

**TOWN OF DELCAMBRE, LOUISIANA**

Financial Statements

Year Ended April 30, 2013

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## INDEPENDENT AUDITORS' REPORT

The Honorable Carol Broussard, Mayor,  
and Members of the Board of Aldermen  
Town of Delcambre, 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 Town of Delcambre, Louisiana, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the Town'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.

### *Auditors' 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 Town of Delcambre, as of April 30, 2013, 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.

### ***Emphasis of Matter***

As described in Note 20 to the financial statements, in 2013, the Town of Delcambre adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 38 through 40 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 require 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 an opinion on the financial statements that collectively comprise the Town of Delcambre, Louisiana's basic financial statements. The other supplementary information on pages 46 through 51 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information section 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 provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2014, on our consideration of the Town of Delcambre's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Delcambre's internal control over financial reporting and compliance.

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

Abbeville, Louisiana  
March 6, 2014

## **BASIC FINANCIAL STATEMENTS**

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

TOWN OF DELCAMBRE, LOUISIANA

Statement of Net Position  
April 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 793,479	\$ 378,527	\$ 1,172,006
Receivables, net	9,776	84,114	93,890
Due from other governmental units	37,008	-	37,008
Prepaid expenses	6,676	2,830	9,506
Total current assets	<u>846,939</u>	<u>465,471</u>	<u>1,312,410</u>
Noncurrent assets:			
Restricted assets -			
Cash	-	25,766	25,766
Interest bearing deposits	-	35,000	35,000
Capital assets -			
Non-depreciable	515,309	1,644,182	2,159,491
Depreciable, net of accumulated depreciation	1,651,586	4,953,514	6,605,100
Total noncurrent assets	<u>2,166,895</u>	<u>6,658,462</u>	<u>8,825,357</u>
Total assets	<u>3,013,834</u>	<u>7,123,933</u>	<u>10,137,767</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	30,059	20,697	50,756
Accrued interest payable	18,276	-	18,276
Compensated absences payable	7,805	2,112	9,917
Internal balances	(121,001)	121,001	-
Short term debt payable	287,072	-	287,072
Total current liabilities	<u>222,211</u>	<u>143,810</u>	<u>366,021</u>
Noncurrent liabilities:			
Customers' deposits	-	60,766	60,766
Long term debt payable	85,036	-	85,036
Total noncurrent liabilities	<u>85,036</u>	<u>60,766</u>	<u>145,802</u>
Total liabilities	<u>307,247</u>	<u>204,576</u>	<u>511,823</u>
NET POSITION			
Net investment in capital assets	2,078,358	6,597,696	8,676,054
Unrestricted	628,229	321,661	949,890
Total net position	<u>\$ 2,706,587</u>	<u>\$6,919,357</u>	<u>\$ 9,625,944</u>

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

TOWN OF DELCAMBRE, LOUISIANA

Statement of Activities  
For the Year Ended April 30, 2013

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 91,501	\$ 147,923	\$ -	\$ 18,490	\$ 74,912	\$ -	\$ 74,912
Public safety:							
Police	285,188	26,167	25,050	-	(233,971)	-	(233,971)
Fire	95,500	42,988	-	-	(52,512)	-	(52,512)
Public works	256,002	11,879	-	101,652	(142,471)	-	(142,471)
Total governmental activities	728,191	228,957	25,050	120,142	(354,042)	-	(354,042)
Business-type activities:							
Gas	182,670	122,481	-	-	-	(60,189)	(60,189)
Water	285,010	250,783	-	15,917	-	(18,310)	(18,310)
Sewer	305,726	161,828	-	12,248	-	(131,650)	(131,650)
Administrative	2,271	25,733	-	-	-	23,462	23,462
Total business-type activities	775,677	560,825	-	28,165	-	(186,687)	(186,687)
Total	\$ 1,503,868	\$ 789,782	\$ 25,050	\$ 148,307	(354,042)	(186,687)	(540,729)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					37,917	-	37,917
Sales and use taxes, levied for general purposes					214,453	-	214,453
Other taxes					38,825	-	38,825
Interest income					1,994	1,431	3,425
Miscellaneous					119,595	870	120,465
Transfers					(5,468)	5,468	-
Total general revenues and transfers					407,316	7,769	415,085
Change in net position					53,274	(178,918)	(125,644)
Net position - May 1, 2012					2,653,313	7,098,275	9,751,588
Net position - April 30, 2013					\$ 2,706,587	\$ 6,919,357	\$ 9,625,944

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **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.

### **Special Revenue Funds**

#### **Sales Tax Fund**

To account for the receipt and use of proceeds of the Town's one percent sales and use tax. These taxes are dedicated to the following purposes: Opening, constructing, paving, resurfacing and improving streets, sidewalks, bridges, drains, and drainage canals; constructing and purchasing street light facilities, fire and police department stations and equipment, garbage disposal and health and sanitation equipment and facilities, public buildings and recreational facilities and acquiring the necessary equipment and furnishings thereof; and paying for the costs of operating and maintaining public buildings, streets, bridges, drainage, lighting, facilities, and fire, police and health and sanitation departments.

#### **Special Fund**

To account for the collection and disbursements of funds used for fire protection for the Town of Delcambre.

### **Capital Projects Fund**

#### **Louisiana Community Development Block Grant (LCDBG) Fund**

To account for the collection and disbursements of federal funds used for various improvement projects for the Town of Delcambre.

### **Enterprise Fund**

#### **Utility Fund**

To account for the provision of gas, water, and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service, and billing and collection.

TOWN OF DELCAMBRE, LOUISIANA

Balance Sheet  
Governmental Funds  
April 30, 2013

	<u>General</u>	<u>Sales Tax</u>	<u>Special</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS						
Cash	\$ 78,709	\$243,481	\$ 23,733	\$ -	\$ 35,491	\$ 381,414
Interest-bearing deposits	118	222,458	189,489	-	-	412,065
Receivables:						
Ad valorem tax - net	600	-	-	-	-	600
Sales tax	-	37,008	-	-	-	37,008
Other	7,897	-	1,279	-	-	9,176
Due from other funds	165,660	440	73,816	-	-	239,916
Prepaid expenses	<u>2,941</u>	<u>882</u>	<u>2,853</u>	<u>-</u>	<u>-</u>	<u>6,676</u>
Total assets	<u>\$255,925</u>	<u>\$504,269</u>	<u>\$291,170</u>	<u>\$ -</u>	<u>\$ 35,491</u>	<u>\$1,086,855</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 12,702	\$ 4,062	\$ 1,847	\$ -	\$ -	\$ 18,611
Accrued expenses	9,162	1,646	640	-	-	11,448
Due to other funds	<u>16,840</u>	<u>101,135</u>	<u>440</u>	<u>-</u>	<u>500</u>	<u>118,915</u>
Total liabilities	<u>38,704</u>	<u>106,843</u>	<u>2,927</u>	<u>-</u>	<u>500</u>	<u>148,974</u>
Fund balances:						
Nonspendable	2,941	882	2,853	-	-	6,676
Restricted	-	396,544	285,390	-	34,991	716,925
Unassigned	<u>214,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,280</u>
Total fund balances	<u>217,221</u>	<u>397,426</u>	<u>288,243</u>	<u>-</u>	<u>34,991</u>	<u>937,881</u>
Total liabilities and fund balances	<u>\$255,925</u>	<u>\$504,269</u>	<u>\$291,170</u>	<u>\$ -</u>	<u>\$ 35,491</u>	<u>\$1,086,855</u>

