general ledger accounts are being reconciled to appropriate supporting documentation. The City will produce accurate monthly financial statements and budget to actual schedules in order to effectively monitor the City's activities.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

**2020-003 Inadequate Controls Over Utility Fees**

Fiscal year finding initially occurred: 2019

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

Management's Corrective Action Plan

Management contacted their utility billing software provider to automate these charges. Effective March 2020, the late fees are automatically being added to customer accounts that meet the appropriate delinquent time period.

**2020-004 Inadequate Controls Over Customer Utility Deposits**

Fiscal year finding initially occurred: 2019

Criteria

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

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

Condition

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

Cause

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

Effect

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

Recommendation

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

Management's Corrective Action Plan

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

**2020-005 Inadequate Controls Over Inventory**

Fiscal year finding initially occurred: 2018

Criteria

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

Condition

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

Cause

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

Effect

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

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

Recommendation

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

Management's Corrective Action Plan

Management will revise their policies and procedures to ensure inventory access is restricted to authorized personnel. Procedures will be implemented to ensure proper documentation is being utilized to receive and requisition inventory items.

**2020-006 Inadequate Controls Over Capital Assets**

Fiscal year finding initially occurred: 2019

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

Management's Corrective Action Plan

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

**2020-007 Inadequate Controls Over Bank Reconciliations**

Fiscal year finding initially occurred: 2019

Criteria

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

Condition

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

Cause

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

Effect

The City's bank reconciliations were completed in excess of 60 days of the related statement closing date. The City's bank reconciliations included duplicate checks and deposits as outstanding items.

Recommendation

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

Management's Corrective Action Plan

Management will ensure all activity is properly recorded on the general ledger and bank reconciliations will be completed within the prescribed timeframe.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

**2020-008 Inadequate Controls Over the Collection of Fines**

Fiscal year finding initially occurred: 2019

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

Management's Corrective Action Plan

Management will revise their policies and procedures to incorporate daily reconciliation and deposits of cash collections for fine revenue.

**2020-009 Inadequate Controls Over Timesheets**

Fiscal year finding initially occurred: 2019

Criteria

The City should have a control policy to ensure adequate documentation is maintained to substantiate the hours worked by each employee and all timesheets are signed by employees and supervisors.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

Condition

The City did not have a control policy to ensure adequate documentation is being maintained to substantiate the hours worked by each employee or verifying timesheets are signed by the appropriate personnel.

Cause

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

Effect

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

Recommendation

The City should have their employees sign their manual timesheets prior to submitting to their supervisor for approval. Additionally, employees utilizing the electronic timeclock should electronically approve their timesheet at the end of each pay period even though a personalized pin is used to enter their daily time.

Management's Corrective Action Plan

Management will revise their policies and procedures to incorporate obtaining the employees' and supervisors' documented approval on all manual and electronic timesheets.

**2020-010 Ticket Fine Fees Payable**

Fiscal year finding initially occurred: 2020

Criteria

State statutes require various fees to be collected in fine revenues, then subsequently remitted to the appropriate organization. The organization and related revised statutes are as follows: Acadiana Criminalistics Laboratory (R.S. 40:2266.1), Louisiana Commission on Law Enforcement (R.S. 46:1816 (E)(1)), Indigent Defender Board (R.S. 15:168), St. Martin Crime Stoppers, Inc. (La. Code of Criminal Procedure Article 895.4), LA Association of Chiefs of Police, and Louisiana Supreme Court.

Condition

The City failed to remit the fees included in the fine tickets in accordance with various state statutes.

Cause

The City failed to remit funds timely to the appropriate organizations.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

Effect

The City is in violation of the various state statutes, identified above, which require the collection of and remittance of fine fees to appropriate organizations.

Recommendation

The City should submit the required fees to the appropriate organization in a timely manner.

Management's Corrective Action Plan

The City will identify and distribute the appropriate amounts owed to the respective organizations.

**Compliance Findings -**

**2020-011 Compliance with Bond Covenants**

Fiscal year finding initially occurred: 2020

Criteria

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

Condition

The City did not comply with the cash reserve requirement for their Sales Tax Bonds, Series 2015.

