

**CITY OF ST. MARTINVILLE, LOUISIANA**

Financial Report

Year Ended June 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Martinville, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of St. Martinville, Louisiana's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Martinville, Louisiana, as of June 30, 2018, 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 discussed in Note 20 to the basic financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 schedule, schedule of changes in net OPEB liability and related ratios, schedule of employer OPEB contributions, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 45 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Martinville, Louisiana's basic financial statements. The other supplementary information on pages 52 through 63 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The various combining and comparative statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, on our consideration of the City of St. Martinville, Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the City of St. Martinville, Louisiana’s internal control over financial reporting and compliance.

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

Lafayette, Louisiana  
December 12, 2018

## **BASIC FINANCIAL STATEMENTS**

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Net Position  
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 1,473,096	\$ 106,441	\$ 1,579,537
Investments	5,097	160,163	165,260
Receivables, net	164,524	1,071,753	1,236,277
Internal balances	65,315	(65,315)	-
Due from other governmental units	146,790	-	146,790
Inventories	22,580	183,329	205,909
Prepaid items	67,891	24,933	92,824
Deposits	-	12,000	12,000
Total current assets	<u>1,945,293</u>	<u>1,493,304</u>	<u>3,438,597</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	38,356	38,356
Investments	-	316,412	316,412
Capital assets:			
Land and construction in progress	2,065,012	482,737	2,547,749
Capital assets, net	<u>5,971,504</u>	<u>9,393,008</u>	<u>15,364,512</u>
Total noncurrent assets	<u>8,036,516</u>	<u>10,230,513</u>	<u>18,267,029</u>
Total assets	<u>9,981,809</u>	<u>11,723,817</u>	<u>21,705,626</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>587,885</u>	<u>270,705</u>	<u>858,590</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts, salaries, and other payables	275,859	615,915	891,774
Compensated absences payable	80,569	29,199	109,768
Unearned revenue	3,506	-	3,506
Customer deposits	3,550	349,645	353,195
Capital lease payable	32,340	26,345	58,685
Bonds payable	285,000	-	285,000
Accrued interest	24,244	-	24,244
Total current liabilities	<u>705,068</u>	<u>1,021,104</u>	<u>1,726,172</u>
Noncurrent liabilities:			
Compensated absences payable	9,653	38,003	47,656
Capital lease payable	2,793	-	2,793
Bonds payable	3,639,378	-	3,639,378
Net pension liability	1,536,349	691,017	2,227,366
Postemployment benefit obligation payable	256,150	97,582	353,732
Total noncurrent liabilities	<u>5,444,323</u>	<u>826,602</u>	<u>6,270,925</u>
Total liabilities	<u>6,149,391</u>	<u>1,847,706</u>	<u>7,997,097</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>92,792</u>	<u>15,001</u>	<u>107,793</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,077,005	9,849,400	13,926,405
Restricted for purpose of grantor	44,715	-	44,715
Restricted for debt service	1,109,737	-	1,109,737
Unrestricted (deficit)	<u>(903,946)</u>	<u>282,415</u>	<u>(621,531)</u>
Total net position	<u>\$ 4,327,511</u>	<u>\$ 10,131,815</u>	<u>\$ 14,459,326</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2018

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 949,833	\$ 10,789	\$ -	\$ -	\$ (939,044)	\$ -	\$ (939,044)
Public safety	1,435,434	39,891	94,149	-	(1,301,394)	-	(1,301,394)
Public works	3,431,770	598,261	40,969	435,650	(2,356,890)	-	(2,356,890)
Culture and recreation	353,873	43,663	6,091	990,000	685,881	-	685,881
Tourism	237,702	18,496	-	-	(219,206)	-	(219,206)
Urban redevelopment housing	338,763	-	337,393	-	(1,370)	-	(1,370)
Interest on long-term debt	92,556	-	-	-	(92,556)	-	(92,556)
Total governmental activities	<u>6,839,931</u>	<u>711,100</u>	<u>478,602</u>	<u>1,425,650</u>	<u>(4,224,579)</u>	<u>-</u>	<u>(4,224,579)</u>
<b>Business-type activities:</b>							
Electric	3,752,319	4,692,755	-	-	-	940,436	940,436
Water	659,645	633,866	-	-	-	(25,779)	(25,779)
Wastewater	707,553	580,559	-	1,788,318	-	1,661,324	1,661,324
Total business-type activities	<u>5,119,518</u>	<u>5,907,180</u>	<u>-</u>	<u>1,788,318</u>	<u>-</u>	<u>2,575,980</u>	<u>2,575,980</u>
Total	<u>\$ 11,959,449</u>	<u>\$ 6,618,280</u>	<u>\$ 478,602</u>	<u>\$ 3,213,968</u>	<u>(4,224,579)</u>	<u>2,575,980</u>	<u>(1,648,599)</u>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					223,806	-	223,806
Sales and use taxes, levied for general purposes					1,632,926	-	1,632,926
Franchise taxes					71,614	-	71,614
Occupational licenses					294,806	-	294,806
Grants and contributions not restricted to specific programs -							
State sources					356,903	-	356,903
Non-employer pension contribution					39,923	19,884	59,807
Interest and investment earnings					20,734	2,096	22,830
Gain on sale of assets					76,300	-	76,300
Miscellaneous					18,424	-	18,424
Transfers					<u>1,066,295</u>	<u>(1,066,295)</u>	<u>-</u>
Total general revenues and transfers					<u>3,801,731</u>	<u>(1,044,315)</u>	<u>2,757,416</u>
Change in net position					(422,848)	1,531,665	1,108,817
Net position - July 1, 2017, as restated					<u>4,750,359</u>	<u>8,600,150</u>	<u>13,350,509</u>
Net position - June 30, 2018					<u>\$ 4,327,511</u>	<u>\$ 10,131,815</u>	<u>\$ 14,459,326</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **MAJOR FUNDS**

#### **General Fund**

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

#### **Capital Projects Fund**

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

#### **Enterprise Fund**

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

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

### **NONMAJOR FUNDS**

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

CITY OF ST. MARTINVILLE, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2018

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 109,791	\$ 1,152,831	\$ 210,474	\$ 1,473,096
Investments	5,097	-	-	5,097
Receivables:				
Taxes	146,565	-	-	146,565
Due from other governmental units	106,190	40,359	241	146,790
Due from other funds	68,822	-	1,846	70,668
Other	17,959	-	-	17,959
Inventory	22,580	-	-	22,580
Prepaid items	67,891	-	-	67,891
Total assets	<u>\$ 544,895</u>	<u>\$ 1,193,190</u>	<u>\$ 212,561</u>	<u>\$ 1,950,646</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 94,229	\$ -	\$ 603	\$ 94,832
Accrued expenses	121,021	-	797	121,818
Contract payable	-	1,575	-	1,575
Retainage payable	-	57,634	-	57,634
Customer rental deposits	3,550	-	-	3,550
Unearned revenue	3,506	-	-	3,506
Due to other funds	5,353	-	-	5,353
Total liabilities	<u>227,659</u>	<u>59,209</u>	<u>1,400</u>	<u>288,268</u>
Fund balances -				
Nonspendable - prepaid items and inventory	90,471	-	-	90,471
Restricted for capital projects	-	1,133,981	-	1,133,981
Restricted for debt service	-	-	166,446	166,446
Restricted for purpose of grantor	-	-	44,715	44,715
Unassigned	226,765	-	-	226,765
Total fund balances	<u>317,236</u>	<u>1,133,981</u>	<u>211,161</u>	<u>1,662,378</u>
Total liabilities and fund balances	<u>\$ 544,895</u>	<u>\$ 1,193,190</u>	<u>\$ 212,561</u>	<u>\$ 1,950,646</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2018

Total fund balances for governmental funds at June 30, 2018 \$ 1,662,378

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	\$ 787,765	
Construction in progress	1,277,247	
Buildings and improvements, net of \$3,893,303 accumulated depreciation	2,870,091	
Equipment and vehicles, net of \$844,497 accumulated depreciation	479,067	
Infrastructure, net of \$699,696 accumulated depreciation	<u>2,622,346</u>	8,036,516

The deferred outflows of expenditures for the municipal and police employees retirement systems are not a use of current resources, and therefore, are not reported in the funds. 587,885

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

Bonds payable	\$ (3,924,378)	
Accrued interest payable	(24,244)	
Capital lease payable	(35,133)	
Net postemployment benefit obligation payable	(256,150)	
Compensated absences	(90,222)	
Net pension liability	<u>(1,536,349)</u>	(5,866,476)