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

TOWN OF DELCAMBRE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
April 30, 2013

Total fund balances for governmental funds at April 30, 2013		\$ 937,881
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	\$ 432,719	
Construction in progress	82,590	
Buildings, net of \$267,364 accumulated depreciation	310,921	
Improvements other than buildings, net of \$469,192 accumulated depreciation	1,268,117	
Auto and trucks, net of \$596,374 accumulated depreciation	1,145	
Equipment assets, net of \$371,713 accumulated depreciation	<u>71,403</u>	2,166,895
Long-term liabilities at April 30, 2013		
Debt payable		(372,108)
Compensated absences		(7,805)
Accrued interest on debt		<u>(18,276)</u>
Total net position of governmental activities at April 30, 2013		<u>\$ 2,706,587</u>

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

TOWN OF DELCAMBRE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Governmental Funds  
 For the Year Ended April 30, 2013

	General	Sales Tax	Special	Capital Projects	Other Governmental Funds	Total
Revenues:						
Taxes	\$ 37,917	\$ 214,453	\$ 33,859	\$ -	\$ -	\$ 286,229
Licenses and permits	64,857	-	-	-	-	64,857
Intergovernmental	18,490	20,129	42,988	93,402	4,966	179,975
Charges for services	83,067	-	-	-	-	83,067
Fines and forfeiture	26,817	-	-	-	-	26,817
Interest	1	1,044	943	-	6	1,994
Other	142,044	1,950	-	-	-	143,994
Total revenues	<u>373,193</u>	<u>237,576</u>	<u>77,790</u>	<u>93,402</u>	<u>4,972</u>	<u>786,933</u>
Expenditures:						
Current -						
General government	65,176	17,119	-	-	-	82,295
Public safety	255,682	-	76,683	-	-	332,365
Public works	66,289	146,358	-	-	-	212,647
Capital outlays	15,720	8,250	-	87,934	-	111,904
Debt service:						
Principal	3,490	-	-	-	-	3,490
Interest	3,836	-	-	-	-	3,836
Total expenditures	<u>410,193</u>	<u>171,727</u>	<u>76,683</u>	<u>87,934</u>	<u>-</u>	<u>746,537</u>
(Deficiency) excess of revenues over expenditures	(37,000)	65,849	1,107	5,468	4,972	40,396
Other financing uses:						
Transfers out	-	-	-	(5,468)	-	(5,468)
Net change in fund balances	(37,000)	65,849	1,107	-	4,972	34,928
Fund balances, beginning	<u>254,221</u>	<u>331,577</u>	<u>287,136</u>	<u>-</u>	<u>30,019</u>	<u>902,953</u>
Fund balances, ending	<u>\$ 217,221</u>	<u>\$ 397,426</u>	<u>\$ 288,243</u>	<u>\$ -</u>	<u>\$ 34,991</u>	<u>\$ 937,881</u>

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

TOWN OF DELCAMBRE, 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 April 30, 2013

Total net changes in fund balances at April 30, 2013 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 34,928
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	\$ 111,904
Depreciation expense for the year ended April 30, 2013	<u>(93,093)</u> 18,811
Governmental funds report debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the debt payable balance on the statement of net position	
	3,490
Add: Decrease of compensated absences used over compensated absences earned	1,347
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	<u>(5,302)</u>
Total changes in net position at April 30, 2013 per Statement of Activities	<u>\$ 53,274</u>

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

TOWN OF DELCAMBRE, LOUISIANA

Proprietary Fund  
Statement of Net Position  
April 30, 2013

ASSETS

Current assets:

Cash and interest bearing deposits	\$ 378,527
Accounts receivable, net of allowance	38,371
Other receivables	45,743
Due from other funds	52,845
Prepaid expenses	<u>2,830</u>
Total current assets	<u>518,316</u>

Noncurrent assets:

Restricted assets -	
Cash	25,766
Interest-bearing deposits	35,000
Capital assets -	
Non-depreciable	1,644,182
Depreciable, net of accumulated depreciation	<u>4,953,514</u>
Total noncurrent assets	<u>6,658,462</u>
Total assets	<u>7,176,778</u>

LIABILITIES

Current liabilities:

Accounts payable	13,528
Compensated absences payable	2,112
Other payables	7,169
Due to other funds	<u>173,846</u>
Total current liabilities	<u>196,655</u>

Noncurrent liabilities:

Customers' deposits	<u>60,766</u>
Total liabilities	<u>257,421</u>

NET POSITION

Net investment in capital assets	6,597,696
Unrestricted	<u>321,661</u>
Total net position	<u>\$ 6,919,357</u>

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

TOWN OF DECAMBRE, LOUISIANA

Proprietary Fund  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended April 30, 2013

Operating revenues:	
Charges for services	\$ 529,687
Miscellaneous	<u>31,138</u>
Total operating revenues	<u>560,825</u>
Operating expenses:	
Administrative expenses	2,271
Gas department expenses	134,492
Water department expenses	185,043
Sewerage department expenses	189,416
Depreciation	<u>264,455</u>
Total operating expenses	<u>775,677</u>
Operating loss	<u>(214,852)</u>
Nonoperating revenues:	
Grant revenues	28,165
Interest income	1,431
Other	<u>870</u>
Total nonoperating revenues	<u>30,466</u>
Loss before transfers	(184,386)
Transfers in	<u>5,468</u>
Change in net position	(178,918)
Net position, beginning	<u>7,098,275</u>
Net position, ending	<u>\$6,919,357</u>

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

TOWN OF DELCAMBRE, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended April 30, 2013

Cash flows from operating activities:	
Receipts from customers	\$ 471,942
Payments to suppliers	(417,247)
Payments to employees	(93,826)
Other receipts	<u>31,138</u>
Net cash used by operating activities	<u>(7,993)</u>
Cash flows from noncapital financing activities:	
Payable from other funds	(13,530)
Other expenses	870
Transfers from other funds	<u>5,468</u>
Net cash used by noncapital financing activities	<u>(7,192)</u>
Cash flows from capital and related financing activities:	
Net meter deposits	524
Acquisition of property, plant and equipment	(14,006)
Grants and other contributions received	<u>28,165</u>
Net cash provided by capital and related financing activities	<u>14,683</u>
Cash flows from investing activities:	
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	255,000
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	(245,000)
Interest on investments	<u>1,431</u>
Net cash provided by investing activities	<u>11,431</u>
Net increase in cash and cash equivalents	10,929
Cash and cash equivalents, beginning of period	<u>183,364</u>
Cash and cash equivalents, end of period	<u>\$ 194,293</u>

