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**CITY OF NEW IBERIA  
FINANCIAL REPORT  
OCTOBER 31, 2003**

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Release Date 5.5.04

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

ANNUAL FINANCIAL REPORT  
YEAR ENDED OCTOBER 31, 2003

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## **BROUSSARD, POCHE, LEWIS & BREAUX, L.L.P.**

CERTIFIED PUBLIC ACCOUNTANTS

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### INDEPENDENT AUDITORS' REPORT

To the City of New Iberia  
New Iberia, Louisiana

#### **Other Offices:**

Lafayette, LA  
(337) 988-4930

Opelousas, LA  
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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 New Iberia, as of and for the year ended October 31, 2003, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

Eugene C. Gilder, CPA\*  
Donald W. Kelley, CPA\*  
Herbert Lemoine II, CPA\*  
Frank A. Stagno, CPA\*  
Scott J. Broussard, CPA\*  
L. Charles Abshire, CPA\*  
Kenneth R. Dugas, CPA\*  
P. John Blanchet III, CPA\*  
Stephen L. Lambousy, CPA\*  
Craig C. Babineaux, CPA\*  
Peter C. Borrello, CPA\*  
George J. Trappey III, CPA\*  
Gregory B. Milton, CPA\*  
S. Scott Soileau, CPA\*  
Patrick D. McCarthy, CPA\*  
Martha B. Wyatt, CPA\*  
Troy J. Breaux, CPA\*  
Fayette T. Dupré, CPA\*  
Mary A. Castille, CPA\*  
Joey L. Breaux, CPA\*  
Terrel P. Dressel, CPA\*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the primary government of the City of New Iberia, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of New Iberia as of October 31, 2003, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### **Retired:**

Sidney L. Broussard, CPA\* 1980  
Leon K. Poché, CPA 1984  
James H. Breaux, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberly, CPA\* 1995  
Rodney L. Savoy, CPA\* 1996  
Larry G. Broussard, CPA\* 1997  
Lawrence A. Cramer, CPA\* 1999  
Michael P. Crochet, CPA\* 1999  
Ralph Friend, CPA 2002

Members of American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants

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 for the primary government of the City of New Iberia, as of October 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City of New Iberia has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for States and Local Governments," in 2003.

In accordance with Government Auditing Standards, we have also issued our report dated April 21, 2004, on our consideration of the City of New Iberia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Iberia's basic financial statements. The accompanying financial information listed as other supplementary information (including the schedule of expenditures of federal awards) and the budgetary comparison schedules listed as required supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Broussard, Roche, Lewis & Dreaux, LLP*

New Iberia, Louisiana  
April 21, 2004

## CITY OF NEW IBERIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the City of New Iberia, we offer readers of this financial statement an overview and analysis of the financial activities of the City of New Iberia. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the City's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts. It should be read in conjunction with the financial statements that begin on page 16.

### HIGHLIGHTS

#### Financial Highlights

- Assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$57.8 million (net assets). Of this amount, 10.7%, or \$6.2 million, (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$3.0 million (5.5%) during 2003. Governmental activities net assets had no significant changes during 2003, while business-type activities net assets increased \$3.0 million due to the new wastewater treatment plant.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$24.8 million, an increase of \$3.7 million in comparison with the prior year. Approximately 57.9% of this total amount, \$14.4 million, is available for spending at the City's discretion (unreserved fund balance).
- Resources available for appropriation in the General Fund were \$3.0 million less than budget. However, expenditures and transfers were \$2.2 million less than budgeted for the year.
- At October 31, 2003, unreserved fund balance for the General Fund was \$2.2 million, or 15.4% of total 2003 General Fund expenditures and transfers.

#### City Highlights

- The City approved the construction of a new 6 MGB Wastewater Treatment Plant. The new Wastewater Treatment Plant (WTP) is estimated to cost \$30.0 million. \$20.0 million of the project will be financed by General Obligation Bonds, of which \$15.0 million were issued as of October 31, 2003. \$5.0 million is expected to be issued during the year ending October 31, 2004. The remaining \$10.0 million of the project will be financed through sewer revenue bonds.



## OVERVIEW OF THE FINANCIAL STATEMENTS

With the implementation of Governmental Accounting Standards Board Statement No. 34, a government's presentation of financial statements has been greatly changed. This is the first year that the City of New Iberia has adopted the new format. The new statements focus on the City as a whole (government-wide) and the major individual funds. The basic financial statements are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

### Government-Wide Financial Statements

The government-wide financial statements (see Exhibits A and B) are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements, for the first time, combine governmental fund's current financial resources with capital assets and long-term obligations. Also presented in the government-wide financial statements is a column for the business-type activities of the City.

The Statement of Net Assets (Exhibit A) presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities (Exhibit B) presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities that are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost and/or subsidy of various governmental services and business-type activities.