Cause

The City did not maintain the required amount of cash in their reserve fund in accordance with the debt covenants for the Sales Tax Bonds, Series 2015.

Effect

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

Recommendation

The City should review the requirements of their debt covenants to ensure the appropriate cash reserves are maintained at all times.

Management's Corrective Action Plan

The City has obtained the official documents for all outstanding debt obligations and will monitor the reserve requirements on a monthly basis to ensure the required balances are maintained.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

**2020-012 Inadequate Controls Over Utility Fees**

See Internal Control Finding 2020-003.

Part III Findings and questioned costs for the Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance

**Compliance Findings -**

**United States Department of the Treasury**

**2020-013 Written Policies for Federal Programs**

Fiscal year finding initially occurred: 2020

**Coronavirus Relief Fund (21.019):**

Criteria

In accordance with 2 CFR 300.302(b)(7), the City is required to have written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles.

Condition

The City was unable to provide documentation of written procedures for determining the allowability of cost.

Cause

The City did not review the administrative requirements to ensure compliance with the financial management section of the Uniform Guidance.

Effect

The City did not comply with 2 CFR 200.302(b)(7).

Context

The Government did not have written procedures for determining the allowability of costs of federal expenditures in accordance with 2 CFR 200.302(b)(7).

Recommendation

Management should review the administrative requirements for federal programs to ensure compliance with all federal award requirements.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

Views of Responsible Officials and Planned Corrective Action

Management will review the administrative requirements for federal programs to ensure compliance with all federal award requirements. Prior to funding, all proposed activities will be reviewed for compliance with the appropriate federal requirements.

**2020-014 Maintaining Applicant Documentation**

Fiscal year finding initially occurred: 2020

**Section 8 Housing Choice Vouchers (14.871):**

Criteria

In accordance with Title 24 part 982.5(C) and Title 24 part 982.158(E)(3), the public housing agency is required to maintain the housing voucher application during the term of each assisted lease and for at least three years thereafter.

Condition

The City was unable to provide the housing voucher application for one of the five new participants examined.

Cause

The City did not adhere to their administrative plan by maintaining the required applicant documentation in accordance with the Uniform Guidance.

Effect

The City did not comply with Title 24 part 982.5(C) and Title 24 part 982.158(E)(3).

Context

The City was unable to provide a participant application that entered into the program during the fiscal year.

Recommendation

Management should review their procedures to ensure the required documentation is maintained for each participant.

Views of Responsible Officials and Planned Corrective Action

Management will review their policies and procedures to ensure the required documentation is maintained for each participant in the program.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

**2020-015 Payments Under Housing Assistance Program (HAP) Contract**

Fiscal year finding initially occurred: 2020

**Section 8 Housing Choice Vouchers (14.871):**

Criteria

In accordance with Title 24 part 982.311(a), housing assistance payments must be paid in accordance with the terms of the HAP contract.

Condition

The City remitted HAP payments to a participant that were not within the terms of the HAP contract.

Cause

The City's employee entered an incorrect HAP payment value when entering the HAP contract information into the HUD program.

Effect

The HAP contract terms stated that the HAP payment should be in the amount of \$597 when the actual payment requested and made was in the amount of \$540.

Context

One out of the nine participants examined for eligibility resulted in one participant that was not being paid in accordance with the HAP contract.

Recommendation

Management should review their policies and procedures to include a secondary review of all data entered into the HUD program for new participants.

Views of Responsible Officials and Planned Corrective Action

Management will implement procedures to enhance the controls over data entry into the HUD program. Procedures will include the review and approval of data entered into the HUD program for new participants.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2020

**Internal Control Findings –**

**2020-016 Inadequate Controls Over Timesheets**

Fiscal year finding initially occurred: 2019

**Coronavirus Relief Fund (21.019):**

See Internal Control Finding 2020-009.

**2020-017 Payments Under Housing Assistance Program (HAP) Contract**

Fiscal year finding initially occurred: 2020

**Section 8 Housing Choice Vouchers (14.871):**

See Compliance Finding 2020-015.