The deferred inflows of contributions for the municipal and police employees retirement systems are not available resources, and therefore, are not reported in the funds. (92,792)

Total net position of governmental activities at June 30, 2018 \$ 4,327,511

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2018

	General	Capital Projects Fund	Nonmajor Funds	Total
<b>Revenues:</b>				
Taxes	\$1,755,271	\$ -	\$ 101,461	\$ 1,856,732
Licenses and permits	367,309	-	-	367,309
Intergovernmental	462,702	1,410,650	337,393	2,210,745
Charges for services	658,430	-	-	658,430
Fines and forfeits	39,791	-	-	39,791
Miscellaneous	198,771	6,702	85	205,558
Total revenues	<u>3,482,274</u>	<u>1,417,352</u>	<u>438,939</u>	<u>5,338,565</u>
<b>Expenditures:</b>				
Current -				
General government	876,600	5	-	876,605
Public safety	1,359,939	-	-	1,359,939
Public works	1,536,944	-	-	1,536,944
Recreation	255,428	-	-	255,428
Tourism	155,041	-	-	155,041
Urban redevelopment and housing	-	-	337,888	337,888
Capital outlay	118,363	2,118,286	-	2,236,649
Debt service	30,802	1,125	308,152	340,079
Total expenditures	<u>4,333,117</u>	<u>2,119,416</u>	<u>646,040</u>	<u>7,098,573</u>
Deficiency of revenues over expenditures	<u>(850,843)</u>	<u>(702,064)</u>	<u>(207,101)</u>	<u>(1,760,008)</u>
<b>Other financing sources (uses):</b>				
Proceeds from capital lease	63,092	-	-	63,092
Proceeds from issuance of debt	-	599,932	-	599,932
Transfers in	1,061,000	151,040	262,752	1,474,792
Transfers out	(408,497)	-	-	(408,497)
Total other financing sources (uses)	<u>715,595</u>	<u>750,972</u>	<u>262,752</u>	<u>1,729,319</u>
Net changes in fund balances	(135,248)	48,908	55,651	(30,689)
Fund balances, beginning	<u>452,484</u>	<u>1,085,073</u>	<u>155,510</u>	<u>1,693,067</u>
Fund balances, ending	<u>\$ 317,236</u>	<u>\$ 1,133,981</u>	<u>\$ 211,161</u>	<u>\$ 1,662,378</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2018

Total net changes in fund balances at June 30, 2018 per  
statement of revenues, expenditures and changes in fund balances \$ (30,689)

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	\$ 466,477	
Loss on disposal of assets	(27,700)	
Depreciation expense for the year ended June 30, 2018	<u>(385,670)</u>	53,107

Bond proceeds are reported as financing sources in governmental funds  
and thus contribute to the change in fund balance. In the statement of  
net position, however, issuing debt increases long-term liabilities and  
does not affect the statement of activities. Similarly, principal  
payments are recorded as expenditures in the governmental funds but  
reduce the liability in the statement of net position. Also, governmental  
funds report the effect of premiums, discounts, and similar items when  
debt is first issued, whereas these amounts are deferred and amortized  
in the statement of activities:

Principal payments	242,959	
Proceeds from issuance of bonds	(663,024)	
Amortization of bond premium	<u>3,194</u>	(416,871)

Pension expense not requiring the use of current economic resources and,  
therefore, not recorded as a fund expenditure (127,621)

Nonemployer contributions to the municipal employees and police  
employees pension plans 39,923

Change in net OPEB obligation at June 30, 2018 not requiring the  
use of current economic resources and, therefore, not recorded  
as a fund expenditure (8,203)

Some expenses reported in the statement of activities do not require the  
use of current financial resources and, therefore, are not reported as  
expenditures in governmental funds.

Interest expense	1,370	
Compensated absences	<u>66,136</u>	<u>67,506</u>

Total changes in net position at June 30, 2018 per statement of activities \$ (422,848)

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 June 30, 2018

ASSETS

Current assets:		
Cash and interest-bearing deposits		\$ 106,441
Investments		160,163
Receivables:		
Accounts, net		1,070,886
Accrued interest		867
Inventory		183,329
Prepaid items		24,933
Deposits		<u>12,000</u>
Total current assets		<u>1,558,619</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits		38,356
Investments		316,412
Capital assets -		
Land and construction in progress		482,737
Other capital assets, net of accumulated depreciation		<u>9,393,008</u>
Total noncurrent assets		<u>10,230,513</u>
Total assets		<u>11,789,132</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions		<u>270,705</u>
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LIABILITIES

Current liabilities:		
Accounts, salaries, and other payables		615,915
Compensated absences		29,199
Due to other funds		65,315
Capital lease payable		26,345
Customer deposits		<u>349,645</u>
Total current liabilities		<u>1,086,419</u>
Noncurrent liabilities:		
Compensated absences		38,003
Net pension liability		691,017
Postemployment benefit obligation payable		<u>97,582</u>
Total noncurrent liabilities		<u>826,602</u>
Total liabilities		<u>1,913,021</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions		<u>15,001</u>
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NET POSITION

Net investment in capital assets		9,849,400
Unrestricted		<u>282,415</u>
Total net position		<u>\$ 10,131,815</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Fund  
 For the Year Ended June 30, 2018

Operating revenues:	
Charges for services -	
Electric	\$ 4,585,467
Water	618,950
Sewer	567,077
Permits, reconnections and penalties	<u>135,686</u>
Total operating revenues	<u>5,907,180</u>
Operating expenses:	
Electric	3,752,319
Water	659,645
Sewer	<u>705,728</u>
Total operating expenses	<u>5,117,693</u>
Operating income	<u>789,487</u>
Nonoperating revenues (expenses):	
Investment income	2,096
Interest expense	(1,825)
Nonemployer contribution revenue	<u>19,884</u>
Total nonoperating revenues (expenses)	<u>20,155</u>
Income before capital contributions and transfers	809,642
Capital contributions	1,788,318
Transfers out	<u>(1,066,295)</u>
Change in net position	1,531,665
Net position, beginning, as restated	<u>8,600,150</u>
Net position, ending	<u>\$ 10,131,815</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended June 30, 2018

Cash flows from operating activities:	
Receipts from customers	\$ 5,872,998
Payments to suppliers	(3,824,963)
Payments to employees	<u>(882,797)</u>
Net cash provided by operating activities	<u>1,165,238</u>
Cash flows from noncapital financing activities:	
Decrease in customer deposits, net of refunds	(235)
Cash paid to other funds	(68,373)
Transfers out	<u>(1,066,295)</u>
Net cash used by noncapital financing activities	<u>(1,134,903)</u>
Cash flows from capital and related financing activities:	
Purchase and construction of capital assets	(1,797,321)
Principal payments	(42,577)
Proceeds from grant	1,788,318
Interest paid	<u>(1,825)</u>
Net cash used by capital and related financing activities	<u>(53,405)</u>
Cash flows from investing activities:	
Purchase of investments	(476,575)
Maturities of investments	566,569
Investment income	<u>2,096</u>
Net cash provided by investing activities	<u>92,090</u>
Net increase in cash and cash equivalents	69,020
Cash and cash equivalents, beginning of period	<u>75,777</u>
Cash and cash equivalents, end of period	<u>\$ 144,797</u>

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund (Continued)  
 For the Year Ended June 30, 2018

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 789,487
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	360,320
Pension/OPEB expense	72,054
Changes in current assets and liabilities:	
Accounts receivable	(34,182)
Inventory	(1,151)
Prepaid items	(4,714)
Accounts and other payables	11,945
Compensated absences	(28,521)
Total adjustments	<u>375,751</u>
Net cash provided by operating activities	<u>\$ 1,165,238</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 37,415
Cash - restricted	<u>38,362</u>
Total cash and cash equivalents	<u>75,777</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	106,441
Cash - restricted	<u>38,356</u>
Total cash and cash equivalents	<u>144,797</u>
Net increase	<u>\$ 69,020</u>

The accompanying notes are an integral part of this statement.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The major funds of the City are described below:

Governmental Funds -

General Fund -

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

Capital Projects Fund -

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

Proprietary Fund -

Enterprise Fund -

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

The City's nonmajor funds are described below:

Debt Service Fund -

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

Section 8 Fund -

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

C. Measurement Focus/Basis of Accounting

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Cash and interest-bearing deposits

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

Investments

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

Interfund receivables and payables

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

Inventories

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

Prepays

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. The major receivable balance for the governmental activities is sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading/billing and the end of the month are estimated and recorded at June 30, 2018. All receivables are shown net of an allowance account, as applicable. At June 30, 2018, the allowance amount associated with the receivables of the Utility Fund was \$39,805.

