

CITY OF ST. MARTINVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2014

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-3
 BASIC FINANCIAL STATEMENTS	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
 FUND FINANCIAL STATEMENTS (FFS)	
Fund descriptions - major funds	
Balance sheet - governmental funds	10
Reconciliation of the governmental funds balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances- governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	13
Statement of net position - proprietary fund	14
Statement of revenues, expenses, and changes in fund net position - proprietary fund	15
Statement of cash flows - proprietary fund	16-17
Notes to basic financial statements	18-41
 REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - budgetary comparison schedule	43-44
Schedule of funding progress	45
 OTHER SUPPLEMENTARY INFORMATION	
Nonmajor fund information:	
Balance sheet - nonmajor governmental funds	48
Statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds	49

TABLE OF CONTENTS

	<u>Page</u>
COMPLIANCE, INTERNAL CONTROL AND OTHER INFORMATION	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	51-52
Schedule of prior and current year audit findings and management's corrective action plan	53-54
SCHEDULES REQUIRED BY U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, REAL ESTATE ASSESSMENT CENTER (REAC)	
Agreed-upon procedure report	56-57
Attachment to agreed-upon procedure report	58
Financial Data Schedule - Balance Sheet	59
Financial Data Schedule - Income Statement	60-61

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Penny Angelle Scruggins, CPA
Christine C. Doucet, CPA
Wanda F. Arceement, CPA, CVA

P.O. Box 250
Breaux Bridge, LA 70517

Phone (337) 332-4020
Fax (337) 332-2867

Stephen J. Anderson, CPA
Cheryl L. Bartley, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®*
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dausat, CPA
Jane R. Hebert, CPA
W. Jeffrey Lowry, CPA
Brad E. Kolder, CPA, JD
Casey L. Ardoin, CPA
Deidre L. Stock, CPA
Karen V. Fontenot, CPA

183 South Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St.
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

434 East Main Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddil St.
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

1428 Metro Drive
Alexandria, LA 71301
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE
WWW.KCSRCPAS.COM

Retired:
Conrad O. Chapman, CPA* 2006

INDEPENDENT AUDITORS' REPORT

* A Professional Accounting Corporation

The Honorable Thomas Nelson, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, 2014, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 19 to the financial statements, in 2014, the City adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedule of funding progress on pages 43 through 45 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 nonmajor fund information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The financial data schedules are presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and is also not a required part of the basic financial statements.

The financial data schedules 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 financial data schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The nonmajor fund information presented as other supplementary information on pages 48 through 49 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, 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, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 21, 2014

BASIC FINANCIAL STATEMENTS

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

CITY OF ST. MARTINVILLE

Statement of Net Position
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,188,496	\$ 308,626	\$ 1,497,122
Investments	-	260,403	260,403
Receivables, net	5,957	1,193,230	1,199,187
Due from other governmental units	274,976	35,000	309,976
Inventories	23,357	176,192	199,549
Prepaid items	102,881	43,194	146,075
Deposits	-	12,000	12,000
Total current assets	<u>1,595,667</u>	<u>2,028,645</u>	<u>3,624,312</u>
Noncurrent assets:			
Restricted assets:			
Cash, interest-bearing deposits and investments	17,394	360,355	377,749
Capital assets, net	<u>6,850,950</u>	<u>8,771,731</u>	<u>15,622,681</u>
Total noncurrent assets	<u>6,868,344</u>	<u>9,132,086</u>	<u>16,000,430</u>
Total assets	<u>8,464,011</u>	<u>11,160,731</u>	<u>19,624,742</u>
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable	99,846	818,522	918,368
Accrued expenses	63,371	23,431	86,802
Accrued interest payable	17,526	-	17,526
Compensated absences payable	157,571	50,721	208,292
Unearned revenue	22,248	111,947	134,195
Internal balances	(71,901)	71,901	-
Customer deposits	-	354,245	354,245
Capital lease payable	-	24,789	24,789
Bonds payable	<u>303,000</u>	<u>-</u>	<u>303,000</u>
Total current liabilities	<u>591,661</u>	<u>1,455,556</u>	<u>2,047,217</u>
Noncurrent liabilities:			
Capital lease payable	-	106,517	106,517
Postemployment benefit obligation payable	1,491,679	517,917	2,009,596
Bonds payable	<u>2,218,000</u>	<u>-</u>	<u>2,218,000</u>
Total noncurrent liabilities	<u>3,709,679</u>	<u>624,434</u>	<u>4,334,113</u>
Total liabilities	<u>4,301,340</u>	<u>2,079,990</u>	<u>6,381,330</u>
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	4,329,950	8,640,425	12,970,375
Restricted for utility deposits	-	6,110	6,110
Restricted for housing	55,235	-	55,235
Unrestricted	<u>(222,514)</u>	<u>434,206</u>	<u>211,692</u>
Total net position	<u>\$ 4,162,671</u>	<u>\$ 9,080,741</u>	<u>\$ 13,243,412</u>

The accompanying notes are an integral part of this statement.

CITY OF ST. MARTINVILLE

Statement of Activities
For the Year Ended June 30, 2014

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 889,302	\$ -	\$ -	\$ -	\$ (889,302)	\$ -	\$ (889,302)
Public safety	1,301,660	60,374	134,552	-	(1,106,734)	-	(1,106,734)
Public works	1,663,452	519,684	47,510	-	(1,096,258)	-	(1,096,258)
Culture and recreation	388,297	38,745	-	-	(349,552)	-	(349,552)
Tourism	269,522	18,672	-	-	(250,850)	-	(250,850)
Urban redevelopment housing	349,558	-	306,380	-	(43,178)	-	(43,178)
Interest on long-term debt	73,758	-	-	-	(73,758)	-	(73,758)
Total governmental activities	<u>4,935,549</u>	<u>637,475</u>	<u>488,442</u>	<u>-</u>	<u>(3,809,632)</u>	<u>-</u>	<u>(3,809,632)</u>
Business-type activities:							
Electric	5,477,426	6,471,058	-	-	-	993,632	993,632
Water	746,738	533,297	50,227	-	-	(163,214)	(163,214)
Wastewater	652,061	555,002	-	277,576	-	180,517	180,517
Total business-type activities	<u>6,876,225</u>	<u>7,559,357</u>	<u>50,227</u>	<u>277,576</u>	<u>-</u>	<u>1,010,935</u>	<u>1,010,935</u>
Total	<u>\$ 11,811,774</u>	<u>\$ 8,196,832</u>	<u>\$ 538,669</u>	<u>\$ 277,576</u>	<u>(3,809,632)</u>	<u>1,010,935</u>	<u>(2,798,697)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					213,204	-	213,204
Sales and use taxes, levied for general purposes					1,610,220	-	1,610,220
Occupational					252,469	-	252,469
Franchise taxes					67,047	-	67,047
Beer taxes					13,447	-	13,447
Interest and investment earnings					2,671	1,321	3,992
Donations					9,270	-	9,270
Miscellaneous					476,348	-	476,348
Transfers					1,055,000	(1,055,000)	-
Total general revenues and transfers					<u>3,699,676</u>	<u>(1,053,679)</u>	<u>2,645,997</u>
Change in net position					(109,956)	(42,744)	(152,700)
Net position - July 1, 2013 (as restated)					<u>4,272,627</u>	<u>9,123,485</u>	<u>13,396,112</u>
Net position - June 30, 2014					<u>\$ 4,162,671</u>	<u>\$ 9,080,741</u>	<u>\$ 13,243,412</u>

The accompanying notes are an integral part of this statement.