(continued)

TOWN OF DELCAMBRE, LOUISIANA

Statement of Cash Flows (continued)

Proprietary Fund

Year Ended April 30, 2013

Cash flows from operating activities:	
Operating loss	\$ (214,852)
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	264,455
(Increase) decrease in operating assets	
Accounts receivable	(12,945)
Prepaid expenses	(155)
Increase (decrease) in operating liabilities	
Accounts payable	1,011
Other payables	<u>(707)</u>
Net cash used by operating activities	<u>\$ (7,993)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits - unrestricted	378,122
Cash - restricted	15,242
Interest-bearing deposits - restricted	45,000
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(255,000)</u>
Total cash and cash equivalents	<u>183,364</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	378,527
Cash - restricted	25,766
Interest-bearing deposits - restricted	35,000
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(245,000)</u>
Total cash and cash equivalents	<u>194,293</u>
Net increase	<u>\$ 10,929</u>

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

## TOWN OF DELCAMBRE, LOUISIANA

### Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Delcambre (Town) 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 subsection of this note.

A. Financial Reporting Entity

The Town was originally formed as a Village on November 27, 1907. On June 13, 1946, by issuance of the Governor's proclamation and under the provisions of the Lawrson Act, the Village of Delcambre, Louisiana, became the Town of Delcambre, Louisiana. The Town operates under a Mayor-Board of Aldermen form of government. The financial reporting entity consists 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations 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. The Town of Delcambre has no such component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the Town of Delcambre, the primary government, as a whole. They include all funds of the reporting entity, except fiduciary funds and component units that are fiduciary in nature. 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.

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town'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 Town 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. Fund financial statements report detailed information about the Town.

The various funds of the Town are classified into two categories: governmental and proprietary. 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 Town or meets the following criteria:

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

The major funds of the Town are described below:

Governmental Funds -

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

The Sales Tax Fund accounts for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The Special Fund accounts for the collection and disbursements of funds used for fire protection for the Town.

The Capital Projects Fund accounts for the collection and disbursement of funds used for various improvement projects for the Town.

Special revenue funds

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

Additionally, the Town reports the following fund types:

Proprietary Funds -

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed 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 Town applies all applicable principles under the Governmental Accounting Standards Board (GASB) in accounting and reporting for its enterprise. The Town's enterprise fund is the Utility Fund.

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.

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:

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

- 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, and liabilities 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 recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 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 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.

Program revenues

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

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Allocation of indirect expenses

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

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 Town. 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 when purchased. See Note (2) for additional GASB No. 3 disclosures.

Investments

Under state law the Town 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 Town 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.

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.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

governmental activities include sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables.

Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At April 30, 2013, the Town has estimated that trade accounts receivable that have been unpaid for more than 60 days are uncollectible, and this amount has been established as the allowance for uncollectibles, based upon prior experience. The allowance for uncollectibles for customers' utility receivables at April 30, 2013 was \$10,189.

Property taxes are levied on October 1 on property values assessed on that date. Notices of tax liability are mailed on or about November 1 of the same year and are due and payable at that time. All unpaid taxes levied become delinquent January 1 of the following year. Property tax revenues are recognized when levied to the extent that they result in current receivables. Current receivables include those property tax receivables expected to be collected within sixty days after year end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond April 30, 2013, are recorded as prepaid items.

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 Town maintains a threshold level of \$500 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 January 1, 2003, 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. Land and construction in progress are not depreciated. The range of estimated useful lives by type of asset is as follows:

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Buildings	20-40 years
Improvements other than buildings	20-40 years
Autos and trucks	5-7 years
Other equipment	5-7 years
Gas system	20-40 years
Water system	10-40 years
Sewer system	20-40 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.

Compensated Absences

All employees in the classified service shall receive one-half (1/2) day of sick leave for each calendar month of service up to a maximum of 21 days overall. All accumulated sick leave shall be forfeited upon termination of employment.

Vacation is earned by full-time employees based upon length of service ranging from 5 days to 20 days. One week of vacation time may be carried over from one calendar year to the next. Vacation time is vested with the employee and will be paid out at termination of employment.

For fund financial statements, earned vacation leave is reported as an expenditure and a current fund liability of the fund that will pay it. In the government-wide statements, amounts vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are recorded as long term debt.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility meter deposits.

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and notes payable.

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has no deferred inflows or outflows of resources.

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 capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be 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 – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Proprietary fund equity is classified the same as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

In accordance with GASB Statement 54, fund balances of the governmental funds are classified as follows:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.

*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.

*Committed* – amounts that can be spent only for specific purposes determined by a formal action of the government’s highest level of decision-making authority.

*Assigned* – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

*Unassigned* – all other spendable amounts

As of April 30, 2013, fund balances are composed of the following:

	General Fund	Sales Tax Fund	Special Fund	Nonmajor Fund	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 2,941	\$ 882	\$ 2,853	\$ -	\$ 6,676
Restricted:					
Fire protection	-	-	285,390	-	285,390
Public works and building operations and maintenance	-	396,544	-	-	396,544
Youth recreation	-	-	-	30,475	30,475
Other	-	-	-	4,516	4,516
Unassigned:	<u>214,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,280</u>
Total fund balances	<u>\$217,221</u>	<u>\$397,426</u>	<u>\$288,243</u>	<u>\$ 34,991</u>	<u>\$937,881</u>

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

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 Fund - 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. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 4

The Town uses unrestricted resources only when restricted resources are fully depleted.

TOWN OF DELCAMBRE, 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 Town 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 Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At April 30, 2013, the Town has cash and interest-bearing deposits (book balances) totaling \$1,232,772 as follows:

Demand deposits	\$ 467,032
Savings and certificates of deposit	<u>765,740</u>
Total	<u>\$ 1,232,772</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town'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 fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at April 30, 2013, are secured as follows:

Bank balances	<u>\$ 1,252,475</u>
At April 30, 2013 the deposits are secured as follows:	
Federal deposit insurance	969,064
Pledged securities	<u>283,411</u>
Total	<u>\$ 1,252,475</u>

As of April 30, 2013, the Town's total bank balances were fully insured and collateralized with pledged securities held by a custodial bank in the name of the pledging financial institution for the Town and, therefore, they were not exposed to custodial credit risk.

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in October and are billed to taxpayers on or about November 1. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended April 30, 2013, taxes of 6.51 mills were levied on property with assessed valuations totaling \$6,350,302 and were dedicated for general purposes.

Total taxes levied were \$41,340. Taxes receivable at April 30, 2013 were \$600.