Capital Assets

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

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

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments that are legally restricted as to their use. The restricted assets are related to utility customers' deposits.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Long-term debt

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

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

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

Compensated Absences

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

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

Interfund Transfers

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

F. Capitalization of Interest Expense

It is the policy of the City of St. Martinville to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the proprietary funds. At June 30, 2018, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

G. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the City has cash and interest-bearing deposits (book balances) totaling \$1,617,893.

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

Deposit balances (bank balances) at June 30, 2018 are secured as follows:

Bank balances	<u>\$2,564,317</u>
Federal deposit insurance	\$ 721,764
Pledged securities	<u>1,842,553</u>
Total	<u>\$2,564,317</u>

Deposits in the amount of \$881,299 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the City's name. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand. The City does not have a policy for custodial credit risk.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Investments

As of June 30, 2018, the City had the following investments and maturities:

Investment Type	% of Portfolio	Fair Value	Less Than One Year	One - Five Years
Mutual Funds:				
Fixed Income	95%	\$ 457,179	\$ -	\$ 457,179
Money Market	5%	24,493	24,493	-
Total	<u>100%</u>	<u>\$ 481,672</u>	<u>\$ 24,493</u>	<u>\$ 457,179</u>

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

Credit Risk/Concentration of Credit Risk – Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City limits investments to government securities that are direct and indirect obligations of the United States Government. At June 30, 2018, investments with a fair value of 481,672 were rated AA+ by Standards & Poor’s.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires all investments to be in the City’s name and all ownership securities to be evidenced by an acceptable safekeeping receipt issued by a third-party financial institution which is acceptable to the City. Accordingly, the City had no custodial credit risk related to its investments at June 30, 2018.

(4) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2018 consisted of the following:

Governmental Activities -	
Federal grants	\$ 40,359
State of Louisiana:	
Video poker	62,252
Beer tax	3,017
Louisiana Department of Transportation:	
Highway maintenance	3,635
St. Martin Parish Government:	
Off track betting	3,827
Housing Authority:	
Payment in lieu of taxes	31,559
Other	2,141
	<u>\$ 146,790</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Governmental activities:				
Assets not being depreciated:				
Land	\$ 787,765	\$ -	\$ -	\$ 787,765
Construction in progress	1,861,198	1,431,914	2,015,865	1,277,247
Assets being depreciated:				
Buildings and improvements	5,869,436	928,406	34,448	6,763,394
Equipment and vehicles	1,261,671	92,789	30,896	1,323,564
Infrastructure	<u>3,322,042</u>	-	-	<u>3,322,042</u>
Totals	<u>13,102,112</u>	<u>2,453,109</u>	<u>2,081,209</u>	<u>13,474,012</u>
Less accumulated depreciation				
Buildings and improvements	3,728,736	173,363	8,796	3,893,303
Equipment and vehicles	744,089	129,256	28,848	844,497
Infrastructure	<u>616,645</u>	<u>83,051</u>	-	<u>699,696</u>
Total accumulated depreciation	<u>5,089,470</u>	<u>385,670</u>	<u>37,644</u>	<u>5,437,496</u>
Governmental activities, capital assets, net	<u>\$ 8,012,642</u>	<u>\$ 2,067,439</u>	<u>\$ 2,043,565</u>	<u>\$ 8,036,516</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 482,737	\$ -	\$ -	\$ 482,737
Construction in progress	177,196	9,000	186,196	-
Capital assets being depreciated:				
Buildings and improvements	1,044,232	-	-	1,044,232
Equipment	1,046,316	-	6,489	1,039,827
Wastewater and water plant	15,178,627	1,974,517	-	17,153,144
Electric lines and meters	<u>1,914,924</u>	-	<u>45,000</u>	<u>1,869,924</u>
Totals	<u>19,844,032</u>	<u>1,983,517</u>	<u>237,685</u>	<u>21,589,864</u>
Less accumulated depreciation				
Buildings and improvements	1,032,244	939	-	1,033,183
Equipment	804,719	24,957	6,489	823,187
Wastewater and water plant	7,936,346	277,776	-	8,214,122
Electric lines and meters	<u>1,631,979</u>	<u>56,648</u>	<u>45,000</u>	<u>1,643,627</u>
Total accumulated depreciation	<u>11,405,288</u>	<u>360,320</u>	<u>51,489</u>	<u>11,714,119</u>
Business-type activities, capital assets, net	<u>\$ 8,438,744</u>	<u>\$ 1,623,197</u>	<u>\$ 186,196</u>	<u>\$ 9,875,745</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 46,223
Public safety	65,944
Public works	113,337
Culture and recreation	81,417
Tourism	78,749
	<u>\$ 385,670</u>

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

Electric	\$ 54,311
Water	128,446
Wastewater	177,563
	<u>\$ 360,320</u>

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2018:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 94,830	\$ 569,653	\$ 664,483
Contracts and retainage	59,211	-	59,211
Accrued payroll and related liabilities	121,818	46,262	168,080
Totals	<u>\$ 275,859</u>	<u>\$ 615,915</u>	<u>\$ 891,774</u>

(7) Changes in Long-Term Debt

The following is a summary of the changes for the year ended June 30, 2018:

	Balance 7/1/2017	Additions	Reductions	Balance 6/30/2018
Governmental Activities:				
General obligation bonds	\$ 1,715,000	\$ -	\$ 215,000	\$ 1,500,000
Sales tax revenue bonds	344,081	599,932	-	944,013
Series 2012 refunding bonds	1,450,000	-	-	1,450,000
Capital lease	-	63,092	27,959	35,133
Compensated absences	156,358	-	66,136	90,222
	<u>3,665,439</u>	<u>663,024</u>	<u>309,095</u>	<u>4,019,368</u>
Unamortized bond premium	33,559	-	3,194	30,365
Total governmental activities	<u>\$ 3,698,998</u>	<u>\$ 663,024</u>	<u>\$ 312,289</u>	<u>\$ 4,049,733</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 7/1/2017	Additions	Reductions	Balance 6/30/2018
Business-type Activities:				
Capital lease	\$ 68,922	\$ -	\$ 42,577	\$ 26,345
Compensated absences	95,723	-	28,521	67,202
Total business-type activities	<u>\$ 164,645</u>	<u>\$ -</u>	<u>\$ 71,098</u>	<u>\$ 93,547</u>

Long-term debt at June 30, 2018 is comprised of the following:

Governmental activities –

		<u>Current Portion</u>
\$2,485,000 Street Improvement Refunding Bonds Series 2012 dated June 29, 2012; due in annual installments of \$20,000 to \$260,000 through April 1, 2024; interest at 2.55 percent, payable from and secured by a pledge and dedication of excess revenues.	\$ 1,450,000	\$ 225,000
\$1,500,000 General Obligation Bond Series 2016 dated March 10, 2016; due in annual installments of \$60,000 - \$115,000 through March 1, 2036; interest at 3.00 percent and payable from and secured by levy collection of ad valorem taxes.	1,500,000	60,000
\$1,300,000 Sales Tax Bond, Series 2015 issued by Louisiana Department of Environmental Quality; due in annual installments; exact repayments have not yet been established as the project is still in progress; payments due January 1 of each year; secured by sales tax revenue.	<u>944,013</u>	<u>-</u>
Total bonds payable	3,894,013	<u>\$ 285,000</u>
Add: premium on issuance of debt	<u>30,365</u>	
Net bonds payable	3,924,378	
Capital Lease -		
\$63,092 vehicle lease dated August 17, 2017, due in 24 annual installments of \$2,800, including interest at 6.14 percent, through August 17, 2019, secured by General Fund revenues and assets with a carrying value of \$58,473 at June 30, 2018.	<u>35,133</u>	<u>32,340</u>
Total governmental activities long-term liabilities	<u>\$ 3,959,511</u>	<u>\$ 317,340</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Business-type activities –

Capital Lease -		<u>Current</u>
\$174,595 vehicle lease dated March 25, 2013 due with one advance payment of \$17,459 followed by monthly installments of \$2,440 from May 5, 2013 through May 5, 2019; interest rate of 3.74 percent; secured by excess Utility Fund revenues and an asset with a carrying value of \$128,764.	\$ 26,345	<u>\$ 26,345</u>