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.

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 Capital Projects Fund, 2008 Street Improvements Bonds Fund, Section 8 Fund, and Debt Service Fund are presented as nonmajor funds. Information about these funds can be found on page 47.

CITY OF ST. MARTINVILLE

Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Current Assets:			
Cash and interest-bearing deposits	\$ 1,078,551	\$ 127,339	\$ 1,205,890
Receivables:			
Due from other governmental units	274,735	241	274,976
Due from other funds	71,902	2,927	74,829
Other	5,957	-	5,957
Inventory	23,357	-	23,357
Prepaid items	<u>102,881</u>	<u>-</u>	<u>102,881</u>
Total assets	<u><u>1,557,383</u></u>	<u><u>130,507</u></u>	<u><u>1,687,890</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 96,576	\$ 3,270	\$ 99,846
Accrued expenses	63,102	269	63,371
Unearned revenue	22,248	-	22,248
Due to other funds	<u>2,928</u>	<u>-</u>	<u>2,928</u>
Total liabilities	<u>184,854</u>	<u>3,539</u>	<u>188,393</u>
Fund balances -			
Nonspendable	126,238	-	126,238
Restricted	-	126,036	126,036
Committed	-	-	-
Assigned	-	932	932
Unassigned	<u>1,246,291</u>	<u>-</u>	<u>1,246,291</u>
Total fund balances	<u>1,372,529</u>	<u>126,968</u>	<u>1,499,497</u>
Total liabilities and fund balances	<u><u>\$ 1,557,383</u></u>	<u><u>\$ 130,507</u></u>	<u><u>\$ 1,687,890</u></u>

The accompanying notes are an integral part of this statement.

CITY OF ST. MARTINVILLE

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2014

Total fund balances for governmental funds at June 30, 2014		\$ 1,499,497
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	\$ 754,765	
Construction in progress	117,835	
Buildings and improvements, net of \$3,407,700 accumulated depreciation	2,588,278	
Equipment and vehicles, net of \$694,313 accumulated depreciation	435,522	
Infrastructure, net of \$367,492 accumulated depreciation	<u>2,954,550</u>	6,850,950
General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:		
Bonds payable and underlying accrued interest	\$ (2,538,526)	
Net postemployment benefit obligation payable	(1,491,679)	
Compensated absences	<u>(157,571)</u>	<u>(4,187,776)</u>
Total net position of governmental activities at June 30, 2014		<u>\$4,162,671</u>

The accompanying notes are an integral part of this statement.

CITY OF ST. MARTINVILLE

Statement of Revenues, Expenditures, and Changes in Fund Balances-
 Governmental Funds
 For the Year Ended June 30, 2014

	General	Nonmajor Funds	Total
Revenues:			
Taxes	\$1,726,287	\$ 97,137	\$ 1,823,424
Licenses and permits	319,516	-	319,516
Intergovernmental	476,795	353,890	830,685
Charges for services	577,101	-	577,101
Fines and forfeits	60,374	-	60,374
Investment income	2,610	61	2,671
Donation income	9,270	-	9,270
Miscellaneous	193,797	3,593	197,390
Total revenues	<u>3,365,750</u>	<u>454,681</u>	<u>3,820,431</u>
Expenditures:			
Current -			
General government	890,069	1,367	891,436
Public safety	1,090,169	-	1,090,169
Public works	1,461,515	50	1,461,565
Recreation	271,024	-	271,024
Tourism	163,450	-	163,450
Urban redevelopment and housing	-	345,297	345,297
Debt service	-	366,140	366,140
Capital outlay	208,760	16,733	225,493
Total expenditures	<u>4,084,987</u>	<u>729,587</u>	<u>4,814,574</u>
Deficiency of revenues over expenditures	<u>(719,237)</u>	<u>(274,906)</u>	<u>(994,143)</u>
Other financing sources (uses):			
Operating transfers in	1,050,000	289,613	1,339,613
Operating transfers out	<u>(284,613)</u>	<u>-</u>	<u>(284,613)</u>
Total other financing sources (uses)	<u>765,387</u>	<u>289,613</u>	<u>1,055,000</u>
Net changes in fund balances	46,150	14,707	60,857
Fund balances, beginning	<u>1,326,379</u>	<u>112,261</u>	<u>1,438,640</u>
Fund balances, ending	<u>\$1,372,529</u>	<u>\$ 126,968</u>	<u>\$ 1,499,497</u>

The accompanying notes are an integral part of this statement.

CITY OF ST. MARTINVILLE

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, 2014

Total net changes in fund balances at June 30, 2014 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 60,857
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	\$ 347,989
Depreciation expense for the year ended June 30, 2014	<u>(391,102)</u> (43,113)
Governmental funds record long-term debt in the General Long- Term Debt Account Group as opposed to recording debt activity in the fund financial statements. However, in the statement of activities, the debt and related expenses are reported.	
Principal debt payments	\$ 290,000
Accrued interest payable	2,382
Increase in postemployment benefit obligation payable	(338,669)
Compensated absences payable	<u>(31,575)</u> (77,862)
Because governmental funds do not record fixed assets and accumulated depreciation, any assets disposed of affect the statement of revenues, expenditures, and changes in fund balances only with respect to the selling price. However, in the statement of activities, a gain or loss is shown on assets that are not fully depreciated, net of selling price.	<u>(49,838)</u>
Total changes in net position at June 30, 2014 per Statement of Activities	<u>\$ (109,956)</u>

The accompanying notes are an integral part of this statement.