Both of the government-wide financial statements distinguish functions of the City of New Iberia that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the City's basic services including general government (executive, legislative, judicial, finance, administrative services), public safety (fire and law enforcement), streets and drainage, culture and recreation, urban redevelopment and housing, and economic development and assistance. These services are financed primarily with taxes. The business-type activities reflect private sector type operations where the fee for service typically covers all or most of the cost of operations including depreciation. The City's wastewater treatment operations are reported here.

The government-wide financial statements can be found on pages 16 through 19 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of New Iberia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus is now on major funds, rather than generic fund types. All of the funds of the City of New Iberia can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental major funds (see Exhibits C through F) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the balance sheet and the statement of revenues, expenditures and changes in fund balances for the governmental funds provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of New Iberia maintains seventeen individual governmental funds. Information is presented separately for the General Fund, Sales Tax Fund, Garbage Fund, Debt Service Fund, Construction Fund, and Home Mortgage Bond Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation in one column, titled other governmental funds. Combining financial statements of the nonmajor funds can be found in the other supplementary information section which follows the basic financial statements.

**Proprietary Fund** represents an enterprise fund on the fund financial statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of New Iberia uses an enterprise fund to account for its wastewater treatment operations. The basic proprietary fund financial statements are located in Exhibits G through I.

The total columns for the governmental funds in the fund financial statements require reconciliation to those amounts presented in the government-wide statements. The governmental funds differences result from the different measurement focus and the reconciliation is presented on the pages following each statement (see Exhibits D and F). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the *Governmental Activities* column in the government-wide statements. There is no reconciliation for the proprietary fund.



### **Infrastructure Assets**

General capital assets include land, land improvements, buildings, vehicles, equipment, and infrastructure, and all other assets of a tangible nature that are used in operations and that exceed the City's capitalization threshold, with the exception of drainage infrastructure which will be presented in the future. (See Note 6). All projects completed and acquisitions occurring in fiscal year ended October 31, 2003 have been capitalized. Governmental Accounting Standards Board Statement No. 34 allows the City a transitional period to October 31, 2005 for reporting infrastructure assets. The City has capitalized all purchased and donated capital assets and infrastructure general capital assets with the exception of the drainage infrastructure. The City plans to record drainage infrastructure assets within the next two fiscal years. Prior to the implementation of the new reporting model, no depreciation was charged on general capital assets. Accumulated depreciation was recorded for the first time in the 2003 financial statements based on the date of acquisition and the life span of the asset.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found on pages 33 through 61 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*, the budgetary comparison schedules. Required supplementary information can be found in Exhibits L-1 through L-3 of this report.

The other supplementary information section referred to earlier in connection with the nonmajor funds is presented immediately following the required supplementary information in Exhibits M-1 and M-2.

Also included in the report is the Office of Management and Budget A-133 Single Audit auditor reports, findings and schedules.

The following table reflects the condensed statement of net assets for 2003. Prior year data is not presented in the implementation year but will be included in future years for comparison purposes.

**Table 1**  
City of New Iberia  
Condensed Statement of Net Assets  
October 31, 2003  
(in millions)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Current and other assets	\$ 24.9	\$ 4.3	\$ 29.2
Restricted assets	3.1	0.9	4.0
Capital assets	<u>33.5</u>	<u>21.1</u>	<u>54.6</u>
Total assets	<u>\$ 61.5</u>	<u>\$ 26.3</u>	<u>\$ 87.8</u>
<b>Liabilities:</b>			
Current liabilities	\$ 3.6	\$ 0.4	\$ 4.0
Long-term liabilities	<u>25.9</u>	<u>0.1</u>	<u>26.0</u>
Total liabilities	<u>\$ 29.5</u>	<u>\$ 0.5</u>	<u>\$ 30.0</u>
<b>Net assets:</b>			
Invested in capital assets, net of debt	\$ 20.9	\$ 21.1	\$ 42.0
Restricted	9.6	-	9.6
Unrestricted	<u>1.5</u>	<u>4.7</u>	<u>6.2</u>
Total net assets	<u>\$ 32.0</u>	<u>\$ 25.8</u>	<u>\$ 57.8</u>

For more detailed information see Exhibit A, the Statement of Net Assets.

The City's combined net assets at year end total \$57.8 million. Approximately 72.7% (\$42.0 million) of the City's net assets as of October 31, 2003 reflects the City's investment in capital assets (land, buildings, equipment and infrastructure) less any related outstanding debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 16.6% of the City's net assets are subject to external restrictions on how they may be used. The remaining 10.7% (\$6.2 million) of net assets, referred to as *unrestricted*, may be used to meet the ongoing obligations of the City to citizens and creditors.