The annual requirements to amortize all debt outstanding (except for the DEQ bonds since repayment terms are not yet established) at June 30, 2018 are as follows:

June 30,	Governmental Activities				Business-Type Activities	
	Bonds		Capital Lease		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 285,000	\$ 81,075	\$ 32,340	1,263	\$ 26,345	897
2020	290,000	73,538	2,793	7	-	-
2021	300,000	65,797	-	-	-	-
2022	310,000	57,855	-	-	-	-
2023	325,000	49,583	-	-	-	-
2024-2028	645,000	155,805	-	-	-	-
2029-2033	465,000	85,425	-	-	-	-
2034-2036	330,000	15,150	-	-	-	-
Totals	\$ 2,950,000	\$ 584,228	\$ 35,133	\$ 1,270	\$ 26,345	\$ 897

(8) Pension Plans

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

**Plan Descriptions:**

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

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

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

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

**Contributions**

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. Contributions of employees, employers, and non-employer contributing entities effective for the year ended June 30, 2018 for the defined benefit pension plans in which the City is a participating employer were as follows:

<u>Plan</u>	<u>Active Member Contribution Percentage</u>	<u>Employer Contribution Percentage</u>	<u>Nonemployer Contributing Entities</u>	<u>Government Contributions</u>
MERS	5.00%	13.25%	\$ 46,242	\$ 171,088
MPERS	10.00%	31.75%	<u>13,565</u>	<u>45,819</u>
Total			<u>\$ 59,807</u>	<u>\$ 216,907</u>

**Net Pension Liability**

The City's net pension liability at June 30, 2018 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the City is a participating employer. The City's net pension liability for each plan was measured as of the plan's measurement date (June 30, 2017 for both plans) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

<u>Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Proportionate Share (%) of Net Pension Liability</u>	<u>Increase/(Decrease) from Prior Measurement Date</u>
MERS	\$ 1,607,017	1.857323%	0.060817%
MPERS	<u>620,349</u>	0.071056%	-0.007220%
Total	<u>\$ 2,227,366</u>		

Since the measurement date of the net pension liability was June 30, 2017, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the City's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows: MERS – <http://www.mersla.com> ; MPERS – <http://lampers.org/> .

**Actuarial Assumptions**

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

	<u>MERS</u>	<u>MPERS</u>
Date of experience study	7/1/2009-6/30/2014	7/1/2009-6/30/2014
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	7.4%, net of investment expense	7.325%, net of investment expense
Expected remaining service lives	4	4
Inflation rate	2.775%	2.700%
Projected salary increases	5.0%	4.25% - 9.75%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(3), (4), (5)

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Cost of Living Adjustments**

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

**Discount Rate**

The discount rate used to measure the total pension liability for MERS was 7.4%, which was a decrease of 0.1% from the prior year valuation. The discount rate used to measure the total pension liability for MPERS was 7.325%, which was a decrease of 0.175% from the prior year valuation. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan’s fiduciary net positions was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-term Rate of Return**

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

Asset Class	MERS		MPERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	35%	1.60%	21%	0.52%
Equities	50%	2.30%	53%	3.66%
Alternative Investments	15%	0.70%	20%	1.10%
Other	-	-	6%	0.16%
Totals	<u>100%</u>	<u>4.60%</u>	<u>100%</u>	<u>5.44%</u>
Inflation		<u>2.60%</u>		<u>2.75%</u>
Expected arithmetic nominal return		<u>7.20%</u>		<u>8.19%</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2018, the City recognized \$327,565 and \$85,891 in pension expense related to MERS and MPERS, respectively.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	MERS	MPERS	Total
Difference between expected and actual experience	\$ 8,418	\$ 4,062	\$ 12,480
Changes of assumptions	70,758	44,141	114,899
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	40,803	107,751	148,554
Net differences between projected and actual earnings on plan investments	338,593	27,157	365,750
Contributions subsequent to the measurement date	171,088	45,819	216,907
Total	<u>\$ 629,660</u>	<u>\$ 228,930</u>	<u>\$ 858,590</u>

  

	Deferred Inflows of Resources		
	MERS	MPERS	Total
Difference between expected and actual experience	\$ 34,886	\$ 4,768	\$ 39,654
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	68,139	68,139
Total	<u>\$ 34,886</u>	<u>\$ 72,907</u>	<u>\$ 107,793</u>

Deferred outflows of resources of \$216,907 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended June 30	MERS	MPERS	Total
2019	\$ 169,194	\$ 39,449	\$ 208,643
2020	155,624	76,930	232,554
2021	83,635	8,383	92,018
2022	15,233	(14,558)	675
	<u>\$ 423,686</u>	<u>\$ 110,204</u>	<u>\$ 533,890</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	7.40%	\$2,079,299	\$ 1,607,017	\$ 1,203,989
MPERS	7.33%	857,072	620,349	421,755
Total		<u>\$2,936,371</u>	<u>\$ 2,227,366</u>	<u>\$ 1,625,744</u>

**Payables to the Pension Plans**

At June 30, 2018, the City’s payables were \$17,128 and \$4,785 to MERS and MPERS, respectively, for the month of June-2018, which were the contractually required contributions.

(9) Postretirement Health Care and Life Insurance Benefits

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

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

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Total OPEB Liability**

The City's total OPEB liability of \$353,732 was measured as of July 1, 2017 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

**Changes in the Total OPEB Liability**

Balance at June 30, 2017	<u>\$ 342,403</u>
Changes for the year:	
Service cost	26,408
Interest	13,751
Differences between expected and actual experience	-
Benefit payments and net transfers	<u>(28,830)</u>
Net changes	<u>11,329</u>
Balance at June 30, 2018	<u><u>\$ 353,732</u></u>

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

	1.00%	Current	1.00%
	Increase	Discount Rate	Increase
	<u>2.88%</u>	<u>3.88%</u>	<u>4.88%</u>
Total OPEB liability	<u>\$ 376,074</u>	<u>\$ 353,732</u>	<u>\$ 332,655</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

	1.00% Decrease <u>3.5%</u>	Current Trend Rate <u>4.5%</u>	1.00% Increase <u>5.5%</u>
Total OPEB liability	<u>\$ 323,616</u>	<u>\$ 353,732</u>	<u>\$ 388,828</u>

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$40,159. At June 30, 2018, there were no deferred inflows or outflows of resources related to OPEB.

(10) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2018:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 68,822	\$ 5,353
Enterprise Fund:		
Utility Fund	-	65,315
Nonmajor Funds	<u>1,846</u>	<u>-</u>
Total	<u>\$ 70,668</u>	<u>\$ 70,668</u>

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2018:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 1,061,000	\$ 408,497
Capital Projects Funds	151,040	-
Enterprise Fund:		
Utility Fund	-	1,066,295
Nonmajor Funds	<u>262,752</u>	<u>-</u>
Total	<u>\$ 1,474,792</u>	<u>\$ 1,474,792</u>

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

(11) Dedication of Sales Tax Revenues

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

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

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

Sales and use tax revenues for the fiscal year ended June 30, 2018 were \$1,632,926. Proceeds from the taxes and all reasonable and necessary costs and expenses of collecting the taxes are recorded in the General Fund.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Ad Valorem Taxes

For the year ended June 30, 2018, taxes of 8.65 mills were levied on property with assessed valuations totaling \$22,541,995 and were dedicated as follows:

General alimony	4.08 mills
Public improvement bonds	4.57 mills

Total taxes levied for the year ended June 30, 2018 were \$194,988. The taxes are levied and assessed in June of each year. Tax bills are mailed in November, due on December 31, and are delinquent if unpaid as of January 1.

(13) Contracts

In October 2007, the City entered into a long-term contract with CLECO. This agreement provides for the purchase of the City's power and energy requirements from CLECO as well as the lease of the City's substation by CLECO.

During the year ended June 30, 2018, the City purchased power from CLECO in the amount of \$2,858,315 of which \$526,077 was payable at year end. This amount has been accrued in the accompanying financial statements.

(14) Fair Value Measurements

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2018:

Description	Total	Level 1	Level 2	Level 3
Mutual Funds:				
Fixed Income	<u>\$ 457,179</u>	<u>\$ -</u>	<u>\$ 457,179</u>	<u>\$ -</u>

(15) Compensation of City Council

The compensation paid to the council members for the year ended June 30, 2018 follows:

Debra Landry	\$ 9,083
Mike Fuselier	9,083
Craig Prosper	9,083
Dennis Williams	9,083
Edmond Joseph	<u>9,083</u>
Total	<u>\$ 45,415</u>

(16) Risk Management

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

(17) On-behalf Payments

The City has recognized \$93,149 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(18) Contingencies

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, any judgements rendered in favor of the plaintiff or payments resulting from compromise settlements, if any, will be within the limits of the various insurance coverages carried by the City.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Under Act 706, the City of St. Martinville is required to disclose the compensation, reimbursements, benefits, and other payments made to the mayor, in which the payments are related to the position. The following is a schedule of payments made to the Mayor for the year ended June 30, 2018.