CITY OF ST. MARTINVILLE

Statement of Net Position
 Proprietary Fund
 June 30, 2014

ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 308,626
Investments	260,403
Receivables:	
Accounts	1,192,363
Accrued interest	867
Due from governmental agencies	35,000
Inventory	176,192
Prepaid items	43,194
Deposits	12,000
Total current assets	<u>2,028,645</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	50,471
Investments	<u>309,884</u>
Total restricted assets	<u>360,355</u>
Capital assets -	
Land	482,737
Buildings and improvements, net	81,032
Equipment, net	216,317
Sewer and water plant, net	7,551,559
Electric lines and meters, net	305,395
Construction in progress	<u>134,691</u>
Total noncurrent assets	<u>8,771,731</u>
Total assets	<u>11,160,731</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable	818,522
Accrued expenses	23,431
Compensated absences	50,721
Unearned revenue	111,947
Due to other funds	71,901
Capital lease payable	24,789
Customer deposits	<u>354,245</u>
Total current liabilities	<u>1,455,556</u>
Noncurrent liabilities:	
Capital lease payable	106,517
Postemployment benefit obligation payable	<u>517,917</u>
Total noncurrent liabilities	<u>624,434</u>
Total liabilities	<u>2,079,990</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Net investment in capital assets	8,640,425
Restricted for utility deposits	6,110
Unrestricted	<u>434,206</u>
Total net position	<u>\$ 9,080,741</u>

The accompanying notes are an integral part of this statement.

CITY OF ST. MARTINVILLE

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund
 For the Year Ended June 30, 2014

Operating revenues:	
Charges for services -	
Electricity	\$ 6,238,165
Water	514,103
Sewer	535,028
Miscellaneous	140,553
Miscellaneous	<u>131,508</u>
Total operating revenues	<u>7,559,357</u>
Operating expenses:	
Cost of services rendered -	
Electricity	5,034,056
Water	564,365
Sewer	480,465
General administrative	400,771
Depreciation	<u>391,167</u>
Total operating expenses	<u>6,870,824</u>
Operating income	<u>688,533</u>
Nonoperating revenues (expenses):	
Investment income	1,321
Interest expense	(5,401)
Grant funds	<u>71,125</u>
Total nonoperating revenues	<u>67,045</u>
Income before contributions and transfers	755,578
Capital contributions	256,678
Transfers in	30,000
Transfers out	<u>(1,085,000)</u>
Change in net position	(42,744)
Net position, beginning	<u>9,123,485</u>
Net position, ending	<u>\$ 9,080,741</u>

The accompanying notes are an integral part of this statement.

CITY OF ST. MARTINVILLE

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2014

Cash flows from operating activities:	
Receipts from customers	\$ 7,575,607
Payments to suppliers	(5,951,090)
Payments to employees	<u>(623,814)</u>
Net cash provided by operating activities	<u>1,000,703</u>
Cash flows from noncapital financing activities:	
Decrease in customer deposits, net of refunds	(4,120)
Transfers in	30,000
Transfers out	<u>(1,085,000)</u>
Net cash used by noncapital financing activities	<u>(1,059,120)</u>
Cash flows from capital and related financing activities:	
Grant proceeds	36,125
Purchase and construction of capital assets	(54,115)
Principal payments	(23,880)
Interest paid	<u>(5,401)</u>
Net cash used by capital and related financing activities	<u>(47,271)</u>
Cash flows from investing activities:	
Purchase of investments	(570,287)
Maturities of investments	569,283
Investment income	<u>1,321</u>
Net cash provided by investing activities	<u>317</u>
Net decrease in cash and cash equivalents	(105,371)
Cash and cash equivalents, beginning of period	<u>464,468</u>
Cash and cash equivalents, end of period	<u>\$ 359,097</u>

(continued)

CITY OF ST. MARTINVILLE

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2014

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 688,533
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	391,167
Changes in current assets and liabilities:	
Decrease in accounts receivable	16,250
Increase in inventory	(5,349)
Increase in prepaid items	(11,538)
Increase in accounts and other payables	22,409
Decrease in due to other funds	<u>(100,769)</u>
Total adjustments	<u>312,170</u>
Net cash provided by operating activities	<u>\$ 1,000,703</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	\$ 414,237
Cash - restricted	<u>50,231</u>
Total cash and cash equivalents	<u>464,468</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	308,626
Cash - restricted	<u>50,471</u>
Total cash and cash equivalents	<u>359,097</u>
Net decrease	<u>\$ (105,371)</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 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 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

This report includes all funds that are controlled by or dependent on the City of St. Martinville executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, certain governmental organizations are not part of the City and are thus excluded from the accompanying financial statements. One such organization is the Housing Authority which is directed by an independent board and does not receive any funding, facilities, or direction from the City of St. Martinville.

The City of St. Martinville has no authority over, nor is it involved in the record keeping of the St. Martinville Volunteer Fire Department; therefore, the Department is not considered to be a component unit of the City and accordingly, is not included in the City's audited financial statements.

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.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the 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, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the City which are considered to be major funds 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.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating. The City applies all applicable principles under the Governmental Accounting Standards Board (GASB) in accounting and reporting for its enterprise fund. The City's enterprise fund is the Utility Fund.

The City's nonmajor funds are described below:

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).

2008 Street Improvement Bonds –

The bond proceeds are being used for the purpose of constructing, improving and resurfacing public streets.

Debt Service Fund –

The debt service fund is used to account for the accumulation of resources for, and the payment of general obligation refunding bonds, sales tax refunding bonds and certificates of indebtedness. Financing is provided by an ad valorem tax and transfers from the General Fund and the Utility Fund.

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. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total position. The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

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

Cash, interest-bearing deposits, and investments

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

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 and prepaid items

Inventories held by both the General and Utility Funds are stated at the lower of cost (first-in, first-out) or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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, 2014. All receivables are shown net of an allowance account, as applicable. At June 30, 2014, the allowance amount associated with the receivables of the Utility Fund was \$43,421.

CITY OF ST. MARTINVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

Bond discount/issuance costs

In the government-wide financial statements and fund financial statements, bond discounts and issuance costs are recognized in the current period.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The City maintains a threshold level of \$1,000 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.

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.

Prior to the adoption of GASB 34, it was the City's policy not to record infrastructure; however, these assets, to the extent of available information, have been included in the financial statements valued at historical cost.

Restricted Assets

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

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 refunding, street improvement refunding, certificates of indebtedness 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. Upon resignation or retirement, all unused vacation is forfeited.

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.

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.

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

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

Fund balances of the governmental funds are classified as follows:

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.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council members. The Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Council members.

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. Under the City's adopted policy, only Council members or Mayor may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

CITY OF ST. MARTINVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

At June 30, 2014, fund balances are composed of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid items	\$ 23,357	\$ -	\$ 23,357
Inventory	102,881	-	102,881
Restricted:			
Housing	-	55,235	55,235
Debt service	-	66,118	66,118
Street improvements	-	4,683	4,683
Committed:			
	-	-	-
Assigned:			
Capital projects	-	932	932
Unassigned:			
	<u>1,246,291</u>	<u>-</u>	<u>1,246,291</u>
	<u>\$1,372,529</u>	<u>\$ 126,968</u>	<u>\$ 1,499,497</u>

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.