Table 2 below provides a summary of the changes in net assets for the year ended October 31, 2003:

**Table 2**  
City of New Iberia  
Condensed Statement of Changes in Net Assets  
For the Year Ended October 31, 2003  
(in millions)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Revenues:</b>			
Program revenues -			
Fees, fines, and charges for services	\$ 0.7	\$ 4.2	\$ 4.9
Operating grants and contributions	2.0	-	2.0
Capital grants and contributions	1.5	-	1.5
General revenues -			
Property taxes	3.1	-	3.1
Sales and use taxes	10.6	-	10.6
Occupational	1.1	-	1.1
Franchise fees	1.8	-	1.8
Grants and contributions not restricted to specific programs	0.1	-	0.1
Other	0.9	0.1	1.0
Total revenues	<u>\$ 21.8</u>	<u>\$ 4.3</u>	<u>\$ 26.1</u>
<b>Expenses:</b>			
General government	\$ 2.0	\$ -	\$ 2.0
Public safety	8.2	-	8.2
Public works	5.0	-	5.0
Culture and recreation	1.4	-	1.4
Urban redevelopment and housing	1.1	-	1.1
Economic development and assistance	0.3	-	0.3
Unallocated depreciation	1.4	-	1.4
Wastewater	-	3.3	3.3
Interest on long-term debt	0.4	-	0.4
Total expenses	<u>\$ 19.8</u>	<u>\$ 3.3</u>	<u>\$ 23.1</u>
Increase (decrease) in net assets before transfers	\$ 2.0	\$ 1.0	\$ 3.0
Transfers	(2.0)	2.0	-
Increase in net assets	<u>\$ 0.0</u>	<u>\$ 3.0</u>	<u>\$ 3.0</u>
Net assets, November 1, 2002	<u>32.0</u>	<u>22.8</u>	<u>54.8</u>
Net assets, October 31, 2003	<u>\$ 32.0</u>	<u>\$ 25.8</u>	<u>\$ 57.8</u>

The City's total revenues were \$26.1 million and the total cost of all programs and services was \$23.1 million. Therefore, net assets increased \$3.0 million for the year. Our analysis below separately describes the operations of governmental and business-type activities.

*Governmental Activities* net assets remained the same in 2003. The cost of all governmental activities this year was \$19.8 million. As shown in the Statement of Activities in Exhibit B, the amount that our taxpayers financed was \$15.5 million because some of the cost was paid by those who directly benefited from the programs (\$0.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3.6 million). Program revenues only covered 14.4% of total costs. The remainder was paid with taxes and other revenues, such as investment income and unrestricted grants and contributions.

The City's largest program in governmental activities is public safety, with over \$8.2 million of resources applied thereto. Following that is public works, general government, and culture and recreation.

The change in net assets for governmental activities was insignificant for 2003.

*Business Type Activities* net assets increased by \$3.0 million in 2003. Charges for services make up 67.5% of the revenues in the business-type activities. There were no changes in rates and fees during 2003.

#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds:* The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$24.8 million, an increase of \$3.7 million in comparison with the prior year. Approximately 57.9% of this total amount (\$14.3 million) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to: (1) liquidation of contracts (\$1.1 million), (2) payment of debt service (\$4.4 million), and (3) other miscellaneous commitments (\$5.0 million).

The General Fund is the chief operating fund of the City of New Iberia. At the end of the fiscal year, total fund balance of the General Fund was \$4.0 million, \$2.2 million of which was unreserved. Compared with total fund balance of \$5.4 million at the end of 2002, fund balance decreased approximately \$1.4 million during 2003. Key factors contributing to this decrease were as follows:

1. A decrease of \$0.3 due to the writing off of delinquent principal and interest from assessments which are no longer enforceable.

2. A reduction in fines and forfeitures revenues of approximately \$0.1 million.
3. An increase in General Fund expenditures, of which \$0.8 million was for public safety and \$0.2 for employment related benefit increases.

Fund balance in the Sales Tax Fund increased \$0.9 million in 2003, due to increased sales and use tax revenues.

*Proprietary Fund:* The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As of the end of the current fiscal year, the City's proprietary fund reported ending net assets of \$25.8 million, an increase of \$3.0 million in comparison with the prior year.

The City's sole proprietary fund is the Sewerage Fund which accounts for wastewater services. As previously noted, the Sewerage Fund had no changes in rates charged to users.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The total difference between the original General Fund budget and the final amended budget was an increase in appropriations of \$0.6 million. Supplemental appropriations totaling \$1.0 million were approved during the year by the City Council for various programs, including employee pay raises, increases in employee retirement costs, and capital outlay. This increase was funded from revenue increases and the balance from transfers from other funds.