# The City of St. Martinville

P.O. Box 379/120 New Market St., St. Martinville, LA 70582 \* (337)394-2230 - 394-2244 fax

MAYOR  
MELINDA MITCHELL  
SECRETARY OF MAYOR/COUNCIL  
LORRIE M POIRIER  
CHIEF ADMINISTRATIVE OFFICER  
SECRETARY-TREASURER  
AVIS D. GUTEKUNST, CPA, CGMA



CITY-COUNCIL  
MIKE FUSELIER  
CRAIG PROPSE, MAYOR PRO-TEM  
DENNIS P. WILLIAMS  
JUMA A JOHNSON  
EDMOND JOSEPH

February 17, 2021

U.S. Department of Housing and Urban Development

The City of St. Martinville, Louisiana respectfully submits the following corrective action plan for the year ended June 30, 2020.

**Audit conducted by:**

Kolder, Slaven & Company, LLC  
183 S. Beadle Road  
Lafayette, Louisiana 70508

**Audit Period:** July 1, 2019 – June 30, 2020

The findings from the June 30, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

*Material Weakness-*

Internal Control:

**2020-001 Inadequate Segregation of Accounting Functions**

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

Corrective Action Plan: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

**2020-002 Inadequate Controls Over Reconciling Accounts**

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

Corrective Action Plan: The City will review its policies and procedures and ensure that general ledger accounts are being reconciled to appropriate supporting documentation. The City will produce accurate monthly financial statements and budget to actual schedules in order to effectively monitor the City's activities.

### **2020-003 Inadequate Controls Over Utility Fees**

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

Corrective Action Plan: Management contacted their utility billing software provider to automate these charges. Effective March 2020, the late fees are automatically being added to customer accounts that meet the appropriate delinquent time period.

### **2020-004 Inadequate Controls Over Customer Utility Deposits**

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

Corrective Action Plan: The City will revise their policies and procedures to include the teller recording the customer utility deposits on the subsidiary ledger. Reports will be generated and incorporated in the balancing of the teller cash.

### **2020-005 Inadequate Controls Over Inventory**

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

Corrective Action Plan: Management will revise their policies and procedures to ensure inventory access is restricted to authorized personnel. Procedures will be implemented to ensure proper documentation is being utilized to receive and requisition inventory items.

### **2020-006 Inadequate Controls Over Capital Assets**

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

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

### **2020-007 Inadequate Controls Over Bank Reconciliations**

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

Corrective Action Plan: Management will ensure all activity is properly recorded on the general ledger and bank reconciliations will be completed within the prescribed timeframe.

### **2020-008 Inadequate Controls Over the Collection of Fines**

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

Corrective Action Plan: Management will revise their policies and procedures to incorporate daily reconciliation and deposits of cash collections for fine revenue.

### **2020-009 Inadequate Controls Over Timesheets**

Finding: The City did not have a control policy to ensure adequate documentation is being maintained to substantiate the hours worked by each employee or verifying timesheets are signed by the appropriate personnel.

Corrective Action Plan: Management will revise their policies and procedures to incorporate obtaining the employees' and supervisors' documented approval on all manual and electronic timesheets.

### **2020-010 Ticket Fine Fees Payable**

Finding: The City failed to remit funds timely to the appropriate organizations.

Corrective Action Plan: The City will identify and distribute the appropriate amounts owed to the respective organizations.

Compliance:

### **2020-011 Compliance with Bond Covenants**

Finding: The City did not comply with the cash reserve requirement for their Sales Tax Bonds, Series 2015.

Corrective Action Plan: The City has obtained the official documents for all outstanding debt obligations and will monitor the reserve requirements on a monthly basis to ensure the required balances are maintained.

### **2020-012 Inadequate Controls Over Utility Fees**

See Internal Control Finding 2020-003.

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT

**Compliance Findings -**

**United States Department of the Treasury**

**Coronavirus Relief Fund (21.019):**

**2020-013 Written Policies for Federal Programs**

Finding: The City was unable to provide documentation of written procedures for determining the allowability of cost.

Corrective Action Plan: Management should review the administrative requirements for federal programs to ensure compliance with all federal award requirements.