E. Budget and Budgetary Accounting

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

1. The Mayor submits, no later than 15 days prior to the beginning of each fiscal year, to the City Council a proposed operating budget.
2. 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.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Mayor.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the City Council.

F. 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, Interest-Bearing Deposits, and Investments

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2014, the City has cash and interest-bearing deposits (book balances) totaling \$2,135,274.

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, 2014 are secured as follows:

CITY OF ST. MARTINVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

Bank balances	<u>\$2,335,866</u>
At June 30, 2014 the deposits are secured as follows:	
Federal deposit insurance	\$1,058,803
Uninsured and collateral held by pledging bank not in City's name	<u>1,277,063</u>
Total	<u>\$2,335,866</u>

As of June 30, 2014, the City's total bank balances were fully insured and/or collateralized with pledged securities held by the custodial bank in the name of the pledging financial institution for the City and, therefore, they were not exposed to custodial credit risk.

(3) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2014 consisted of the following:

General Fund:

Amount due from the State of Louisiana for video poker receipts for the month of June 2014.	\$ 41,362
Amount due from St. Martin Parish School Board for sales taxes collected for the month ended June 30, 2014.	141,594
Amount due from Cox Cable for franchise tax for the year ended June 30, 2014.	8,982
Amount due from the Louisiana Municipal Advisory and Technical Services Bureau for insurance licenses collected for the month ended June 30, 2014.	36,384
Amount due from the St. Martin Parish Sheriff's Office for ad valorem taxes collected for the month ended June 30, 2014.	2,177
Amount due from the St. Martin Parish Sheriff's Office for grass cutting fee collections for the month ended June 30, 2014.	3,573
Amount due from St. Martin Parish Government for off track betting for the months of May and June 2014.	8,854
Amount due from the State of Louisiana for beer tax revenues earned during the quarter ended June 30, 2014.	3,417
Amount due from the Housing Authority for payment in lieu of taxes for the year ended June 30, 2014.	<u>28,392</u>
Total general fund	<u>274,735</u>
Amount due from the St. Martin Parish Sheriff's Office for ad valorem taxes collected for the month ended June 30, 2014.	<u>241</u>
Total governmental activities	<u>\$ 274,976</u>

CITY OF ST. MARTINVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

(4) Capital Assets

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

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
Governmental activities:				
Assets not being depreciated:				
Land	\$ 804,603	\$ -	\$ (49,838)	\$ 754,765
Construction in progress	110,827	7,008	-	117,835
Assets being depreciated:				
Buildings and improvements	5,904,779	91,199	-	5,995,978
Equipment and vehicles	1,007,574	133,413	(11,152)	1,129,835
Infrastructure	<u>3,205,673</u>	<u>116,369</u>	<u>-</u>	<u>3,322,042</u>
Totals	<u>11,033,456</u>	<u>347,989</u>	<u>(60,990)</u>	<u>11,320,455</u>
Less accumulated depreciation				
Buildings and improvements	(3,193,295)	(214,405)	-	(3,407,700)
Equipment and vehicles	(611,818)	(93,647)	11,152	(694,313)
Infrastructure	<u>(284,442)</u>	<u>(83,050)</u>	<u>-</u>	<u>(367,492)</u>
Total accumulated depreciation	<u>(4,089,555)</u>	<u>(391,102)</u>	<u>11,152</u>	<u>(4,469,505)</u>
Governmental activities, capital assets, net	<u>\$ 6,943,901</u>	<u>\$ (43,113)</u>	<u>\$ (49,838)</u>	<u>\$ 6,850,950</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 482,737	\$ -	\$ -	\$ 482,737
Construction in progress	113,793	20,898	-	134,691
Capital assets being depreciated:				
Buildings and improvements	1,052,680	-	(7,208)	1,045,472
Equipment	1,048,799	33,217	(57,637)	1,024,379
Wastewater and water plant	14,671,686	256,678	-	14,928,364
Electric lines and meters	<u>1,808,818</u>	<u>-</u>	<u>-</u>	<u>1,808,818</u>
Totals	<u>19,178,513</u>	<u>310,793</u>	<u>(64,845)</u>	<u>19,424,461</u>
Less accumulated depreciation				
Buildings and improvements	(936,782)	(34,866)	7,208	(964,440)
Equipment	(817,085)	(48,613)	57,637	(808,061)
Wastewater and water plant	(7,103,110)	(273,695)	-	(7,376,805)
Electric lines and meters	<u>(1,469,431)</u>	<u>(33,993)</u>	<u>-</u>	<u>(1,503,424)</u>
Total accumulated depreciation	<u>(10,326,408)</u>	<u>(391,167)</u>	<u>64,845</u>	<u>(10,652,730)</u>
Business-type activities, capital assets, net	<u>\$ 8,852,105</u>	<u>\$ (80,374)</u>	<u>\$ -</u>	<u>\$ 8,771,731</u>

CITY OF ST. MARTINVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 45,699
Public safety	67,131
Public works	108,999
Culture and recreation	86,767
Tourism	82,506
	<u>\$391,102</u>
Business-type activities:	
Electric	\$ 111,483
Water	139,764
Wastewater	139,920
	<u>\$391,167</u>

(5) Changes in Long-Term Debt

General obligation refunding, Street improvement refunding bonds and Certificates of indebtedness relate to governmental activities and are therefore paid from the debt service fund. The capital lease (bucket truck) relates to business-type activities. Payments are made from the enterprise fund. In the past, payments on long-term debt pertained to the City's governmental and business-type activities were made by the debt service fund and enterprise fund, respectively.