(4) Dedication of Proceeds and Flow of Funds - 1 Percent Sales and Use Tax

A one percent sales and use tax levied by the Town (2013 collections \$214,453) is dedicated to the following purposes:

Opening, constructing, paving, resurfacing and improving streets, sidewalks, bridges, drains, and drainage canals; constructing and purchasing street light facilities, fire and police department stations and equipment, garbage disposal and health and sanitation equipment and facilities, public buildings and recreational facilities and acquiring the necessary equipment and furnishings thereof; and paying for the costs of operating and maintaining public buildings, streets, bridges, drainage, lighting, facilities, and fire, police and health and sanitation departments.

(5) Receivables

Receivables at April 30, 2013 of \$93,890 consist of the following:

	<u>General</u>	<u>Special</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 39,034	\$ 39,034
Ad valorem taxes	600	-	-	600
Other	<u>7,897</u>	<u>1,279</u>	<u>45,080</u>	<u>54,256</u>
Totals	<u>\$ 8,497</u>	<u>\$ 1,279</u>	<u>\$ 84,114</u>	<u>\$ 93,890</u>

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Aged Accounts Receivable

The Town is owed \$49,223, before an allowance of \$10,189, by its customers at April 30, 2013. The aging of these accounts receivable is as follows:

Current	\$ 25,990
Over 30 days	11,181
Over 60 days	940
Over 90 days	<u>11,112</u>
Total	<u>\$ 49,223</u>

(7) Due from Other Governmental Units

Amounts due from other governmental units consisted of the following at April 30, 2013:

Amount due from the Vermilion and Iberia Parish School Boards for incorporated sales taxes for the month of April, 2013	<u>\$ 37,008</u>
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(8) Restricted Assets - Proprietary Fund Type (Enterprise Utility Fund)

At April 30, 2013, restricted assets consisted of customer deposits of \$60,766.

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended April 30, 2013 was as follows:

	Balance 05/01/12	Additions	Deletions	Balance 04/30/13
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 432,719	\$ -	\$ -	\$ 432,719
Construction in progress	480,644	-	398,054	82,590
Other capital assets:				
Buildings	578,285	-	-	578,285
Improvements other than buildings	1,235,601	501,708	-	1,737,309
Autos and trucks	597,519	-	-	597,519
Other equipment	434,866	8,250	-	443,116
Totals	<u>3,759,634</u>	<u>509,958</u>	<u>398,054</u>	<u>3,871,538</u>
Less accumulated depreciation				
Buildings	250,829	16,535	-	267,364
Improvements other than buildings	428,438	40,754	-	469,192
Autos and trucks	587,781	8,593	-	596,374
Other equipment	344,502	27,211	-	371,713
Total accumulated depreciation	<u>1,611,550</u>	<u>93,093</u>	<u>-</u>	<u>1,704,643</u>
Governmental activities, capital assets, net	<u>\$ 2,148,084</u>	<u>\$ 416,865</u>	<u>\$ 398,054</u>	<u>\$ 2,166,895</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,644,182	\$ -	\$ -	\$ 1,644,182
Construction in progress	242,077	-	242,077	-
Other capital assets:				
Gas system	2,019,166	-	-	2,019,166
Water system	2,914,862	8,219	-	2,923,081
Sewer system	2,997,841	247,864	-	3,245,705
Other equipment	158,068	-	-	158,068
Totals	<u>9,976,196</u>	<u>256,083</u>	<u>242,077</u>	<u>9,990,202</u>
Less accumulated depreciation				
Gas system	868,101	48,178	-	916,279
Water system	1,175,154	99,967	-	1,275,121
Sewer system	988,507	101,127	-	1,089,634
Other equipment	96,289	15,183	-	111,472
Total accumulated depreciation	<u>3,128,051</u>	<u>264,455</u>	<u>-</u>	<u>3,392,506</u>
Business-type activities, capital assets, net	<u>\$ 6,848,145</u>	<u>\$ (8,372)</u>	<u>\$ 242,077</u>	<u>\$ 6,597,696</u>

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 16,746
Public safety	32,963
Public works	<u>43,384</u>
Total depreciation expense	<u>\$ 93,093</u>

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

Gas	\$ 48,178
Water	99,967
Sewer	101,127
Other equipment	<u>15,183</u>
Total depreciation expense	<u>\$ 264,455</u>

(10) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at April 30, 2013:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 18,611	\$ 13,528	\$ 32,139
Salaries	11,448	3,569	15,017
Other liabilities	<u>-</u>	<u>3,600</u>	<u>3,600</u>
Totals	<u>\$ 30,059</u>	<u>\$ 20,697</u>	<u>\$ 50,756</u>

(11) Employee Retirement

All employees of the Town are participants of the Social Security System. For the year ended April 30, 2013, the Town and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the year ended April 30, 2013, amounted to \$24,627. Membership in the Municipal Police Employees' Retirement System (MPERS) is mandatory for any full-time officer meeting the statutory criteria, provided they do not participate in the Social Security System. Since all Town employees are participants in the Social Security System, the Town had no required contributions to MPERS for the year ended April 30, 2013.

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Changes in Long-Term Debt

The following is a summary of long-term debt for the year ended April 30, 2013:

	<u>Governmental Activities</u>
Long-term debt payable, May 1, 2012	\$ 375,598
Additions	-
Reductions	<u>(3,490)</u>
Long-term debt payable, April 30, 2013	<u>\$ 372,108</u>

Long-term debt payable at April 30, 2013 is composed of the following issues:

Notes payable to USDA Rural Development, dated May 18, 2005, original amount of \$110,000, bearing interest of 4.25%, maturing on May 18, 2030.	\$ 88,661
Notes payable to Department of Homeland Security, dated April 14, 2009, original amount of \$283,447, bearing interest at 1.875% per annum, maturing on April 2, 2014.	<u>283,447</u>
Total debt	372,108
Less: current portion	<u>(287,072)</u>
Net long-term portion	<u>\$ 85,036</u>

The annual requirement to amortize all debt outstanding at April 30, 2013 is as follows:

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal payments</u>	<u>Interest payments</u>	
2014	287,072	18,276	305,348
2015	3,782	3,543	7,325
2016	3,946	3,380	7,326
2017	4,117	3,209	7,326
2018	4,296	3,030	7,326
2019 - 2023	24,437	12,193	36,630
2024 - 2028	30,211	6,419	36,630
2029 - 2030	<u>14,247</u>	<u>656</u>	<u>14,903</u>
Totals	<u>\$ 372,108</u>	<u>\$ 50,706</u>	<u>\$ 422,814</u>

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Commitments and Contingencies

Litigation

At April 30, 2013, there is no pending litigation against the Town of Delcambre.

(14) Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended April 30, 2013 follows:

Mayor:

Carol Broussard	107 N. Railroad, Delcambre, LA 70528	January 2013 - December 2016	<u>\$ 30,867</u>
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Aldermen:

Timmy Derise	107 N. Railroad, Delcambre, LA 70528	January 2013 - December 2016	1,495
Donald Martin	107 N. Railroad, Delcambre, LA 70528	January 2013 - December 2016	1,287
Scott Saunier	107 N. Railroad, Delcambre, LA 70528	January 2013 - December 2016	1,287
Mildred Delcambre	107 N. Railroad, Delcambre, LA 70528	January 2013 - December 2016	1,287
Sarah Trahan	107 N. Railroad, Delcambre, LA 70528	January 2013 - December 2016	1,287
			<u>\$ 6,643</u>

(15) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(16) On-behalf Payments

The Town has recognized \$25,050 as a revenue and an expenditure for on-behalf salary payments made by the State of Louisiana.