Entity head: Thomas Nelson, Mayor

Salary	\$ 59,423
Benefits - insurance	232
Benefits - retirement	7,866
Per diem	1,488
Travel	915
Registration fees	895
Conference travel	<u>2,348</u>
Total	<u>\$ 73,167</u>

(20) New Accounting Pronouncement

In June 2015, the Governmental Standards Accounting Board (GASB) approved Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 were implemented by the City during the year ended June 30, 2018. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

The implementation of this standard resulted in a restatement of net position as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Proprietary Fund</u>
Net position, June 30, 2017, as previously reported	\$3,469,230	\$8,162,434	\$11,631,664	\$8,162,434
Change in accounting principle: Net effect of implementing GASB Statement No. 75	<u>1,281,129</u>	<u>437,716</u>	<u>1,718,845</u>	<u>437,716</u>
Net position, June 30, 2017, as restated	<u>\$4,750,359</u>	<u>\$8,600,150</u>	<u>\$13,350,509</u>	<u>\$8,600,150</u>

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CITY OF ST. MARTINVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 1,695,000	\$ 1,695,000	\$ 1,755,271	\$ 60,271
Licenses and permits	346,800	346,800	367,309	20,509
Intergovernmental	389,757	389,757	462,702	72,945
Charges for services	656,950	656,950	658,430	1,480
Fines and forfeitures	53,000	53,000	39,791	(13,209)
Miscellaneous income	67,900	67,900	198,771	130,871
Total revenues	<u>3,209,407</u>	<u>3,209,407</u>	<u>3,482,274</u>	<u>272,867</u>
<b>Expenditures:</b>				
Current -				
General government	861,862	861,862	876,600	(14,738)
Public safety	1,293,076	1,293,076	1,359,939	(66,863)
Public works	1,650,713	1,650,713	1,536,944	113,769
Recreation	264,197	264,197	255,428	8,769
Tourism	184,023	184,023	155,041	28,982
Capital outlay	42,000	42,000	118,363	(76,363)
Debt service	30,802	30,802	30,802	-
Total expenditures	<u>4,326,673</u>	<u>4,326,673</u>	<u>4,333,117</u>	<u>(6,444)</u>
Deficiency of revenues over expenditures	<u>(1,117,266)</u>	<u>(1,117,266)</u>	<u>(850,843)</u>	<u>266,423</u>
<b>Other financing sources (uses):</b>				
Proceeds from capital lease	-	-	63,092	63,092
Transfers in	1,125,000	1,125,000	1,061,000	(64,000)
Transfers out	(309,018)	(422,457)	(408,497)	13,960
Total other financing sources (uses)	<u>815,982</u>	<u>702,543</u>	<u>715,595</u>	<u>13,052</u>
Net change in fund balances	(301,284)	(414,723)	(135,248)	279,475
Fund balance, beginning	<u>452,484</u>	<u>452,484</u>	<u>452,484</u>	<u>-</u>
Fund balance, ending	<u>\$ 151,200</u>	<u>\$ 37,761</u>	<u>\$ 317,236</u>	<u>\$ 279,475</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Changes in Net OPEB Liability and Related Ratios  
For the Year Ended June 30, 2018

**Total OPEB Liability**

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

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

CITY OF ST. MARTINVILLE

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2018\*

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

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

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

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Employer Pension Contributions  
For the Year Ended June 30, 2018

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

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

CITY OF ST. MARTINVILLE

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2018

(1) Budget and Budgetary Accounting

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

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

(2) Pension Plans

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

(3) Other Postemployment Benefits

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

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF ST. MARTINVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes -					
Ad valorem	\$ 120,000	\$ 120,000	\$ 122,345	\$ 2,345	\$ 127,128
Sales	1,575,000	1,575,000	1,632,926	57,926	1,531,673
Total taxes	<u>1,695,000</u>	<u>1,695,000</u>	<u>1,755,271</u>	<u>60,271</u>	<u>1,658,801</u>
Licenses and permits -					
Occupational and liquor licenses	254,500	254,500	266,469	11,969	254,359
Franchise, fees, and permits	<u>92,300</u>	<u>92,300</u>	<u>100,840</u>	<u>8,540</u>	<u>93,323</u>
Total licenses and permits	<u>346,800</u>	<u>346,800</u>	<u>367,309</u>	<u>20,509</u>	<u>347,682</u>
Intergovernmental -					
Federal and state grants	-	-	33,699	33,699	255,702
State revenue sharing	4,887	4,887	4,946	59	4,887
Beer tax	12,600	12,600	11,218	(1,382)	11,729
Video poker	275,000	275,000	297,420	22,420	294,131
Local grants	-	-	15,000	15,000	-
Other	7,270	7,270	7,270	-	7,270
On behalf payments	<u>90,000</u>	<u>90,000</u>	<u>93,149</u>	<u>3,149</u>	<u>86,167</u>
Total intergovernmental	<u>389,757</u>	<u>389,757</u>	<u>462,702</u>	<u>72,945</u>	<u>659,886</u>
Charges for services -					
Garbage	600,000	600,000	596,271	(3,729)	585,195
Recreation	43,150	43,150	43,663	513	40,991
Tourism center	<u>13,800</u>	<u>13,800</u>	<u>18,496</u>	<u>4,696</u>	<u>30,464</u>
Total charges for services	<u>656,950</u>	<u>656,950</u>	<u>658,430</u>	<u>1,480</u>	<u>656,650</u>
Fines and forfeits	<u>53,000</u>	<u>53,000</u>	<u>39,791</u>	<u>(13,209)</u>	<u>45,907</u>
Miscellaneous -					
Sale of assets	-	-	104,000	104,000	-
Investment income	1,080	1,080	250	(830)	1,286
Miscellaneous	<u>66,820</u>	<u>66,820</u>	<u>94,521</u>	<u>27,701</u>	<u>92,228</u>
Total miscellaneous	<u>67,900</u>	<u>67,900</u>	<u>198,771</u>	<u>130,871</u>	<u>93,514</u>
Total revenues	<u>\$ 3,209,407</u>	<u>\$ 3,209,407</u>	<u>\$ 3,482,274</u>	<u>\$ 272,867</u>	<u>\$ 3,462,440</u>

CITY OF ST. MARTINVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Mayor and council salaries	\$ 106,348	\$ 106,348	\$ 102,794	\$ 3,554	\$ 106,016
Other salaries and wages	280,249	280,249	281,751	(1,502)	280,777
Retirement	44,278	44,278	43,853	425	35,470
Group insurance	58,541	58,541	53,313	5,228	57,603
Payroll taxes	28,535	28,535	27,498	1,037	27,649
Insurance	77,473	77,473	80,321	(2,848)	76,979
Office	18,118	18,118	18,897	(779)	20,222
Advertising	13,000	13,000	9,004	3,996	9,788
Dues	8,600	8,600	1,590	7,010	11,085
Claim payments	5,000	5,000	17,967	(12,967)	11,222
Legal and professional fees	60,000	60,000	68,221	(8,221)	55,452
Magistrate	12,000	12,000	12,600	(600)	12,600
Travel and conferences	14,300	14,300	11,771	2,529	11,571
Fuel	3,500	3,500	3,329	171	2,645
Indigent defendants cost	24,000	24,000	18,628	5,372	21,988
Telephone and postage	6,320	6,320	7,631	(1,311)	6,407
Rent	3,857	3,857	5,143	(1,286)	8,429
Repairs and maintenance	8,126	8,126	7,223	903	5,412
Collection expense	24,500	24,500	24,418	82	23,076
Contribution - SMEDA	14,000	14,000	14,000	-	14,000
Inspection fees	15,000	15,000	20,691	(5,691)	11,051
Uniforms	2,000	2,000	611	1,389	1,924
Miscellaneous	34,117	34,117	45,346	(11,229)	10,904
Total general government	<u>861,862</u>	<u>861,862</u>	<u>876,600</u>	<u>(14,738)</u>	<u>822,270</u>