	Govt. Activities Bonds	Capital Lease	Total
Long-term debt at July 1, 2013	\$ 2,811,000	\$ 155,185	\$ 2,966,185
Debt assumed	-	-	-
Debt retired	<u>(290,000)</u>	<u>(23,879)</u>	<u>(313,879)</u>
Long-term debt at June 30, 2014	<u>\$ 2,521,000</u>	<u>\$ 131,306</u>	<u>\$ 2,652,306</u>

CITY OF ST. MARTINVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

Long-term debt at June 30, 2014 is comprised of the following:

Governmental activities -

\$612,000 General Obligation Refunding Bond Series 2005 dated March 1, 2005; due in annual installments of \$5,000 - \$73,000 through March 1, 2017; interest at 3.81 percent and secured by levy collection of ad valorem taxes.	\$ 210,000
\$303,000 Certificate of Indebtedness Series 2005 dated April 1, 2005; due in annual installments of \$25,000 - \$36,000 through April 1, 2015; interest at 3.95 percent and payable from and secured by a pledge and dedication of excess revenues.	36,000
\$2,485,000 Street Improvement Refunding Bonds Series 2012 dated June 29, 2012; due in annual installments of \$20,000 - \$260,000 through April 1, 2024; interest at 2.55 percent and payable from and secured by a pledge and dedication of excess revenues.	<u>2,275,000</u>
Total governmental activity debt	<u><u>\$2,521,000</u></u>

Business type activity -

\$174,595 capital lease on a 2012 Ford bucket truck 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%	<u><u>\$ 131,306</u></u>
--	--------------------------

The annual requirements to amortize all debt outstanding at June 30, 2014 are as follows:

June 30,	Principal	Interest	Total
2015	\$ 327,789	\$ 71,927	\$ 399,716
2016	295,732	61,909	357,641
2017	309,712	53,162	362,874
2018	242,729	44,009	286,738
2019	251,344	37,471	288,815
2020-2024	<u>1,225,000</u>	<u>95,752</u>	<u>1,320,752</u>
Totals	<u><u>\$2,652,306</u></u>	<u><u>\$364,230</u></u>	<u><u>\$3,016,536</u></u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) 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, 2014 were \$1,610,220. Proceeds from the taxes and all reasonable and necessary costs and expenses of collecting the taxes are recorded in the General Fund.

(7) Enterprise Fund Operations

Operations of the City of St. Martinville Utility System consist of an electrical system and of water and sewerage utilities. Operating expenses which are not directly chargeable to the individual departments are allocated to the departments on the basis of number of utility customers and managerial estimates.

Operating results of the individual utilities were as follows:

	Year Ended June 30,	Charges for Services	Miscellaneous Operating Revenues	Other Operating Expenses	Operating Income
Electric	2014	\$6,238,165	\$ 232,893	\$(5,477,426)	\$ 993,632
Water utility	2014	\$ 514,103	\$ 19,194	\$ (741,337)	\$(208,040)
Wastewater system	2014	\$ 535,028	\$ 19,974	\$ (652,061)	\$ (97,059)

CITY OF ST. MARTINVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

At June 30, 2014, the City of St. Martinville was furnishing utility service to the following number of customers:

Electric customers	2,839
Water customers	2,649
Sewer customers	2,337

(8) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2014:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 71,902	\$ 2,928
Enterprise Fund:		
Utility Fund	-	71,901
Nonmajor Funds	<u>2,927</u>	<u>-</u>
Total	<u>\$ 74,829</u>	<u>\$ 74,829</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, 2014:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 1,050,000	\$ 284,613
Enterprise Fund:		
Utility Fund	30,000	1,085,000
Nonmajor Funds	<u>289,613</u>	<u>-</u>
Total	<u>\$ 1,369,613</u>	<u>\$ 1,369,613</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.

(9) Ad Valorem Taxes

For the year ended June 30, 2014, taxes of 8.69 mills were levied on property with assessed valuations totaling \$21,689,493 and were dedicated as follows:

General corporate purposes	4.12 mills
Public Improvement	4.57 mills

Total taxes levied for the year ended June 30, 2014 were \$213,204. 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.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Retirement Systems

Substantially all employees are covered under the Municipal Employees Retirement System of Louisiana except for policemen which are covered under the Municipal Police Employees Retirement System. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana:

Plan description:

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

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system and under age sixty-five at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System. Under Plan B, employees who retire at or after age sixty with at least ten years of credited service or at any age with at least thirty years of credited service are entitled to a retirement benefit, payable monthly for life, equal to two percent of their final compensation multiplied by the members' years of creditable service. Final compensation is the employee's monthly earnings during the thirty-six consecutive months or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Employees Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees Retirement System of Louisiana, 7927 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding policy:

Plan members are required to contribute 5.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 8.75% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended June 30, 2014, 2013 and 2012 were \$105,969, \$100,756, and \$98,681, respectively, which equal the required contributions for each year.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. State of Louisiana - Municipal Police Employees Retirement System:

Plan description:

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

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

The Municipal Police Employees Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employees Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601.

Funding policy:

Plan members are required to contribute 10.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 31.00% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended June 30, 2014, 2013 and 2012 were \$54,214, \$54,191, and \$53,316, respectively, which equal the required contributions for each year.

CITY OF ST. MARTINVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

(11) Restricted Assets - Utility Fund

Restricted assets were composed of checking and savings accounts at June 30, 2014 and were restricted as follows:

Customers' deposits	<u>\$ 360,355</u>
	<u>\$ 360,355</u>

(12) 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, 2014, the City purchased power from CLECO in the amount of \$4,490,493 of which \$768,481 was payable at year end. This amount has been accrued in the accompanying financial statements.

(13) Compensation of City Officials

A detail of compensation paid to City officials for the year ended June 30, 2014 follows:

Thomas Nelson, Mayor	<u>\$ 59,363</u>
City Council:	
Arthur Champ	\$ 9,397
Debra Landry	7,570
Mike Fuselier	9,397
Craig Prosper	9,397
Dennis Williams	<u>9,397</u>
Total	<u>\$ 45,158</u>

(14) 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.

CITY OF ST. MARTINVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

(15) On-behalf Payments

The City has recognized \$75,820 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(16) 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.

(17) 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. The Plan provides for the City to contribute 70% of the cost of health insurance premiums for retirees and their spouses. The Plan does not issue a publicly available report.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

CITY OF ST. MARTINVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Annual required contribution	\$ 338,669	\$ 119,317	\$ 457,986
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB cost (expense)	338,669	119,317	457,986
Contributions made	-	-	-
Increase in net OPEB obligation	338,669	119,317	457,986
Net OPEB obligation - beginning of year	<u>1,153,010</u>	<u>398,600</u>	<u>1,551,610</u>
Net OPEB obligation - end of year	<u>\$ 1,491,679</u>	<u>\$ 517,917</u>	<u>\$ 2,009,596</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$457,986	0.00%	\$1,093,624
6/30/2013	457,986	0.00%	1,551,610
6/30/2014	457,986	0.00%	2,009,596

Fiscal year 2010 was the year of implementation of GASB Statement No. 45 and the City has elected to implement prospectively. Therefore, three-year trend information is presented.

Funding Policy, Funded Status, and Funding Progress. The City contributes 73 percent of the cost of current-year premiums for eligible active and retired Plan members and their spouses. For fiscal year 2014, the City contributed approximately \$431,000 to the Plan. Plan members receiving benefits contribute 27 percent of their premium costs. In fiscal year 2014, Plan member contributions totaled approximately \$171,000.