When actual results for 2003 are compared with the final budget, revenue collections, including transfers, fell short of projections by \$3.0 million and expenditures and transfers were \$2.2 million less than appropriated; a negative variance of \$0.8 million. Material differences between actual results and budgeted amounts in the General Fund are as follows:

- Approximately \$1.0 million represented revenues projected from FEMA for damages caused by Hurricane Lili. These revenues were accounted for in the prior year.
- Approximately \$1.8 million represented intergovernmental grants and projects that were awarded but not yet earned.
- Approximately \$1.7 million of appropriated capital outlay was not spent during 2003. The City allows for the carryforward of these funds for capital outlay projects to be completed in subsequent years. The majority of these funds are appropriated for a culture and recreation project which is funded by intergovernmental revenues.



**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The City of New Iberia's investment in capital assets for its governmental and business type activities as of October 31, 2003 amounts to \$54.6 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, equipment, wastewater facilities, and streets. Drainage systems network was not included in the current year as mentioned previously. The net increase in the City's investment in capital assets for the current fiscal year was 4.3%, no significant change in governmental activities and 12.5% increase for business-type activities.

**Table 3**  
CITY OF NEW IBERIA  
Capital Assets  
(Net of Depreciation)  
October 31, 2003  
(in millions)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Land	\$ 1.2	\$ 1.4	\$ 2.6
Land improvements	0.4	-	0.4
Buildings and improvements	3.7	-	3.7
Equipment	3.1	0.7	3.8
Infrastructure	25.1	-	25.1
Sewer plant and equipment	-	12.3	12.3
Construction in process	-	6.7	6.7
 Total	 <u>\$ 33.5</u>	 <u>\$ 21.1</u>	 <u>\$ 54.6</u>

Major capital asset events during the current fiscal year included the start up of the construction on the new \$30 million wastewater treatment plant.

Additional information on the City's capital assets can be found in Note 6 of this report.

**Long-Term Debt:** At the end of the current fiscal year, the City had total bonded debt outstanding of \$26.4 million. Of this amount, \$24.6 million comprises debt backed by the full faith and credit of the City of New Iberia and \$1.8 comprises debt resulting from the mergers into the Louisiana Firefighters' Retirement System.

**Table 4**  
**CITY OF NEW IBERIA**  
**Summary of Outstanding Debt at Year-End**  
**October 31, 2003**  
**(in millions)**

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
Notes payable	\$ 1.8	\$ -	\$ 1.8
Claims payable	0.1	-	0.1
Compensated absences	0.6	0.1	0.7
General obligation bonds	24.1	-	24.1
Certificates of indebtedness	<u>0.5</u>	<u>-</u>	<u>0.5</u>
 Total all notes and bonds	 <u>\$ 27.1</u>	 <u>\$ 0.1</u>	 <u>\$ 27.2</u>

The City of New Iberia's total bonded debt increased during the year by \$4.0 million. This is a result of the issuance of \$5.0 in general obligation bonds to be used for the construction of the new wastewater treatment plant and the refinancing of existing debt to improve cash flow and take advantage of lower interest rates. The City's new wastewater treatment plant will be funded by \$20.0 million of general obligation bonds approved by the electorate in 2001. The City anticipates a final general obligation issue of \$5.0 million in fiscal year 2004.

As of October 31, 2003, City bonds are rated by Moody's Investors Service as Aaa.

Computation of the legal debt margin for general obligation bonds is as follows:

Ad Valorem Taxes:

Assessed Valuation	<u>\$ 130,580,538</u>
Debt Limit: 10% of Assessed Valuation (for any one purpose)	\$ 13,058,054
Debt Limit: 35% of Assessed Valuation (aggregate, all purposes)	45,703,188

Debt outstanding by purpose:

Street improvements	\$ 1,026,110
Drainage	\$ 35,000
Fire protection	\$ 394,020
Police protection	\$ 140,580
Wastewater	\$ 14,725,000
Recreation	\$ 169,290

The Louisiana Revised Statutes limit the City's bonded debt for any one purpose to 10% of the assessed valuation of the taxable property and 35% for all purposes.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered when preparing the fiscal year 2004 budget:

- The City's sales and use tax levies are major revenue sources, making up 26.3% of total revenues. The historical trend for the City sales tax has continued to be positive. A new sales tax levy of one-fourth percent was approved by the electorate in 2003. Next year's budget reflects anticipated collections from this new levy in the amount of \$1.4 million. The projected increase for the other sales tax levies in the 2004 budget is 4.8%.
- Approximately \$1.8 million loss of revenue is reflected in the 2004 budget due to the expiration of grants.
- The final \$5.0 million of the \$20.0 million general obligation bonds for the new wastewater treatment plant is expected to be issued in 2004, as well as \$9.0 million of sewer revenue bonds.
- The City employees receive annual cost of living increases based on CPI. The increase for 2004 was 2.11%.
- Health insurance premiums were projected to increase by 15%. Over the past five years, health insurance costs have increased by approximately 150%.
- Retirement costs have continued to escalate for all employees. Municipal retirement increased from 8.00% to 11.00%, police retirement increased from 9.00% to 15.25%, and firefighter retirement increased from 9.00% to 21.00%. As of July 1, 2004, rates will increase to 21.50% and 25.50% for police and firefighter retirement systems, respectively.
- The 2004 budget includes the total unexpended anticipated costs of the new \$30.0 million wastewater treatment plant of \$27.9 million.