**United States Department of Housing and Urban Development**

**Section 8 Housing Choice Vouchers (14.871):**

**2020-014 Maintaining Applicant Documentation**

Finding: The City was unable to provide the housing voucher application for one of the five new participants examined.

Corrective Action Plan: Management will review their policies and procedures to ensure the required documentation is maintained for each participant in the program.

**2020-015 Payments Under Housing Assistance Program (HAP) Contract**

Finding: The City remitted HAP payments to a participant that were not within the terms of the HAP contract.

Corrective Action Plan: Management will implement procedures to enhance the controls over data entry into the HUD program. Procedures will include the review and approval of data entered into the HUD program for new participants.

**Internal Control Findings -**

**United States Department of the Treasury**

**Coronavirus Relief Fund (21.019):**

**2020-016 Inadequate Controls Over Timesheets**

See Internal Control Finding 2020-009.

**United States Department of Housing and Urban Development**

**Section 8 Housing Choice Vouchers (14.871):**

**2020-017 Payments Under Housing Assistance Program (HAP) Contract**

See Compliance Finding 2020-015.

The finding noted above will be evaluated and corrective action will be taken by June 30, 2021 if considered necessary. Should any federal or state pass-through grant agencies have questions regarding this plan, please contact Melinda Mitchell, Mayor, at 337-394-2230.

Sincerely,



Melinda Mitchell  
Mayor

# The City of St. Martinville

P.O. Box 379/120 New Market St., St. Martinville, LA 70582 \* (337)394-2230 - 394-2244 fax

MAYOR  
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CITY-COUNCIL  
MIKE FUSELIER  
CRAIG PROPSE, MAYOR PRO-TEM  
DENNIS P. WILLIAMS  
JUMA A JOHNSON  
EDMOND JOSEPH

## CITY OF ST. MARTINVILLE, LOUISIANA Schedule of Prior Year Audit Findings For the Year Ended June 30, 2020

### FINDINGS - FINANCIAL STATEMENT AUDIT:

#### Internal Control Findings -

##### 2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

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

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

CURRENT STATUS: Not resolved. See IC 2020-001

##### 2019-002 Inadequate Controls Over Reconciling Accounts

Fiscal year finding initially occurred: 2019

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

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

CURRENT STATUS: Not resolved. See IC 2020-002

##### 2019-003 Inadequate Controls Over Occupational Licenses

Fiscal year finding initially occurred: 2018

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

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

CURRENT STATUS: Resolved

**2019-004 Inadequate Controls Over Utility Fees**

Fiscal year finding initially occurred: 2019

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

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

CURRENT STATUS: Not resolved. See IC 2020-003

**2019-005 Inadequate Controls Over Customer Utility Deposits**

Fiscal year finding initially occurred: 2019

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

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

CURRENT STATUS: Not resolved. See IC 2020-004

**2019-006 Inadequate Controls Over Inventory**

Fiscal year finding initially occurred: 2018

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

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

CURRENT STATUS: Not resolved. See IC 2020-005

**2019-007 Inadequate Controls Over Capital Assets**

Fiscal year finding initially occurred: 2019

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

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

CURRENT STATUS: Not resolved. See IC 2020-006

**2019-008 Inadequate Controls Over Bank Reconciliations**

Fiscal year finding initially occurred: 2019

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

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

CURRENT STATUS: Not resolved. See IC 2020-007

**2019-009 Inadequate Controls Over the Collection of Fines**

Fiscal year finding initially occurred: 2019

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

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

CURRENT STATUS: Not resolved. See IC 2020-008

**2019-010 Inadequate Controls Over Timesheets**

Fiscal year finding initially occurred: 2019

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

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

CURRENT STATUS: Not resolved. See IC 2020-009

**Compliance Findings -**

**2019-011 Compliance with Bond Covenants**

Fiscal year finding initially occurred: 2019

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

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

CURRENT STATUS: Resolved.

**2019-012 Inadequate Controls Over Utility Fees**

See Internal Control Finding 2019-003

**2019-013 Failure to File Audited Financial Statements Timely**

Fiscal year finding initially occurred: 2019

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

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

CURRENT STATUS: Resolved.

Sincerely,



Melinda Mitchell  
Mayor