As of June 30, 2014, the actuarial accrued liability for benefits was \$3,582,505, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$2,260,000 and the ratio of the unfunded actuarial liability (UAAL) to the covered payroll was approximately 159 percent.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subjected to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information indicating whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

Assumptions About Employees and Members: Based on the historical average retirement age of covered group, active plan members were assumed to retire at age 60 or the first year thereafter in which the member would qualify for benefits. Marital status as of the calculation date was assumed to continue throughout retirement. Life expectancy was based on mortality tables published by the National Center for Health Statistics. The probability of remaining employed until the assumed retirement age and employees' expected future working lifetimes were developed using non-group-specific age-based turnover data from GASB Statement No. 45.

Assumptions About Healthcare Costs: The 2013 health insurance premiums for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums initially used a select rate of 9 percent, with reduction to the ultimate rate of 4.7 percent after ten years.

Other Assumptions and Methods: The inflation rate was assumed to be 2.5 percent. Based on the historical and expected returns of the City's investment, the investment rate of return was assumed to be 4 percent. The value of Plan assets was set at market value. A simplified version of the entry age actuarial cost method was used in the actuarial valuation. The UAAL is amortized over thirty-year period as a level percent of projected payroll on an open basis. Payroll was assumed to grow over the long-term at a rate of 2 percent.

(18) Subsequent Events

Subsequent events have been evaluated through November 21, 2014, the date of the financial statement issuance.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(19) New Accounting Pronouncements

During the fiscal year ended June 30, 2014, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which provides clarity for reporting deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Certain items previously reported as assets or liabilities are now reported as deferred outflows of resources or deferred inflows of resources.

In June 2012, the GASB approved Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 67 replaces requirements of GASB Statement Nos. 25 and 50 relating to financial reporting and note disclosure of pension plans. GASB Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by Statement No. 67. The provision of GASB No. 68 must be implemented by the pension plans for the year ending June 30, 2014 and provisions of GASB Statement No. 68 must be implemented by the City for the year ending June 30, 2015. The effect of implementation on the City's financial statements has not yet been determined.

(20) Beginning Net Position Adjustment

The following schedule reconciles June 30, 2013, net position as previously reported, to beginning net position, as restated, as a result of a reclassification of previously reported assets by the adoption by the adoption of GASB Statement 65. Deferred charges reported as assets prior to GASB Statement 65 have been reclassified into net position.

	<u>Governmental Activities</u>
June 30, 2013 net position, as reported	\$ 4,304,956
Prior period adjustment:	
Change in accounting principle:	
Reclassification of assets	<u>(32,329)</u>
June 30, 2013 net position, as restated	<u>\$ 4,272,627</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ST. MARTINVILLE
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes:				
Ad valorem	\$ 107,200	\$ 114,072	\$ 116,067	\$ 1,995
Sales	<u>1,490,000</u>	<u>1,600,000</u>	<u>1,610,220</u>	<u>10,220</u>
Total taxes	<u>1,597,200</u>	<u>1,714,072</u>	<u>1,726,287</u>	<u>12,215</u>
Licenses and permits:				
Occupational, insurance, and liquor licenses	249,200	237,700	252,469	14,769
Franchise, fees and permits	<u>67,700</u>	<u>63,947</u>	<u>67,047</u>	<u>3,100</u>
Total licenses and permits	<u>316,900</u>	<u>301,647</u>	<u>319,516</u>	<u>17,869</u>
Intergovernmental:				
Federal and state grants	71,000	58,732	58,732	-
State revenue sharing	16,000	14,000	5,052	(8,948)
Beer tax	12,000	13,500	13,447	(53)
Video poker	300,000	315,000	316,474	1,474
Other	7,270	7,270	7,270	-
On behalf payments	<u>50,000</u>	<u>75,247</u>	<u>75,820</u>	<u>573</u>
Total intergovernmental	<u>456,270</u>	<u>483,749</u>	<u>476,795</u>	<u>(6,954)</u>
Charges for services:				
Garbage	500,000	519,000	519,684	684
Recreation	31,700	32,136	38,745	6,609
Tourism Center	<u>20,500</u>	<u>18,323</u>	<u>18,672</u>	<u>349</u>
Total charges for service	<u>552,200</u>	<u>569,459</u>	<u>577,101</u>	<u>7,642</u>
Fines and forfeitures	<u>46,500</u>	<u>70,700</u>	<u>60,374</u>	<u>(10,326)</u>
Investment income	<u>2,795</u>	<u>2,883</u>	<u>2,610</u>	<u>(273)</u>
Donations income	<u>-</u>	<u>9,119</u>	<u>9,270</u>	<u>151</u>
Miscellaneous income	<u>81,100</u>	<u>180,840</u>	<u>193,797</u>	<u>12,957</u>
Total revenues	<u>3,052,965</u>	<u>3,332,469</u>	<u>3,365,750</u>	<u>33,281</u>
Expenditures:				
General government	839,984	886,227	890,069	(3,842)
Public safety	1,143,105	1,138,395	1,090,169	48,226
Public works	1,290,445	1,446,201	1,461,515	(15,314)
Recreation	290,806	357,634	271,024	86,610
Tourism	173,683	164,557	163,450	1,107
Capital outlay	<u>102,000</u>	<u>95,175</u>	<u>208,760</u>	<u>(113,585)</u>
Total expenditures	<u>3,840,023</u>	<u>4,088,189</u>	<u>4,084,987</u>	<u>3,202</u>
Excess (deficiency) of revenues over expenditures	<u>(787,058)</u>	<u>(755,720)</u>	<u>(719,237)</u>	<u>36,483</u>

(continued)

CITY OF ST. MARTINVILLE
General Fund

Budgetary Comparison Schedule (continued)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other financing sources:				
Transfers in	1,050,000	1,050,000	1,050,000	-
Transfers out	<u>(253,257)</u>	<u>(289,546)</u>	<u>(284,613)</u>	4,933
Total other financing sources	<u>796,743</u>	<u>760,454</u>	<u>765,387</u>	4,933
 Net change in fund balances	 9,685	 4,734	 46,150	 41,416
 Fund balance, beginning	 <u>1,337,309</u>	 <u>1,326,379</u>	 <u>1,326,379</u>	 -
 Fund balance, ending	 <u>\$ 1,346,994</u>	 <u>\$ 1,331,113</u>	 <u>\$ 1,372,529</u>	 <u>\$ 41,416</u>

CITY OF ST. MARTINVILLE
 St. Martinville, Louisiana

Schedule of Funding Progress
 For the Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2009	-	2,418,620	2,148,620	0.0%	1,200,000	179%
June 30, 2012	-	3,582,505	3,582,505	0.0%	2,267,934	158%

OTHER SUPPLEMENTARY INFORMATION

**NON MAJOR
FUND DESCRIPTIONS**

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).