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				
	Budget		Actual	Variance with Final Budget	2017 Actual
	Original	Final		Positive (Negative)	
Public safety -					
Salaries	821,528	821,528	820,627	901	838,305
Retirement	23,831	23,831	45,819	(21,988)	67,350
Group insurance	147,539	147,539	147,093	446	154,183
Payroll taxes	54,493	54,493	61,101	(6,608)	62,244
Workman's comp	21,228	21,228	32,576	(11,348)	27,915
Insurance	66,381	66,381	78,548	(12,167)	71,287
Supplies	21,800	21,800	11,835	9,965	20,956
Advertising	27,450	27,450	26,767	683	26,482
Dues and subscriptions	650	650	347	303	650
Legal and professional fees	14,260	14,260	14,131	129	13,251
Training	3,000	3,000	2,320	680	2,845
Prisoner	10,000	10,000	4,426	5,574	5,776
Travel and conferences	2,000	2,000	882	1,118	2,665
Fuel	37,500	37,500	41,374	(3,874)	36,733
Repairs and maintenance	23,486	23,486	49,570	(26,084)	28,267
Drug testing	2,000	2,000	2,423	(423)	2,702
Equipment	7,801	7,801	6,600	1,201	6,015
Uniforms	3,000	3,000	5,496	(2,496)	5,394
Miscellaneous	5,129	5,129	8,004	(2,875)	5,240
Total public safety	<u>1,293,076</u>	<u>1,293,076</u>	<u>1,359,939</u>	<u>(66,863)</u>	<u>1,378,260</u>
Public works -					
Salaries	527,184	527,184	438,468	88,716	519,083
Retirement	41,758	41,758	40,726	1,032	36,357
Group insurance	73,538	73,538	66,732	6,806	72,756
Workman's comp	24,250	24,250	24,158	92	28,598
Payroll taxes	37,775	37,775	29,975	7,800	35,425
Contract labor	13,500	13,500	22,155	(8,655)	20,010
Insurance	42,607	42,607	48,477	(5,870)	38,208
Supplies	54,000	54,000	45,455	8,545	60,334
Legal and professional fees	37,650	37,650	9,196	28,454	3,668
Telephone and postage	4,500	4,500	4,838	(338)	4,122
Auto	35,000	35,000	30,605	4,395	27,847
Repairs and maintenance	62,086	62,086	47,285	14,801	59,617
Street repairs and maintenance	65,000	65,000	74,969	(9,969)	141,248
Miscellaneous	3,165	3,165	2,283	882	2,881
Dog pound	15,000	15,000	14,285	715	14,617
Waste collection	612,200	612,200	637,065	(24,865)	665,217
Uniforms	1,500	1,500	272	1,228	3,079
Total public works	<u>1,650,713</u>	<u>1,650,713</u>	<u>1,536,944</u>	<u>113,769</u>	<u>1,733,067</u>

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Recreation -					
Salaries	141,896	141,896	134,572	7,324	145,163
Retirement	8,927	8,927	8,918	9	7,411
Group insurance	16,556	16,556	15,633	923	16,325
Payroll taxes	10,687	10,687	9,902	785	10,792
Insurance	14,154	14,154	14,355	(201)	14,308
Workman's comp	7,943	7,943	5,045	2,898	5,591
Supplies	11,500	11,500	10,839	661	15,274
Legal and professional fees	6,480	6,480	5,980	500	5,949
Fuel	3,500	3,500	3,443	57	3,262
Utilities	19,734	19,734	22,109	(2,375)	18,230
Repairs and maintenance	10,308	10,308	9,112	1,196	12,959
Swimming pool expenses	11,963	11,963	11,923	40	11,475
Uniforms	150	150	-	150	19
Miscellaneous	399	399	3,597	(3,198)	191
Total recreation	<u>264,197</u>	<u>264,197</u>	<u>255,428</u>	<u>8,769</u>	<u>266,949</u>
Tourism -					
Salaries	126,378	126,378	106,353	20,025	102,886
Group insurance	8,642	8,642	7,905	737	8,295
Payroll taxes	9,670	9,670	8,014	1,656	7,745
Economic development	7,079	7,079	5,362	1,717	6,377
Workman's comp	353	353	268	85	326
Supplies	3,050	3,050	924	2,126	3,993
Repairs and maintenance	10,220	10,220	5,077	5,143	6,509
Utilities and telephone	7,955	7,955	7,684	271	7,292
Advertising	-	-	2,129	(2,129)	2,301
Miscellaneous	4,326	4,326	4,958	(632)	2,115
Legal and professional	350	350	704	(354)	9,619
Travel and conferences	1,000	1,000	916	84	823
Bicentennial expenses	5,000	5,000	4,747	253	18,583
Total tourism	<u>184,023</u>	<u>184,023</u>	<u>155,041</u>	<u>28,982</u>	<u>176,864</u>
Capital outlay	<u>42,000</u>	<u>42,000</u>	<u>118,363</u>	<u>(76,363)</u>	<u>77,191</u>
Debt service:					
Principal retirement	27,959	27,959	27,959	-	29,233
Interest	2,843	2,843	2,843	-	4,370
Total debt service	<u>30,802</u>	<u>30,802</u>	<u>30,802</u>	<u>-</u>	<u>33,603</u>
Total expenditures	<u>\$ 4,326,673</u>	<u>\$ 4,326,673</u>	<u>\$ 4,333,117</u>	<u>\$ (6,444)</u>	<u>\$ 4,488,204</u>

CITY OF ST. MARTINVILLE, LOUISIANA  
Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance with Final Budget Positive (Negative)	2017 Actual
	Budget	Actual		
<b>Revenues:</b>				
Intergovernmental -				
Federal grants	\$ 430,000	\$ 435,650	\$ 5,650	\$ 1,137,027
Local grants	975,000	975,000	-	-
Miscellaneous	500	6,702	6,202	9,615
Total revenues	<u>1,405,500</u>	<u>1,417,352</u>	<u>11,852</u>	<u>1,146,642</u>
<b>Expenditures:</b>				
General government -				
Office expenditures	-	5	(5)	-
Capital outlay -				
Recreation	975,000	987,530	(12,530)	110,973
Sewer improvements	599,932	541,251	58,681	1,178,325
Streets and drainage	595,000	589,505	5,495	436,400
Total capital outlay	<u>2,169,932</u>	<u>2,118,286</u>	<u>51,646</u>	<u>1,725,698</u>
Debt service -				
Bond issuance costs	-	1,125	(1,125)	2,557
Total expenditures	<u>2,169,932</u>	<u>2,119,416</u>	<u>50,516</u>	<u>1,728,255</u>
Deficiency of revenues over expenditures	<u>(764,432)</u>	<u>(702,064)</u>	<u>62,368</u>	<u>(581,613)</u>
<b>Other financing sources (uses):</b>				
Proceeds from issuance of debt	599,932	599,932	-	344,081
Transfers in	165,000	151,040	(13,960)	74,703
Transfers out	-	-	-	(11,912)
Total other financing sources (uses)	<u>764,932</u>	<u>750,972</u>	<u>(13,960)</u>	<u>406,872</u>
Net change in fund balance	500	48,908	48,408	(174,741)
Fund balance, beginning	<u>1,085,073</u>	<u>1,085,073</u>	-	<u>1,259,814</u>
Fund balance, ending	<u>\$ 1,085,573</u>	<u>\$ 1,133,981</u>	<u>\$ 48,408</u>	<u>\$ 1,085,073</u>

## **NON MAJOR GOVERNMENTAL FUND DESCRIPTIONS**

### **SECTION 8 FUND**

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

### **DEBT SERVICE FUND**

To account for the accumulation of resources for the payment of general obligation bonds, general obligation refunding bonds, and street improvement refunding bonds. Financing is provided by an ad valorem tax and transfers from the General Fund and the Utility Fund.