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) Interfund Transactions

A. Interfund receivables and payables consisted of the following at April 30, 2013:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ 165,660	\$ 16,840
State Revenue Sharing Fund	-	500
Sales Tax Special Revenue Fund	440	101,135
Special Fund	<u>73,816</u>	<u>440</u>
Total governmental funds	<u>239,916</u>	<u>118,915</u>
Proprietary fund:		
Enterprise Fund	<u>52,845</u>	<u>173,846</u>
Total	<u>\$ 292,761</u>	<u>\$ 292,761</u>

The amounts due between funds are for reimbursements owed for expenditures paid by another fund.

B. Transfers consisted of the following at April 30, 2013:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
LCDBG Fund	<u>\$ -</u>	<u>\$ 5,468</u>
Proprietary fund:		
Enterprise Fund	<u>5,468</u>	<u>-</u>
Total	<u>\$ 5,468</u>	<u>\$ 5,468</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(18) Uncertain Conditions and Management Plans

As indicated in the accompanying financial statements, the Town's General fund incurred a deficiency of revenues over expenditures of \$37,000. Additionally, the Town's Utility fund incurred an operating loss of \$214,852. The Town is developing a plan to reduce current operating expenditures and increase operating revenues. Without significant changes to operations there may be uncertainty as to whether the Town can continue as a going concern.

TOWN OF DELCAMBRE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(19) Subsequent Events

In January 2014, the Town received a notice of loan cancelation from the Federal Emergency Management Agency (FEMA). Based on the Town's cumulative operating deficits exceeding the amount of loan proceeds received under the Community Disaster Loan (CDL) program all loans funded under this program along with accrued interest were canceled and the Town no longer is obligated to repay this loan.

(20) New Accounting Pronouncements

During the fiscal year ended April 30, 2013, the Town adopted GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statement clarifies the appropriate reporting of deferred outflows of resources or deferred inflows of resources to ensure consistency in financial reporting. The provisions of GASB No. 65 must be implemented by the Town for the year ending April 30, 2014. The effect of implementation on the Town's financial statements has not been determined.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

TOWN OF DELCAMBRE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
Year Ended April 30, 2013

	Budget		Actual	Variance -
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 26,290	\$ 35,000	\$ 37,917	\$ 2,917
Licenses and permits	42,930	57,240	64,857	7,617
Intergovernmental	57,825	53	18,490	18,437
Charges for services	95,040	79,320	83,067	3,747
Fines and forfeitures	35,100	26,400	26,817	417
Interest	-	-	1	1
Other	6,750	77,400	142,044	64,644
Total revenues	<u>263,935</u>	<u>275,413</u>	<u>373,193</u>	<u>97,780</u>
<b>Expenditures:</b>				
<b>Current -</b>				
General government	87,232	116,310	65,176	51,134
Public safety	204,899	273,198	255,682	17,516
Public works	53,910	71,880	66,289	5,591
Capital outlays	-	2,500	15,720	(13,220)
<b>Debt service:</b>				
Principal	-	-	3,490	(3,490)
Interest	-	-	3,836	(3,836)
Total expenditures	<u>346,041</u>	<u>463,888</u>	<u>410,193</u>	<u>53,695</u>
Deficiency of revenues over expenditures	(82,106)	(188,475)	(37,000)	151,475
Fund balance, beginning	<u>254,221</u>	<u>254,221</u>	<u>254,221</u>	<u>-</u>
Fund balance, ending	<u>\$ 172,115</u>	<u>\$ 65,746</u>	<u>\$ 217,221</u>	<u>\$ 151,475</u>

TOWN OF DELCAMBRE, LOUISIANA  
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
Year Ended April 30, 2013

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 210,000	\$ 210,000	\$ 214,453	\$ 4,453
Intergovernmental	15,000	15,000	20,129	5,129
Interest	1,380	1,380	1,044	(336)
Other	<u>840</u>	<u>840</u>	<u>1,950</u>	<u>1,110</u>
Total revenues	<u>227,220</u>	<u>227,220</u>	<u>237,576</u>	<u>10,356</u>
<b>Expenditures:</b>				
Current -				
General government	28,370	28,370	17,119	11,251
Public works	197,920	197,920	146,358	51,562
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>8,250</u>	<u>(6,250)</u>
Total expenditures	<u>228,290</u>	<u>228,290</u>	<u>171,727</u>	<u>56,563</u>
(Deficiency) excess of revenues over expenditures	(1,070)	(1,070)	65,849	66,919
Fund balance, beginning	<u>331,577</u>	<u>331,577</u>	<u>331,577</u>	<u>-</u>
Fund balance, ending	<u>\$330,507</u>	<u>\$330,507</u>	<u>\$ 397,426</u>	<u>\$ 66,919</u>

TOWN OF DELCAMBRE, LOUISIANA  
Special Fund

Budgetary Comparison Schedule  
Year Ended April 30, 2013

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 18,000	\$ 24,000	\$ 33,859	\$ 9,859
Intergovernmental	18,000	24,000	42,988	18,988
Interest	-	1,140	943	(197)
Other	-	100	-	(100)
Total revenue	<u>36,000</u>	<u>49,240</u>	<u>77,790</u>	<u>28,550</u>
<b>Expenditures:</b>				
Current -				
Public safety	62,213	82,950	76,683	6,267
Capital outlay	-	8,000	-	8,000
Total expenditures	<u>62,213</u>	<u>90,950</u>	<u>76,683</u>	<u>14,267</u>
(Deficiency) excess of revenues over expenditures	(26,213)	(41,710)	1,107	42,817
Fund balance, beginning	<u>287,136</u>	<u>287,136</u>	<u>287,136</u>	<u>-</u>
Fund balance, ending	<u>\$260,923</u>	<u>\$245,426</u>	<u>\$ 288,243</u>	<u>\$ 42,817</u>

TOWN OF DELCAMBRE, LOUISIANA

Notes to Budgetary Comparison Schedules

(1) Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Town Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board of Aldermen.

For the year ended April 30, 2013, expenditures did not exceed appropriations.

**OTHER SUPPLEMENTARY INFORMATION**

**OTHER FINANCIAL INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**

## **NONMAJOR SPECIAL REVENUE FUND**

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

### **State Revenue Sharing Fund -**

To account for the collection and disbursement of the Town's State Revenue Sharing monies.

### **Delcambre Youth Fund**

To account for the collection and disbursement of the Town's share of proceeds from the youth recreation hotel/motel sales tax.