SECTION 8 FUND

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

2008 STREET IMPROVEMENT BONDS FUND

To account for the issuance of bonds for constructing, improving, and resurfacing the City's public streets.

DEBT SERVICE FUND

To account for the accumulation of resources for the payment of general obligation bonds, general obligation refunding bonds, sales tax refunding bonds and certificates of indebtedness. Financing is provided by an ad valorem tax and transfers from the Sales Tax Fund and the Utility Fund.

CITY OF ST. MARTINVILLE

Balance Sheet -
Nonmajor Governmental Funds
June 30, 2014

	Capitol Projects Fund	Section 8 Fund	2008 Street Improvement Bonds	Debt Service Fund	Total
ASSETS					
Cash	\$ 932	\$ 53,848	\$ 7,953	\$ 64,606	\$ 127,339
Due from other governmental units	-	-	-	241	241
Due from other funds	-	1,656	-	1,271	2,927
Total assets	<u>\$ 932</u>	<u>\$ 55,504</u>	<u>\$ 7,953</u>	<u>\$ 66,118</u>	<u>\$ 130,507</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 3,270	\$ -	\$ 3,270
Accrued expenses	-	269	-	-	269
Total liabilities	<u>-</u>	<u>269</u>	<u>3,270</u>	<u>-</u>	<u>3,539</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	55,235	4,683	66,118	126,036
Committed	-	-	-	-	-
Assigned	932	-	-	-	932
Unassigned	-	-	-	-	-
Total fund balances	<u>932</u>	<u>55,235</u>	<u>4,683</u>	<u>66,118</u>	<u>126,968</u>
Total liabilities and fund balances	<u>\$ 932</u>	<u>\$ 55,504</u>	<u>\$ 7,953</u>	<u>\$ 66,118</u>	<u>\$ 130,507</u>

CITY OF ST. MARTINVILLE

Statement of Revenues, Expenditures, and Changes in Fund Balances-
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Capital Projects Fund	Section 8 Fund	2008 Street Improvement Bond	Debt Service Fund	Total
Revenues:					
Federal & state grants	\$ 47,510	\$ 306,380	\$ -	\$ -	\$ 353,890
Taxes	-	-	-	97,137	97,137
Miscellaneous	-	-	3,593	-	3,593
Interest income	-	28	4	29	61
Total revenues	<u>47,510</u>	<u>306,408</u>	<u>3,597</u>	<u>97,166</u>	<u>454,681</u>
Expenditures:					
Current -					
General government	-	-	800	567	1,367
Public works	50	-	-	-	50
Urban redevelopment and housing	39,540	305,757	-	-	345,297
Debt service	-	-	-	366,140	366,140
Capital outlay	<u>9,725</u>	<u>-</u>	<u>7,008</u>	<u>-</u>	<u>16,733</u>
Total expenditures	<u>49,315</u>	<u>305,757</u>	<u>7,808</u>	<u>366,707</u>	<u>729,587</u>
Excess/(deficiency) of revenues over expenditures	<u>(1,805)</u>	<u>651</u>	<u>(4,211)</u>	<u>(269,541)</u>	<u>(274,906)</u>
Other financing sources:					
Operating transfers in	<u>1,755</u>	<u>-</u>	<u>-</u>	<u>287,858</u>	<u>289,613</u>
Total other financing sources	<u>1,755</u>	<u>-</u>	<u>-</u>	<u>287,858</u>	<u>289,613</u>
Net changes in fund balances	<u>(50)</u>	<u>651</u>	<u>(4,211)</u>	<u>18,317</u>	<u>14,707</u>
Fund balances, beginning	<u>982</u>	<u>54,584</u>	<u>8,894</u>	<u>47,801</u>	<u>112,261</u>
Fund balances, ending	<u>\$ 932</u>	<u>\$ 55,235</u>	<u>\$ 4,683</u>	<u>\$ 66,118</u>	<u>\$ 126,968</u>

**COMPLIANCE
INTERNAL CONTROL
AND
OTHER INFORMATION**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Penny Angelle Scroggins, CPA
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA

Stephen J. Anderson, CPA
Cheryl L. Bartley, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dauzat, CPA
Jane R. Hebert, CPA
W. Jeffrey Lowry, CPA
Brad E. Kolder, CPA, JD
Casey L. Ardoin, CPA
Deidre L. Stock, CPA
Karen V. Fontenot, CPA

* A Professional Accounting Corporation

P.O. Box 250
Breux Bridge, LA 70517

Phone (337) 332-4020
Fax (337) 332-2867

183 South Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St.
Breux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

434 East Main Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddil St.
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

1428 Metro Drive
Alexandria, LA 71301
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE
WWW.KCSRCPAS.COM

Retired:
Conrad O. Chapman, CPA* 2006

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

The Honorable 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, 2014, 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 November 21, 2014.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, questioned costs, and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider

the deficiencies described in the accompanying schedule of findings, questioned costs, and management's corrective action plan, identified as items 2014-001, 2014-002 and 2014-003, 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, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 21, 2014

CITY OF ST. MARTINVILLE, LOUISIANA
Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
Year Ended June 30, 2014

I. Prior Year Findings:

Internal Control over Financial Reporting

2013-001 – Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees, the City did not have adequate segregation of functions within the accounting system.

Status:

Unresolved. See item 2014-001.

2013-002 – Inadequate Controls over Financial Statement Preparation

Finding: 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.

Status:

Unresolved. See item 2014-002.

Compliance

There were no findings that were required to be reported at June 30, 2013.

Management Letter Items

There were no findings that were required to be reported at June 30, 2013.

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

Internal Control over Financial Reporting

2014-001 – Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees, the City did not have adequate segregation of functions within the accounting system.

Management's Corrective Action Plan: Mayor Thomas Nelson decided that it is not cost effective to achieve adequate segregation of accounting duties. No plan is considered necessary.

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
Year Ended June 30, 2014

2014-002 – Inadequate Controls over Financial Statement Preparation

Finding: 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.

Management's Corrective Action Plan: Mayor Thomas Nelson 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.

2014-003 – Inadequate Controls over Utility Fund Collections

Finding: The City did not have adequate controls in place in order to ensure the proper handling of collections of certain revenues in the Utility Fund. During the fiscal year, it was discovered that approximately \$1,200 of Utility Fund revenues were misappropriated by an employee. The employee paid restitution to the City for the amount that was misappropriated. Because the employee paid restitution and because a lie detector test was administered to verify that the misappropriation was an isolated incident, no legal charges were filed. The employee is still employed by the City, but no longer has access to cash or other funds.