These indicators were taken into account when adopting the budget for 2004. Amounts available for appropriation in the General Fund budget are \$7.5 million, a decrease of 16.1% over the final 2003 budget of \$9.0 million primarily caused by the expiration of grants as discussed above. The sales tax revenue increase resulted from a new sales tax levy of one-fourth percent for salary and benefit increases in the fire department.

If budget estimates are met, the City's budgetary General Fund balance is expected to decrease by \$1.0 million by the close of 2004.

As for business-type activities, revenue and expenses are projected to remain basically the same.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of New Iberia's finances and to demonstrate accountability for monies received. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of New Iberia, Office of the City Treasurer, 457 E. Main Street, Suite 300, New Iberia, Louisiana 70560.

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BASIC FINANCIAL STATEMENTS



CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF NET ASSETS  
October 31, 2003

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash	\$ 3,691,331	\$ 920,356	\$ 4,611,687
Investments	18,304,185	3,131,150	21,435,335
Accrued interest receivable	3,575	-	3,575
Accounts receivable	56,324	211,071	267,395
Due from other governmental agencies	2,407,050	69,935	2,476,985
Due from external parties	2,054	-	2,054
Real estate held for resale	65,547	-	65,547
Prepaid items	36,069	-	36,069
Deferred debits	346,344	-	346,344
Restricted assets	3,140,000	850,000	3,990,000
Capital assets:			
Non-depreciable	1,191,209	8,125,143	9,316,352
Depreciable, net	<u>32,312,716</u>	<u>12,976,956</u>	<u>45,289,672</u>
Total assets	<u>\$ 61,556,404</u>	<u>\$ 26,284,611</u>	<u>\$ 87,841,015</u>

LIABILITIES AND NET ASSETS	Governmental Activities	Business-Type Activities	Total
<b>Liabilities:</b>			
Accounts payable	\$ 1,543,133	\$ 381,403	\$ 1,924,536
Retainage payable	180,500	-	180,500
Accrued expenses	310,038	33,909	343,947
Accrued interest payable	285,939	-	285,939
Internal balances	(19,226)	19,226	-
Due to other governmental agencies	12,900	-	12,900
Deferred revenue	35,872	-	35,872
Long-term liabilities -			
Portion due or payable within one year:			
Bonds payable	1,040,000	-	1,040,000
Certificates of indebtedness	70,000	-	70,000
Notes payable	152,879	-	152,879
Claims payable	17,160	-	17,160
Accrued compensated absences	37,040	6,398	43,438
Portion due or payable after one year:			
Bonds payable	23,079,420	-	23,079,420
Certificates of indebtedness	400,000	-	400,000
Notes payable	1,615,146	-	1,615,146
Claims payable	86,664	-	86,664
Accrued compensated absences	625,561	92,139	717,700
<b>Total liabilities</b>	<b>\$ 29,473,026</b>	<b>\$ 533,075</b>	<b>\$ 30,006,101</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	\$ 20,880,236	\$ 21,102,099	\$ 41,982,335
Restricted for -			
Capital projects	1,248,322	-	1,248,322
Debt service	1,091,344	-	1,091,344
Other	7,342,562	-	7,342,562
Unrestricted	1,520,914	4,649,437	6,170,351
<b>Total net assets</b>	<b>\$ 32,083,378</b>	<b>\$ 25,751,536</b>	<b>\$ 57,834,914</b>
<b>Total liabilities and net assets</b>	<b>\$ 61,556,404</b>	<b>\$ 26,284,611</b>	<b>\$ 87,841,015</b>

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF ACTIVITIES  
For the Year Ended October 31, 2003

Function/Program	Expenses	Program	
		Fees, Fines and Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 1,990,913	\$ 48,717	\$ 7,025
Public safety	8,222,682	401,002	111,434
Public works	4,961,593	-	577,451
Culture and recreation	1,385,738	251,518	28,752
Urban redevelopment and housing	1,053,983	-	1,089,319
Economic development and assistance	322,404	-	173,761
Unallocated depreciation	1,405,916	-	-
Interest on long-term debt	434,402	-	-
<b>Total governmental activities</b>	<b>\$ 19,777,631</b>	<b>\$ 701,237</b>	<b>\$ 1,987,742</b>
Business-type activities:			
Wastewater	3,339,150	4,236,755	913
<b>Total</b>	<b>\$ 23,116,781</b>	<b>\$ 4,937,992</b>	<b>\$ 1,988,655</b>

General revenues:

- Taxes -
  - Property
  - Sales and use
  - Occupational
- Franchise fees
- Grants and contributions not restricted to specific programs
- Investment income
- Miscellaneous
- Transfers
- Total general revenues

Change in net assets

Net assets, beginning

Net assets, ending

See Notes to Financial Statements.