TOWN OF DELCAMBRE, LOUISIANA  
Nonmajor Special Revenue Fund

Combining Balance Sheet  
April 30, 2013

	<u>State Revenue Sharing Fund</u>	<u>Delcambre Youth Fund</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 5,016</u>	<u>\$30,475</u>	<u>\$35,491</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to other funds	\$ 500	\$ -	\$ 500
Fund balance:			
Restricted	<u>4,516</u>	<u>30,475</u>	<u>34,991</u>
Total liabilities and fund balance	<u>\$ 5,016</u>	<u>\$30,475</u>	<u>\$35,491</u>

TOWN OF DELCAMBRE, LOUISIANA  
Nonmajor Special Revenue Fund

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Year Ended April 30, 2013

	State Revenue Sharing Fund	Delcambre Youth Fund	<u>Total</u>
Revenues:			
Intergovernmental	\$ -	\$ 4,966	\$ 4,966
Interest	<u>6</u>	<u>-</u>	<u>6</u>
Total revenues	<u>6</u>	<u>4,966</u>	<u>4,972</u>
Expenditures:			
Current-			
General government	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>6</u>	<u>4,966</u>	<u>4,972</u>
Fund balance, beginning	<u>4,510</u>	<u>25,509</u>	<u>30,019</u>
Fund balance, ending	<u>\$ 4,516</u>	<u>\$ 30,475</u>	<u>\$ 34,991</u>

TOWN OF DELCAMBRE, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers and Rates

April 30, 2013 and 2012

Records maintained by the Town indicated the following number of customers were being serviced during the month of April 30, 2013 and 2012:

<u>Department</u>	<u>2013</u>	<u>2012</u>
Gas (metered)	339	337
Water	821	826
Sewerage	768	770

The monthly water rates of the Town are as follows:

Residential:	
In Town	\$22.50
Out of Town	\$31.00
Commercial	\$22.50 - \$402.64

The monthly sewer rates of the Town are as follows:

Residential:	\$16.50
Commercial	\$15.89 - \$205.91

TOWN OF DELCAMBRE, LOUISIANA

Proprietary Fund  
 Comparative Statement of Net Position  
 April 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets:		
Cash and interest bearing deposits	\$ 378,527	\$ 378,122
Accounts receivable, net of allowance	38,371	25,426
Other receivables	45,743	943
Due from other funds	52,845	56,617
Prepaid expenses	<u>2,830</u>	<u>2,675</u>
Total current assets	<u>518,316</u>	<u>463,783</u>
Noncurrent assets:		
Restricted assets -		
Cash	25,766	15,242
Interest-bearing deposits	35,000	45,000
Capital assets -		
Non-depreciable	1,644,182	1,886,259
Depreciable, net of accumulated depreciation	<u>4,953,514</u>	<u>4,961,886</u>
Total noncurrent assets	<u>6,658,462</u>	<u>6,908,387</u>
Total assets	<u>7,176,778</u>	<u>7,372,170</u>
LIABILITIES		
Current liabilities:		
Accounts payable	13,528	12,517
Compensated absences payable	2,112	2,112
Other payables	7,169	7,876
Due to other funds	<u>173,846</u>	<u>191,148</u>
Total current liabilities	<u>196,655</u>	<u>213,653</u>
Noncurrent liabilities:		
Customers' deposits	<u>60,766</u>	<u>60,242</u>
Total noncurrent liabilities	<u>60,766</u>	<u>60,242</u>
Total liabilities	<u>257,421</u>	<u>273,895</u>
NET POSITION		
Net investment in capital assets	6,597,696	6,848,145
Unrestricted	<u>321,661</u>	<u>250,130</u>
Total net position	<u>\$6,919,357</u>	<u>\$7,098,275</u>

TOWN OF DELCAMBRE, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Departmental Analysis of Operating Revenues and Expenses  
Years Ended April 30, 2013 and 2012

	Administrative		Gas		Water		Sewer		Totals	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Operating revenues:										
Charges for services	\$ -	\$ -	\$ 121,231	\$ 112,269	\$ 246,628	\$ 209,010	\$ 161,828	\$ 160,987	\$ 529,687	\$ 482,266
Other revenues	<u>25,733</u>	<u>14,511</u>	<u>1,250</u>	<u>3,693</u>	<u>4,155</u>	<u>4,306</u>	<u>-</u>	<u>-</u>	<u>31,138</u>	<u>22,510</u>
Total operating revenues	<u>25,733</u>	<u>14,511</u>	<u>122,481</u>	<u>115,962</u>	<u>250,783</u>	<u>213,316</u>	<u>161,828</u>	<u>160,987</u>	<u>560,825</u>	<u>504,776</u>
Operating expenses:										
Salaries - plant	-	-	32,710	31,455	34,538	29,653	26,578	26,743	93,826	87,851
Fuel purchased	-	-	30,930	36,671	-	-	-	-	30,930	36,671
Insurance	102	3,204	18,515	9,953	14,106	12,643	8,564	9,465	41,287	35,265
Insurance - employees	-	-	14,626	15,678	11,890	13,138	11,890	13,138	38,406	41,954
Materials and supplies	-	-	14,526	13,129	56,664	44,188	32,485	26,444	103,675	83,761
Depreciation	-	-	48,178	53,131	99,967	101,513	116,310	87,801	264,455	242,445
Repairs and maintenance	-	-	6,526	3,567	23,279	24,088	61,153	17,946	90,958	45,601
Professional fees	1,000	-	7,319	9,494	13,555	8,437	15,123	8,718	36,997	26,649
Utilities	-	-	-	-	27,513	32,732	26,257	21,104	53,770	53,836
Payroll taxes	-	-	2,526	2,106	2,615	2,236	2,565	2,787	7,706	7,129
Miscellaneous	<u>1,169</u>	<u>13,666</u>	<u>6,814</u>	<u>6,773</u>	<u>883</u>	<u>1,657</u>	<u>4,801</u>	<u>1,584</u>	<u>13,667</u>	<u>23,680</u>
Total operating expenses	<u>2,271</u>	<u>16,870</u>	<u>182,670</u>	<u>181,957</u>	<u>285,010</u>	<u>270,285</u>	<u>305,726</u>	<u>215,730</u>	<u>775,677</u>	<u>684,842</u>
Net operating income/(loss)	<u>\$ 23,462</u>	<u>\$ (2,359)</u>	<u>\$ (60,189)</u>	<u>\$ (65,995)</u>	<u>\$ (34,227)</u>	<u>\$ (56,969)</u>	<u>\$ (143,898)</u>	<u>\$ (54,743)</u>	<u>\$ (214,852)</u>	<u>\$ (180,066)</u>