Management's Corrective Action Plan: Upon discovery of the misappropriation of funds in the utility department, new procedures were put in place to prevent future misappropriations from happening. Ms. Donna A. Lasseigne, Chief Administrative Officer, is in charge of overseeing the new procedures. In addition, the employee in question was demoted.

Compliance

There are no findings that were required to be reported at June 30, 2014.

Management Letter Items

There are no findings that were required to be reported at June 30, 2014.

**SCHEDULES REQUIRED BY U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT, REAL ESTATE ASSESSMENT CENTER (REAC)**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Penny Angelle Scruggins, CPA
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA

P.O. Box 250
Breaux Bridge, LA 70517

Phone (337) 332-4020
Fax (337) 332-2867

183 South Beadie Rd.
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-6660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St.
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

434 East Main Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddil St.
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

1428 Metro Drive
Alexandria, LA 71301
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE
WWW.KCSRCPAS.COM

Retired:
Conrad O. Chapman, CPA* 2006

Stephen J. Anderson, CPA
Cheryl L. Bartley, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dauzat, CPA
Jane R. Hebert, CPA
W. Jeffrey Lowry, CPA
Brad E. Kolder, CPA, JD
Casey L. Ardoin, CPA
Deirdre L. Stock, CPA
Karen V. Fontenot, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

* A Professional Accounting Corporation

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

We have performed the procedure described in the second paragraph of this report, which was agreed to by the City of St. Martinville, Louisiana and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. The City of St. Martinville, Louisiana is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with *Government Auditing Standards* by the City of St. Martinville, Louisiana as of and for the year ended June 30, 2014, and have issued our reports thereon dated November 21, 2014. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated November 21, 2014, was expressed in relation to the basic financial statements of the City of St. Martinville, Louisiana taken as a whole.

A copy of the reporting package required by *Government Auditing Standards*, which includes the auditors' reports, is available in its entirety from the City of St. Martinville, Louisiana. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

This report is intended solely for the information and use of the City of St. Martinville, Louisiana and the U.S. Department of Housing and Urban Development, PIH-REAC, and is not intended to be and should not be used by anyone other than these specified parties. 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, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 21, 2014

ATTACHMENT TO INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURE

UFRS Rule Information	Hard Copy Document(s)	Findings
Balance Sheet and Revenue and Expense (data line items 111 to 11210)	Financial Statement Data of department	Agrees
Footnotes (data element G5000-010)	Footnotes to audited basic financial statements of the reporting entity	Agrees
Type of Opinion on the FDS (data element G3100-040)	Auditor's supplemental report on the FDS	Agrees

CITY OF ST. MARTINVILLE, LOUISIANA

Financial Data Schedule - Balance Sheet
 Section 8 Housing Program
 March 31, 2014

Line Item #	Account Description	14.871 Housing Choice Vouchers
111	Cash - unrestricted	\$ 41,944
113	Cash - other restricted	15,408
115	Cash - restricted for payment of current liabilities	<u>10</u>
100	Total cash	<u>57,362</u>
150	Total current assets	<u>57,362</u>
164	Furniture, equipment & machinery - administration	3,784
166	Accumulated depreciation	<u>(3,784)</u>
160	Total capital assets, net of accumulated depreciation	<u>-</u>
180	Total noncurrent assets	<u>-</u>
190	Total assets	<u>\$ 57,362</u>
331	Accounts payable - PHA projects	<u>\$ 10</u>
310	Total current liabilities	<u>10</u>
300	Total liabilities	<u>10</u>
511.4	Restricted net position	15,408
512.4	Unrestricted net position	<u>41,944</u>
513	Total equity/net assets	<u>57,352</u>
600	Total liabilities and equity/net assets	<u>\$ 57,362</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Financial Data Schedule - Income Statement
 Section 8 Housing Program
 March 31, 2014

Line Item #	Account Description	14.871 Housing Choice Vouchers
70600-010	Housing assistance payments	\$ 285,862
70600-020	Ongoing administrative fees earned	<u>23,801</u>
70600	HUD PHA operating grants	<u>309,663</u>
71500	Other revenue	<u>25</u>
70000	Total revenue	<u>309,688</u>
91100	Administrative salaries	21,270
91200	Auditing fees	515
91500	Employee benefit contributions administrative	1,712
91600	Office expenses	3,913
91900	Other	<u>70</u>
91000	Total operating - administrative	<u>27,480</u>
94300	Ordinary maintenance and operations - contracts	<u>144</u>
94000	Total maintenance	<u>144</u>
96130	Workmen's compensation	<u>157</u>
96100	Total insurance premiums	<u>157</u>
96200	Other general expenses	<u>194</u>
96000	Total other general expenses	<u>194</u>
96900	Total operating expenses	<u>27,975</u>
97000	Excess revenue over operating expenses	<u>281,713</u>
97300	Housing assistance payments	<u>277,705</u>
90000	Total expenses	<u>305,680</u>
10000	Deficiency of revenue under expenses	<u>\$ 4,008</u>
11030	Beginning equity	<u>\$ 53,344</u>
11170-001	Administrative fee equity - Beginning Balance	<u>\$ 46,093</u>
11170-010	Administrative fee revenue	23,801
11170-050	Other revenue	<u>25</u>
11170-051	Comment for other revenue	The above amount refers to interest allocated from the PHA's checking account.
11170-060	Total admin fee revenues	<u>23,826</u>
11170-080	Total operating expenses	27,975
11170-090	Depreciation	<u>-</u>
11170-110	Total expenses	<u>27,975</u>
11170-002	Net administrative fee	<u>(4,149)</u>
11170-003	Administrative fee equity - Ending Balance	<u>41,944</u>
11170-005	Pre-2004 administrative fee reserves	<u>32,695</u>
11170-006	Post-2004 administrative reserves	<u>9,249</u>
11170	Administrative fee equity	<u>\$ 41,944</u>

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA

Financial Data Schedule - Income Statement (continued)

Section 8 Housing Program

March 31, 2014

Line Item #	Account Description	14.871 Housing Choice Vouchers
11180-001	Housing assistance payments equity - Beginning Balance	\$ <u>7,251</u>
11180-010	Housing assistance payment revenues	285,862
11180-020	Other revenue	<u>-</u>
11180-030	Total HAP revenues	<u>285,862</u>
11180-080	Housing assistance payments	277,705
11180-090	Other expenses	<u>-</u>
11180-100	Total housing assistance payments expenses	<u>277,705</u>
11180-002	Net housing assistance payments	<u>8,157</u>
11180-003	Housing assistance payments equity - Ending Balance	<u>15,408</u>
11180	Housing assistance payments equity	<u>\$ 15,408</u>
11190	Unit months available	589
11210	Unit months leased	572