Revenues	Net (Expense) Revenue and Change in Net Assets		
	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
\$ -	\$ (1,935,171)	\$ -	\$ (1,935,171)
896,474	(6,813,772)	-	(6,813,772)
631,658	(3,752,484)	-	(3,752,484)
19,215	(1,086,253)	-	(1,086,253)
-	35,336	-	35,336
-	(148,643)	-	(148,643)
-	(1,405,916)	-	(1,405,916)
-	(434,402)	-	(434,402)
<u>\$ 1,547,347</u>	<u>\$ (15,541,305)</u>	<u>\$ -</u>	<u>\$ (15,541,305)</u>
-	-	898,518	898,518
<u>\$ 1,547,347</u>	<u>\$ (15,541,305)</u>	<u>\$ 898,518</u>	<u>\$ (14,642,787)</u>
	\$ 3,108,940	\$ -	\$ 3,108,940
	10,610,815	-	10,610,815
	1,110,215	-	1,110,215
	1,764,397	-	1,764,397
	64,985	-	64,985
	558,131	86,948	645,079
	345,727	-	345,727
	(1,951,256)	1,951,256	-
	<u>\$ 15,611,954</u>	<u>\$ 2,038,204</u>	<u>\$ 17,650,158</u>
	\$ 70,649	\$ 2,936,722	\$ 3,007,371
	<u>32,012,729</u>	<u>22,814,814</u>	<u>54,827,543</u>
	<u>\$ 32,083,378</u>	<u>\$ 25,751,536</u>	<u>\$ 57,834,914</u>

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
October 31, 2003

ASSETS	General	Sales Tax	Garbage
Cash	\$ 578,753	\$ 1,639,351	\$ -
Investments	1,833,170	2,455,909	1,075,604
Accrued interest receivable	-	-	3,575
Accounts receivable	53,918	-	-
Due from other funds	484,485	2,054	-
Due from other governmental agencies	530,398	283,264	113,306
Prepaid items	36,069	-	-
Real estate held for resale	65,547	-	-
Restricted investments	1,640,000	1,500,000	-
<b>Total assets</b>	<b>\$ 5,222,340</b>	<b>\$ 5,880,578</b>	<b>\$ 1,192,485</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Cash overdraft	\$ -	\$ -	\$ 641,243
Accounts payable	629,545	-	127,721
Retainage payable	-	-	-
Accrued expenses	252,314	-	-
Due to other funds	271,019	53,248	53,882
Due to other governmental agencies	-	-	-
Deferred revenue	35,872	-	-
<b>Total liabilities</b>	<b>\$ 1,188,750</b>	<b>\$ 53,248</b>	<b>\$ 822,846</b>
<b>Fund balances:</b>			
Reserved for -			
Construction	\$ -	\$ -	\$ -
Debt service	-	-	-
DEQ loan payment	1,490,000	1,500,000	-
Prepaid items	36,069	-	-
Sales taxes	276,355	4,327,330	369,639
Designated	868,899	-	-
Unreserved, undesignated	1,362,267	-	-
Unreserved, undesignated, reported in -			
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
<b>Total fund balances</b>	<b>\$ 4,033,590</b>	<b>\$ 5,827,330</b>	<b>\$ 369,639</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,222,340</b>	<b>\$ 5,880,578</b>	<b>\$ 1,192,485</b>

See Notes to Financial Statements.



<u>Debt Service</u>	<u>Construction</u>	<u>Home Mortgage Bond</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,355,219	\$ 1,063,286	\$ -	\$ 1,114,322	\$ 5,750,931
-	11,627,059	818,703	493,740	18,304,185
-	-	-	-	3,575
1,196	-	-	1,210	56,324
31,107	-	-	306,911	824,557
-	-	-	610,844	1,537,812
-	-	-	-	36,069
-	-	-	-	65,547
-	-	-	-	3,140,000
<u>\$ 1,387,522</u>	<u>\$ 12,690,345</u>	<u>\$ 818,703</u>	<u>\$ 2,527,027</u>	<u>\$ 29,719,000</u>
\$ -	\$ 314,709	\$ 737,042	\$ 366,606	\$ 2,059,600
-	320,826	33,000	432,041	1,543,133
-	43,620	-	136,880	180,500
-	-	-	57,724	310,038
10,239	31,107	-	383,782	803,277
-	-	-	12,900	12,900
-	-	-	-	35,872
<u>\$ 10,239</u>	<u>\$ 710,262</u>	<u>\$ 770,042</u>	<u>\$ 1,389,933</u>	<u>\$ 4,945,320</u>
\$ -	\$ 1,048,508	\$ -	\$ -	\$ 1,048,508
1,377,283	-	-	-	1,377,283
-	-	-	-	2,990,000
-	-	-	-	36,069
-	-	-	-	4,973,324
-	10,931,575	48,661	853,478	12,702,613
-	-	-	-	1,362,267
-	-	-	392,517	392,517
-	-	-	(108,901)	(108,901)
<u>\$ 1,377,283</u>	<u>\$ 11,980,083</u>	<u>\$ 48,661</u>	<u>\$ 1,137,094</u>	<u>\$ 24,773,680</u>
<u>\$ 1,387,522</u>	<u>\$ 12,690,345</u>	<u>\$ 818,703</u>	<u>\$ 2,527,027</u>	<u>\$ 29,719,000</u>