TOWN OF DELCAMBRE, LOUISIANA

Schedule of Insurance in Force

Year Ended April 30, 2013

Insurer	Assets Covered	Risks Covered	Limits of Coverage (in Dollars)	Expiration Date
Louisiana Municipal Risk Management Association	Automobiles	Bodily injury, Property damage	500,000	6/6/2013
	Police operations	General liability	500,000	6/6/2013
	Errors and omissions	General liability	500,000	6/6/2013
	General liability	Bodily injury, Property damage	500,000	6/6/2013
Allstate	Town Hall:			
	Building	Flood damage	250,000	2/19/2014
	Contents	Flood damage	100,000	2/19/2014
	Police Department:			
	Building	Flood damage	250,000	5/8/2013
	Contents	Flood damage	100,000	5/8/2013
Special Risk Insurance, Inc.	Fire department automobiles	General liability	1,000,000	5/1/2013
CNA Insurance	Mayor	Dishonesty Bond	10,000	9/21/2013
	Other officials	Dishonesty Bond	5,000	9/21/2013
	Police Clerk	Dishonesty Bond	10,000	7/10/2013
	Bookkeeper	Dishonesty Bond	10,000	6/1/2013
	Tax Collector	Dishonesty Bond	10,000	6/14/2013
	City Clerk	Dishonesty Bond	10,000	6/14/2013
LA Citizens Insurance	Town Hall:			
	Building	Property	188,400	6/12/2013
	Contents	Property	70,200	6/12/2013
	Town Barn	Property	102,700	6/12/2013
	Parking Garage	Property	20,700	6/12/2013
	Sewer Plant	Property	104,800	6/12/2013
	Water Plant	Property	369,300	6/12/2013
Water Tank	Property	209,400	6/12/2013	
Regions Property Insurance	Building	Property damage	100,000	6/12/2013
	Contents	Property damage	70,200	6/12/2013
	Equipment	Property damage	103,400	6/12/2013

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C Burton Kolder, CPA\*  
Russell F Champagne, CPA\*  
Victor R Slaven, CPA\*  
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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Carol Broussard, Mayor  
and members of the Board of Aldermen  
Town of Delcambre, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Delcambre, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Delcambre's basic financial statements and have issued our report thereon dated March 6, 2014.

### Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 13-1 and 13-4 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 13-2 and 13-3 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Delcambre's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 13-5 and 13-6.

### **Town of Delcambre's Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Town'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 result 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Abbeville, Louisiana  
March 6, 2014

TOWN OF DELCAMBRE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended April 30, 2013

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

A. Internal Control Over Financial Reporting

13-1 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

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

CRITERIA: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU§314.43 defines internal control as follows:

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

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.03 states:

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

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

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

RECOMMENDATION: The Town should evaluate the cost benefit of hiring the additional staff necessary to achieve complete segregation of accounting functions. If the Town determines that it is not cost effective to hire additional staff, it should adopt and implement procedures which create a system of checks and balances using current employees and board members who are not part of the accounting function.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Due to lack of funding it is not feasible for the Town of Delcambre to hire additional office personnel for long term. Occasionally during very busy seasons a part-time employee or college intern may be hired for a couple months to assist office administration.

(continued)

TOWN OF DELCAMBRE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (continued)  
Year Ended April 30, 2013

The Town has begun cross training its office administration to help with controls so that accounting functions can continuously be reviewed by multiple people. The Town's CPA and Bookkeeper have also been reviewing all accounts and payments monthly. The Mayor or Council member will also be reviewing accounts and comparing bank statements in an effort to ensure timely deposits are being made.

13-2 Customer Deposits Subsidiary Ledger

Fiscal year finding initially occurred: 2010

CONDITION: The Town is not maintaining an accurate subsidiary ledger for customer deposits and the subsidiary ledger is not being reconciled to the cash account balance.

CRITERIA: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU§314.43 defines internal control as follows:

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

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.03 states:

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

CAUSE: The cause of the condition is the fact that the Town is not reconciling the customer deposit subsidiary ledger to the cash account.

EFFECT: Failure to reconcile the customer deposit subsidiary ledger to the cash account could result in cash missing and customers not receiving proper credit for their deposits.

RECOMMENDATION: The subsidiary ledger should be reconciled to the cash account on a monthly basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town of Delcambre always trains employees to make timely deposits for all money coming in from customers. The person who was overseeing the Customer Deposits is no longer employed with the Town and the Town's administration is closely monitoring that all money is being deposited efficiently and timely.

(continued)

TOWN OF DELCAMBRE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (continued)  
Year Ended April 30, 2013

The Town of Delcambre customer deposit subsidiary ledger had problems in the excel program formulas. The Town's CPA has been working on correcting the formulas to get an accurate account of all customer deposits. Administration does check all receipts issued for customer deposits to ensure that all money is accounted for. This has been done for the last three years and all customer deposits made during that time, although some were not timely over the last year, have been accounted for. It is the Town's intention to reconcile all deposits to the passbook account on a monthly basis accurately.

13-3 Utility Fund Operations

Fiscal year finding initially occurred: 2011

CONDITION: The Town's Utility Fund incurred an operating loss of \$214,852 during the current year. Additionally, the Town has \$38,371 of outstanding customer accounts receivable, \$6,819 of which has been outstanding for over 90 days.

CRITERIA: Sound business practices require that policies be in place and enforced that permit the Town to achieve an operating profit and make timely collections on customer accounts.

CAUSE: The cause of the condition is the fact that the Town's expenditures exceeded collections from its customers. Additionally, the Town is allowing customers to delay payments on their accounts.

EFFECT: Failure to make a profit on utility sales and collect customer payments timely could result in the Town not having resources to pay current expenses. The inability to make these payments could result in delayed payment of accounts payable and employee's payroll and the potential default of the Town.

RECOMMENDATION: The Town should take the necessary steps to generate a profit for its utility services. This could include raising utility rates and cutting operating expenditures. Additionally, the Town should take steps to collect all long outstanding customer accounts including cutting off service until the account is current and paid in full and using a collection agency for customers that no longer live in the Town.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town of Delcambre has decreased the operating deficit by a little more than \$24,000 for the 2012-2013 fiscal year. The past couple years have not provided the Town with a normal gas revenue due to abnormal winters. It is expected that the gas revenues will increase for the 2013-2014 fiscal year since a very cold winter has been in effect which in turn should decrease our operating deficit even more. The Town is still waiting on additional funding to install water meters. Additionally they will be reviewing the water rates annually until water meters are installed. The last effective increase of \$5 was effective in January 2013. The next water rates review is scheduled for March 2014. The Town Council reviews any outstanding customer accounts on a monthly basis and is working in conjunction with office administration to insure that all debts are being collected in a timely manner. Any

(continued)

TOWN OF DELCAMBRE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (continued)  
Year Ended April 30, 2013

questionable accounts are discussed individually and a resolution is presented when needed. The Town Council has voted not to write off any old debts over 90 days since we have had a collection rate of almost 60% in the last two years decreasing the uncollected debt from \$16,590 in 2011 to \$9,594 in 2012 to the current \$6,819 in 2013. By not writing this outstanding debt off, it has allowed the Billing Clerk to continue to screen customers who are moving back into town and collect any outstanding balances due from customers before issuing utility services again. This has proven to be very effective in collecting outstanding debts over the last couple years.