CITY OF ST. MARTINVILLE, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet  
June 30, 2018

	Section 8 Fund	2008 Debt Service Fund	Total
<b>ASSETS</b>			
Cash	\$ 44,533	\$ 165,941	\$ 210,474
Due from other governmental units	-	241	241
Due from other funds	1,582	264	1,846
Total assets	\$ 46,115	\$ 166,446	\$ 212,561
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 603	\$ -	\$ 603
Accrued expenses	797	-	797
Total liabilities	1,400	-	1,400
Fund balances:			
Restricted	44,715	166,446	211,161
Total liabilities and fund balances	\$ 46,115	\$ 166,446	\$ 212,561

CITY OF ST. MARTINVILLE, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
For the Year Ended June 30, 2018

	Section 8 Fund	2008 Debt Service Fund	Total
Revenues:			
Ad valorem taxes	\$ -	\$ 101,461	\$ 101,461
Federal grants	337,393	-	337,393
Miscellaneous	28	57	85
Total revenues	337,421	101,518	438,939
Expenditures:			
Current -			
Urban redevelopment and housing	337,888	-	337,888
Debt service	-	308,152	308,152
Total expenditures	337,888	308,152	646,040
Deficiency of revenues over expenditures	(467)	(206,634)	(207,101)
Other financing sources:			
Operating transfers in	-	262,752	262,752
Net changes in fund balances	(467)	56,118	55,651
Fund balances, beginning	45,182	110,328	155,510
Fund balances, ending	\$ 44,715	\$ 166,446	\$ 211,161

CITY OF ST. MARTINVILLE, LOUISIANA

Comparative Statement of Net Position  
Enterprise Fund  
June 30, 2018 and 2017

	Utility Fund	
	2018	2017
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 106,441	\$ 37,415
Investments	160,163	250,841
Receivables:		
Accounts	1,070,886	1,036,704
Accrued interest	867	867
Due from others	-	1,224
Inventory	183,329	182,178
Prepaid items	24,933	20,219
Deposits	<u>12,000</u>	<u>12,000</u>
Total current assets	<u>1,558,619</u>	<u>1,541,448</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	38,356	38,362
Investments	316,412	315,728
Capital assets -		
Land and construction in progress	482,737	659,933
Other capital assets, net of accumulated depreciation	<u>9,393,008</u>	<u>7,778,811</u>
Total noncurrent assets	<u>10,230,513</u>	<u>8,792,834</u>
Total assets	<u>11,789,132</u>	<u>10,334,282</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>270,705</u>	<u>265,684</u>
LIABILITIES		
Current liabilities:		
Accounts, salaries, and other payables	615,915	603,970
Compensated absences	29,199	95,723
Due to other funds	65,315	134,912
Capital lease payable	26,345	42,577
Customer deposits	<u>349,645</u>	<u>349,880</u>
Total current liabilities	<u>1,086,419</u>	<u>1,227,062</u>
Noncurrent liabilities:		
Compensated absences	38,003	-
Capital lease payable	-	26,345
Postemployment benefit obligation payable	97,582	94,456
Net pension liability	<u>691,017</u>	<u>640,037</u>
Total noncurrent liabilities	<u>826,602</u>	<u>760,838</u>
Total liabilities	<u>1,913,021</u>	<u>1,987,900</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>15,001</u>	<u>11,916</u>
NET POSITION		
Net investment in capital assets	9,849,400	8,369,822
Unrestricted	<u>282,415</u>	<u>230,328</u>
Total net position	<u>\$ 10,131,815</u>	<u>\$ 8,600,150</u>

CITY OF ST. MARTINVILLE, LOUISIANA

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

Enterprise Fund

For the Years Ended June 30, 2018 and 2017

	Utility Fund	
	2018	2017
Operating revenues:		
Charges for services -		
Electric	\$ 4,585,467	\$ 4,609,457
Water	618,950	504,309
Sewer	567,077	485,549
Permits, reconnections and penalties	135,686	132,020
Total operating revenues	<u>5,907,180</u>	<u>5,731,335</u>
Operating expenses:		
Electric	3,752,319	3,764,539
Water	659,645	785,048
Sewer	705,728	731,141
Total operating expenses	<u>5,117,693</u>	<u>5,280,728</u>
Operating income	<u>789,487</u>	<u>450,607</u>
Nonoperating revenues (expenses):		
Investment income	2,096	4,762
Interest expense	(1,825)	(3,536)
Grant revenue	-	220,697
Nonemployer contribution revenue	19,884	19,262
Loss on disposition	-	(3,230)
Total nonoperating revenues (expenses)	<u>20,155</u>	<u>237,955</u>
Income before capital contributions and transfers	809,642	688,562
Capital contributions	1,788,318	-
Transfers out	<u>(1,066,295)</u>	<u>(1,078,135)</u>
Change in net position	1,531,665	(389,573)
Net position, beginning, as restated	<u>8,600,150</u>	<u>8,989,723</u>
Net position, ending	<u>\$10,131,815</u>	<u>\$ 8,600,150</u>

CITY OF ST. MARTINVILLE, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Departmental Statement of Revenues and Expenses  
For the Years Ended June 30, 2018 and 2017

	Totals		Electric	
	2018	2017	2018	2017
Operating revenues:				
Customers service charges	\$ 5,771,494	\$ 5,599,315	\$ 4,585,467	\$ 4,609,457
Permits, reconnections and penalties	135,686	132,020	107,288	104,345
Total operating revenues	<u>5,907,180</u>	<u>5,731,335</u>	<u>4,692,755</u>	<u>4,713,802</u>
Operating expenses:				
Salaries	668,822	787,847	207,972	222,057
Payroll taxes	51,266	56,276	15,785	15,637
Group insurance	129,615	145,218	33,011	32,351
Worker's comp	23,413	31,711	5,233	5,191
Power purchased	2,858,315	2,885,513	2,858,315	2,885,513
Maintenance and supplies	175,891	227,716	82,630	85,298
Chemicals	15,460	19,433	-	-
Fuel	45,763	39,387	17,970	14,723
Depreciation expense	360,320	376,980	54,311	60,413
Utilities	78,271	75,162	3,273	3,339
Telephone	15,475	14,051	1,400	1,400
Truck operation	28,767	28,942	5,924	4,585
Office supplies and postage	12,658	10,123	-	-
Bad debts	37,523	39,059	-	-
Insurance	94,624	88,255	29,196	25,677
Miscellaneous	214,695	166,422	47,748	45,717
Professional fees	222,109	198,887	19,448	-
Uniforms	981	5,753	211	1,908
Travel	1,929	2,731	-	-
Contractual services	81,796	81,262	81,796	81,262
Allocation of general and administrative expense	-	-	288,096	279,468
Total operating expenses	<u>5,117,693</u>	<u>5,280,728</u>	<u>3,752,319</u>	<u>3,764,539</u>
Net operating income (loss)	<u>\$ 789,487</u>	<u>\$ 450,607</u>	<u>\$ 940,436</u>	<u>\$ 949,263</u>

Water		Sewerage		Administrative	
2018	2017	2018	2017	2018	2017
\$ 618,950	\$ 504,309	\$ 567,077	\$ 485,549	\$ -	\$ -
14,916	14,506	13,482	13,169	-	-
<u>633,866</u>	<u>518,815</u>	<u>580,559</u>	<u>498,718</u>	<u>-</u>	<u>-</u>
187,247	227,366	157,666	213,656	115,937	124,768
14,477	16,737	11,938	14,856	9,066	9,046
26,125	32,207	39,099	48,309	31,380	32,351
9,321	12,639	8,493	13,491	366	390
-	-	-	-	-	-
38,261	114,123	54,123	27,779	877	516
10,846	10,262	4,614	9,171	-	-
21,371	19,276	6,422	5,388	-	-
128,446	138,273	177,563	178,294	-	-
55,014	53,634	19,984	18,189	-	-
11,928	10,497	2,147	2,154	-	-
850	8,542	21,993	15,815	-	-
81	-	15	-	12,562	10,123
-	-	-	-	37,523	39,059
23,483	20,801	2,506	1,949	39,439	39,828
78,071	41,984	33,169	31,481	55,707	47,240
12,657	36,619	130,368	114,413	59,636	47,855
770	2,077	-	1,192	-	576
1,810	2,288	-	443	119	-
-	-	-	-	-	-
<u>38,887</u>	<u>37,723</u>	<u>35,628</u>	<u>34,561</u>	<u>(362,612)</u>	<u>(351,752)</u>
<u>659,645</u>	<u>785,048</u>	<u>705,728</u>	<u>731,141</u>	<u>-</u>	<u>-</u>
<u>\$ (25,779)</u>	<u>\$ (266,233)</u>	<u>\$(125,169)</u>	<u>\$(232,423)</u>	<u>\$ -</u>	<u>\$ -</u>

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

# KOLDER, SLAVEN & COMPANY, LLC

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

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\* A Professional Accounting Corporation

The Honorable Thomas Nelson, Mayor  
and Members of the City Council  
City of St. Martinville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Martinville, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of St. Martinville, Louisiana's basic financial statements and have issued our report thereon dated December 12, 2018.

## Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified items 2018-001 through 2018-006 that we consider to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of St. Martinville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

## Purpose of this Report

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

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

Lafayette, Louisiana  
December 12, 2018

# KOLDER, SLAVEN & COMPANY, LLC

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

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\* A Professional Accounting Corporation

The Honorable Thomas Nelson, Mayor  
and Members of the City Council  
City of St. Martinville, Louisiana

### Report on Compliance for Each Major Federal Program

We have audited the City of St. Martinville, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of St. Martinville, Louisiana's major federal program for the year ended June 30, 2018. The City of St. Martinville, Louisiana's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings, questioned costs, and management's corrective action plan.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the City of St. Martinville, Louisiana's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of St. Martinville, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on the Major Federal Program

In our opinion, the City of St. Martinville, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

## Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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

Lafayette, Louisiana  
December 12, 2018

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Name	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
Direct Programs:			
United States Department of Housing of Urban Development			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 337,888
Total Housing Voucher Cluster			<u>337,888</u>
Indirect Programs:			
United States Department of Transportation and Development/ State of Louisiana Department of Transportation and Development			
Highway Planning and Construction*	20.205	**	418,535
Total Highway Planning and Construction Cluster			<u>418,535</u>
United States Environmental Protection Agency/ Louisiana Department of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds*	66.458	**	302,610
Total Clean Water State Revolving Fund Cluster			<u>302,610</u>
Total indirect programs			<u>721,145</u>
Total Expenditures of Federal Awards			<u>\$ 1,059,033</u>

\* - Denotes major program.

\*\* - Not readily accessible.

N/A - Not applicable.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of St. Martinville (the City) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements for the year ended June 30, 2018. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

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

(4) Outstanding Loans

The City has an outstanding loan balance under the Clean Water State Revolving Funds in the amount of \$944,013.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

Part I: Summary of Auditor's Results:

1. An unmodified opinion was issued on the financial statements.
2. There were six material weaknesses in internal control disclosed by the audit of the financial statements. There were no significant deficiencies.
3. There were no instances of material noncompliance disclosed.
4. No material weaknesses or significant deficiencies in internal control over the major program were disclosed by the audit of the financial statements.
5. An unmodified opinion was issued on compliance for the major programs.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR Section 200.516(a).
7. The major programs were: Highway Planning and Construction (20.205) and Capitalization Grants for Clear Water State Revolving Funds (66.458).
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

Part II: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

Compliance Findings -

There were no compliance findings for the year ended June 30, 2018.

Internal Control Findings -

See Internal Control Findings 2018-001 through 2018-006 on the Summary Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan.

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

Compliance Findings -

There were no compliance findings for the year ended June 30, 2018.

Internal Control Findings -

There were no internal control findings for the year ended June 30, 2018.

CITY OF ST. MARTINVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (06/30/18) --						
<u>Internal Control:</u>						
2018-001	Unknown	Due to the small number of employees, the City did not have adequate segregation of functions within the accounting system.	No	It was determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.	Melinda Mitchell, Mayor	N/A
2018-002	Unknown	The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Melinda Mitchell, Mayor	N/A
2018-003	2018	The City does not have adequate controls over the collection process for occupational licenses. Management should segregate the collection, deposit, and recording of occupational licenses. Additionally, management should implement procedures to pursue delinquent businesses.	No	Management will revise their policies and procedures to segregate the functions related to occupational licenses. Additionally, procedures will be implemented to ensure delinquent notices are collected timely.	Melinda Mitchell, Mayor	6/30/2019
2018-004	2018	The City does not have adequate controls over their police ticket books. Management should maintain an accurate sign out/in log and additional ticket books should not be issued until completed ticket books are returned.	No	Management will revise their policies and procedures to ensure ticket books are properly signed out/in and additional ticket books will not be issued to officers until completed ticket books are returned.	Melinda Mitchell, Mayor	6/30/2019

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (06/30/18) --</u>						
<u>Internal Control:</u>						
2018-005	2018	The City does not have adequate controls over their utility fund inventory. Employees have unrestricted access and documentation is not being properly utilized to receive or requisition goods. Management should restrict access to designated warehouse personnel and establish proper controls relative to receiving and checking out inventory.	No	Management will revise their policies and procedures to ensure inventory access is restricted to authorized personnel. Procedures will be implemented to ensure proper documentation is being utilized to receive and requisition inventory items.	Melinda Mitchell, Mayor	6/30/2019
2018-006	2018	The City does not have adequate controls over their park rentals. Additionally, supporting documentation is not being maintained after fiscal year end. Management should segregate the reservation and collection process and maintain supporting documentation in accordance with their records retention policy.	No	Management will revise their policies and procedures to ensure the park rentals process is segregated. Management will also ensure that proper supporting documentation is maintained for all activity relative to park rentals.	Melinda Mitchell, Mayor	6/30/2019
<u>Management letter:</u>						
2018-007	2018	The City's water and sewerage department realized an operating loss in the amount of \$25,779 and \$125,169, respectively, for the year ended June 30, 2018. The City should consider increasing rates and/or decreasing expenses in order to operate on a profitable basis.	No	Management will review the historical financial data for the water and sewerage departments and determine the appropriate actions necessary to operate on a profitable basis.	Melinda Mitchell, Mayor	6/30/2019

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>PRIOR YEAR (06/30/17) --</u>						
<u>Internal Control:</u>						
2017-001	Unknown	Due to the small number of employees, the City did not have adequate segregation of functions within the accounting system.	No	It was determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.	Melinda Mitchell, Mayor	N/A
2017-002	Unknown	The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Melinda Mitchell, Mayor	N/A

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\* A Professional Accounting Corporation

## MANAGEMENT LETTER

[WWW.KCSRPCAS.COM](http://WWW.KCSRPCAS.COM)

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

During our audit of the basic financial statements of the City of St. Martinville (City) for the year ended June 30, 2018, we noted a certain area in which improvements in the accounting system and financial practices of the City should be considered.

The City's water and sewerage department realized an operating loss of \$25,779 and \$125,169, respectively, for the year ended June 30, 2018. The City should consider increasing rates and/or decreasing expenses in order to operate on a profitable basis.

We would like to express our appreciation to you and your staff, particularly your office staff, for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance please feel free to contact us.

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

Lafayette, Louisiana  
December 12, 2018

**CITY OF ST. MARTINVILLE**

St. Martinville, Louisiana

**Agreed-Upon Procedures Report**

Year Ended June 30, 2018

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the City of St. Martinville (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

**(The following procedures were not performed since there were no exceptions in the prior year.)**

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

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

### ***Board or Finance Committee***

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds
  - c) Obtain the prior year audit report and observe the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

### ***Bank Reconciliations***

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

### ***Collections***

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- 4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).

5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
  - a) We observed that receipts are sequentially pre-numbered.
  - b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) We traced the deposit slip total to the actual deposit per the bank statement.
  - d) We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) We traced the actual deposit per the bank statement to the general ledger.

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

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observed that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) We observed that the disbursement matched the related original invoice/billing statement.
  - b) We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

**(The following procedures were not performed since there were no exceptions in the prior year.)**

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

**(The following procedures were not performed since there were no exceptions in the prior year.)**

14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, we agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) We observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

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

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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

### ***Debt Service***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

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

### ***Other***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

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

### **Exceptions:**

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

#### **Bank Reconciliations:**

1. The entity's bank reconciliations did include evidence of management's review; however, the member of management also does post ledgers and issue checks.

***Management's response:*** Bank reconciliations have been reviewed by this management member due to her qualifications and limited staffing.

2. There was no evidence on the bank reconciliations that management is researching reconciling items that have been outstanding for more than 12 months from the statement closing date.

*Management's response:* The entity will implement a policy to research all reconciling items that have been outstanding for more than 12 months from the statement closing date and to provide evidence on the bank reconciliation that the procedure has been done. Items outstanding longer than 12 months will be turned over to the State Treasurer's Office.

**Collections:**

3. On 2 of the 3 collection sites tested, the entity's employees that are responsible for collecting cash are preparing the bank deposits.

*Management's response:* The entity will implement a policy to prevent employees responsible for collecting cash from preparing/making bank deposits or posting collection entries to the general ledger unless another employee/official is responsible for reconciling collection documentation to the deposit.

**Ethics:**

4. The entity did not have evidence of signature verification that all employees selected for testing have read the entity's ethics policy during the fiscal year.

*Management's response:* The entity will implement a policy to demonstrate that each employee/official attest through signature verification that he/she has read the entity's ethics policy during each fiscal year.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the City of St. Martinville and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Lafayette, Louisiana  
December 12, 2018