13-4 Property tax and utility bill collection misappropriation

Fiscal year finding initially occurred: 2013

CONDITION: The Town of Delcambre discovered a misappropriation of funds suspected to be in excess of \$62,000, which took place through the property tax and utility bill collection functions.

CRITERIA: State law prohibits taking and using public funds for personal purposes. Additionally, sound business practices require that policies be in place and enforced which require proper supervision of accounting staff and adequate segregation of accounting functions.

CAUSE: The cause of the condition is a lack internal control policies which require proper supervision of accounting staff and adequate segregation of accounting functions. This lack of policies contributed to an employee's ability to misappropriate funds.

EFFECT: Up to \$44,800 of collections during the year ended April 30, 2013 may have been misappropriated. An estimated additional \$18,000 may have been misappropriated subsequent to April 30, 2013 and through November 2013.

RECOMMENDATION: The Town should take steps to ensure that all property tax and utility bill collections are deposited in the Town's bank accounts. The Town should also adopt and implement policies and procedures that require all property tax and utility bill collections and deposits be reviewed for accuracy by an employee and/or board member independent of the accounting function on a regular basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town of Delcambre is working diligently to provide sounder internal controls in collecting utility payments and tax payments. Although complete segregation of accounting functions is not a feasible option for the Town due to lack of funding to pay extra personnel, the office administration will begin cross training on all office and accounting duties being performed within the Town. Additionally since the findings of misappropriation, the Mayor and CPA have been working with the office administration in reviewing the payments collected from customers and comparing those collections to the amounts deposited in the Utility Fund receivables account on a monthly basis. All tax payment collections are put into an excel spreadsheet by an administrative number system so that outstanding taxes are easily recognized and are also being reviewed and compared to the General Fund Ad Valorem Account on a monthly basis.

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TOWN OF DELCAMBRE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (continued)  
Year Ended April 30, 2013

B. Compliance

13-5 Failure to Report Misappropriation/Continued Employment

Fiscal year finding initially occurred: 2013

CONDITION: The Town's Mayor was informed of a misappropriation of the Town's property tax and utility bill collections in September 2013. This information was not reported to the Board of Alderman until November 2013 and the Legislative Auditor was not informed until January 2014. Additionally, the suspected employee was permitted to continue performing normal collection duties until resigning in November 2013.

CRITERIA: LSA R.S. 24:523 states that "an agency head of an auditee who has actual knowledge of any misappropriation of the public funds or assets of his agency shall immediately notify, in writing, the legislative auditor and the district attorney of the parish in which the agency is domiciled of such misappropriation."

CAUSE: The cause of the condition is the fact that the Board of Alderman and Legislative Auditor were not notified of a misappropriation of funds in a timely manner.

EFFECT: Failure to report this information delayed the Board of Alderman and local authorities in taking appropriate action and could have resulted in additional funds of the Town to being misappropriated.

RECOMMENDATION: The Mayor should report to the Board of Alderman and local authorities all known and suspected misappropriations as soon as the information is brought to his attention.

MANAGEMENT'S CORRECTIVE ACTION PLAN: A possible misappropriation of funds was brought to the Mayor's attention sometime in September 2013 by the CPA. At that time there was no solid evidence of a misappropriation to be reported. The Town's CPA gave weekly updates on the progress being made and he monitored the receivable accounts daily for discrepancies. Due to the fact that the Town deals with multiple accounts all funds were checked for deposit errors which took over a month to review. Once a reasonable conclusion was made regarding the Utility Fund Receivables and Tax Collections and the person of interest was determined, the Town's attorney advised that the council meet in executive session to formally present the findings so that necessary action could be taken. The Town of Delcambre was unaware that they were violating any laws regarding the matter and tried to resolve the issue as quickly as possible. Additionally an extension was filed with the Legislative Auditor in October 2013 addressing the receivables not balancing as the reason for the extension. The Town of Delcambre's only intention regarding the possible misappropriation was to quickly and efficiently find the cause of the problem and take necessary actions to ensure that the problem was resolved.

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TOWN OF DELCAMBRE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (continued)  
Year Ended April 30, 2013

13-6 Late report issuance

Fiscal year finding initially occurred: 2013

CONDITION: The Town failed to submit its annual financial statements to the Legislative Auditors Office by the statutory due date.

CRITERIA: LSA R.S 24:513 states that "audits shall be completed within six months of the close of the entity's fiscal year."

CAUSE: The overall condition of the Town's financial records as well as the possible misappropriation of funds prohibited the Town's CPA consultant from providing timely and accurate information to the Town's auditors.

EFFECT: The Town has violated state law by failing to submit the audit within six months of the close of the fiscal year.

RECOMMENDATION: The Town should take the necessary steps to ensure that all financial records are accurate and made available to the Town's auditors in a timely manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town of Delcambre always works diligently to be in compliance with all laws set in place by both the Federal and State Governments. This is the first time the Town did not meet the deadlines for financial reporting for anything other than a disaster related event. The Town of Delcambre's CPA, Staff, and Attorney worked continuously in conjunction with each other while gathering evidence for the pending investigation. This includes interviews with certain staff from the Town by the Vermilion Parish Sherriff's office and discussing the findings without infringing upon the rights of the person of interest. It took months of hard work to produce solid evidence before making a public announcement. The Town worked closely with the Sherriff's office so that the investigation would not be compromised and better ensured that the responsible party would be held liable.

Part II: Prior Year Findings:

C. Internal Control Over Financial Reporting

12-1 Inadequate Segregation of Accounting Functions

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

RECOMMENDATION: Based upon the cost-benefit of additional personnel, it would not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved. See item 13-1.

TOWN OF DELCAMBRE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (continued)  
Year Ended April 30, 2013

12-2 Customer Deposit Subsidiary Ledger

CONDITION: Timely deposits are not being made by the Town of Delcambre for customer deposit payments. Additionally, the Town is not maintaining an accurate subsidiary ledger for customer deposits and the subsidiary ledger is not being reconciled to the cash account balance.

RECOMMENDATION: The Town should make all deposits on a daily basis and should update the customer deposit subsidiary ledger at the same time. This subsidiary ledger should be reconciled to the cash account on a monthly basis.

CURRENT STATUS: Unresolved. See item 13-2.

12-3 Utility Fund Operations

Fiscal year finding initially occurred: 2011

CONDITION: The Town's Utility Fund incurred an operating deficit of \$238,886 during the current year. Additionally, the Town has \$33,901 of outstanding customer accounts receivable, \$16,590 of which has been outstanding for over 90 days.

RECOMMENDATION: The Town should take the necessary steps to generate a profit for its utility services. This could include raising utility rates and cutting operating expenditures. Additionally, the Town should take steps to collect all long outstanding customer accounts including cutting off service until the account is current and paid in full and using a collection agency for customers that no longer live in the Town.

CURRENT STATUS: Unresolved. See item 13-3.