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
October 31, 2003

Total fund balances - governmental funds		\$ 24,773,680
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.		
Capital assets, net		33,503,925
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the governmental funds.		
Accrued interest payable	\$ (285,939)	
Bonds payable	(24,119,420)	
Certificates of indebtedness payable	(470,000)	
Notes payable	(1,768,025)	
Claims payable	(103,824)	
Accrued compensated absences	<u>(662,601)</u>	(27,409,809)
Sales taxes which are not "measurable" at year end and therefore not available soon enough to pay for current period expenditures are not reported in the governmental funds.		
		869,238
Bond issue costs which are reported as expenditures in the year incurred in the governmental funds are deferred and amortized in the statement of activities.		
Bond issue costs, net of accumulated amortization		<u>346,344</u>
Net assets of governmental activities		<u>\$ 32,083,378</u>

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CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended October 31, 2003

	General	Sales Tax	Garbage
Revenues:			
Taxes -			
Ad valorem	\$ 926,426	\$ -	\$ -
Sales and use	686,794	7,008,127	2,803,250
Licenses and permits	2,948,354	-	-
Intergovernmental	1,271,665	-	-
Charges for services	5,263	-	-
Fines and forfeitures	140,606	-	-
Investment income	111,836	106,203	35,094
Miscellaneous	230,245	-	45,000
Total revenues	\$ 6,321,189	\$ 7,114,330	\$ 2,883,344
Expenditures:			
Current -			
General government	\$ 1,701,954	\$ 69,938	\$ 25,625
Public safety	7,727,737	-	-
Public works	151,113	-	2,427,722
Culture and recreation	38,934	-	-
Urban redevelopment and housing	-	-	-
Economic development and assistance	320,239	-	-
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	1,420,336	-	-
Total expenditures	\$ 11,360,313	\$ 69,938	\$ 2,453,347
Excess (deficiency) of revenues over expenditures	\$ (5,039,124)	\$ 7,044,392	\$ 429,997
Other financing sources (uses):			
Transfers in	\$ 6,768,345	\$ -	\$ -
Transfers out	(3,097,896)	(6,186,404)	(646,579)
Bond proceeds	-	-	-
Payments to escrow	-	-	-
Sale of capital assets	8,720	-	-
Total other financing sources (uses)	\$ 3,679,169	\$ (6,186,404)	\$ (646,579)
Net change in fund balances	\$ (1,359,955)	\$ 857,988	\$ (216,582)
Fund balances, beginning	5,393,545	4,969,342	586,221
Fund balances, ending	\$ 4,033,590	\$ 5,827,330	\$ 369,639

See Notes to Financial Statements.

<u>Debt Service</u>	<u>Construction</u>	<u>Home Mortgage Bond</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,351,729	\$ -	\$ -	\$ 830,785	\$ 3,108,940
-	-	-	-	10,498,171
-	-	-	-	2,948,354
-	-	-	2,281,967	3,553,632
-	-	-	251,423	256,686
-	-	-	-	140,606
12,735	248,269	22,472	21,522	558,131
-	11,403	-	50,364	337,012
<u>\$ 1,364,464</u>	<u>\$ 259,672</u>	<u>\$ 22,472</u>	<u>\$ 3,436,061</u>	<u>\$ 21,401,532</u>
\$ 7,350	\$ -	\$ -	\$ 102,515	\$ 1,907,382
-	-	-	-	7,727,737
-	281,548	-	2,695,273	5,555,656
-	-	-	1,257,355	1,296,289
-	-	-	1,046,858	1,046,858
-	-	-	-	320,239
1,427,877	-	-	-	1,427,877
1,073,858	-	-	-	1,073,858
-	590,849	100,344	1,007,644	3,119,173
<u>\$ 2,509,085</u>	<u>\$ 872,397</u>	<u>\$ 100,344</u>	<u>\$ 6,109,645</u>	<u>\$ 23,475,069</u>
<u>\$ (1,144,621)</u>	<u>\$ (612,725)</u>	<u>\$ (77,872)</u>	<u>\$ (2,673,584)</u>	<u>\$ (2,073,537)</u>
\$ 1,030,788	\$ -	\$ -	\$ 3,020,394	\$ 10,819,527
-	-	-	(257,901)	(10,188,780)
470,000	5,000,000	-	164,515	5,634,515
(460,310)	-	-	-	(460,310)
-	-	-	-	8,720
<u>\$ 1,040,478</u>	<u>\$ 5,000,000</u>	<u>\$ -</u>	<u>\$ 2,927,008</u>	<u>\$ 5,813,672</u>
\$ (104,143)	\$ 4,387,275	\$ (77,872)	\$ 253,424	\$ 3,740,135
1,481,426	7,592,808	126,533	883,670	21,033,545
<u>\$ 1,377,283</u>	<u>\$ 11,980,083</u>	<u>\$ 48,661</u>	<u>\$ 1,137,094</u>	<u>\$ 24,773,680</u>



CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
For the Year Ended October 31, 2003

Net change in fund balances - total governmental funds \$ 3,740,135

The change in net assets 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	\$ 2,000,016	
Depreciation expense	<u>(2,119,377)</u>	(119,361)

Because some revenues will not be collected for several months after year end, they are not considered "available" revenues in the governmental funds.

Sales taxes		112,644
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Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.

Bond proceeds	\$ (5,634,515)	
Principal payments	1,427,877	
Payments to escrow	<u>460,000</u>	(3,746,638)

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond issue costs amortized	\$ (21,231)	
Bond issue costs incurred in the current year	<u>94,410</u>	73,179

(continued)

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES (CONTINUED)  
For the Year Ended October 31, 2003

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

Increase in accrued interest payable	\$ (12,763)	
Decrease in claims payable	71,957	
Increase in compensated absences payable	<u>(48,504)</u>	<u>10,690</u>

Change in net assets of governmental activities		<u>\$ 70,649</u>
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CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
October 31, 2003

ASSETS	Business-Type Activities - Enterprise Fund <u>Sewerage</u>
<b>CURRENT ASSETS</b>	
Cash	\$ 920,356
Investments	3,131,150
Accounts receivable	211,071
Due from other governmental agencies	69,935
Total current assets	<u>\$ 4,332,512</u>
<b>NONCURRENT ASSETS</b>	
Restricted investments	<u>\$ 850,000</u>
<b>CAPITAL ASSETS</b>	
Land	\$ 1,419,864
Buildings and improvements, net	27,058
Equipment, net	688,497
Sewer plant, net	12,261,401
Construction in process	6,705,279
Total capital assets	<u>\$ 21,102,099</u>
Total assets	<u>\$ 26,284,611</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 381,403
Accrued liabilities	33,909
Due to other funds	19,226
Accrued compensated absences	6,398
Total current liabilities	<u>\$ 440,936</u>
<b>NONCURRENT LIABILITIES</b>	
Accrued compensated absences	<u>92,139</u>
Total liabilities	<u>\$ 533,075</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 21,102,099
Unrestricted	4,649,437
Total net assets	<u>\$ 25,751,536</u>
Total liabilities and net assets	<u>\$ 26,284,611</u>

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET ASSETS  
PROPRIETARY FUND  
For the Year Ended October 31, 2003

	Business-Type Activities - Enterprise Fund <hr style="border-top: 1px solid black;"/> Sewerage
Operating revenues:	
Charges for services -	
Customers	\$ 3,989,625
Parish Government under cooperative agreement	247,130
Miscellaneous	913
Total operating revenues	<hr style="border-top: 1px solid black;"/> \$ 4,237,668
Operating expenses:	
Cost of services rendered	\$ 2,750,569
Depreciation	588,581
Total operating expenses	<hr style="border-top: 1px solid black;"/> \$ 3,339,150
Operating income	\$ 898,518
Nonoperating revenues:	
Investment income	<hr style="border-top: 1px solid black;"/> 86,948
Income (loss) before contributions and transfers	\$ 985,466
Capital contributions	2,374,263
Transfers in	240,677
Transfers out	<hr right;"="" style="border-top: 1px solid black;/&gt;(663,684)&lt;/td&gt; &lt;/tr&gt; &lt;tr&gt; &lt;td&gt;Change in net assets&lt;/td&gt; &lt;td style=" text-align:=""/> \$ 2,936,722
Net assets, beginning	<hr style="border-top: 1px solid black;"/> 22,814,814
Net assets, ending	<hr style="border-top: 1px solid black;"/> <hr style="border-top: 1px solid black;"/> \$ 25,751,536

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended October 31, 2003

	Business-Type Activities - Enterprise Fund <u>Sewerage</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 3,998,772
Receipts under cooperative agreement	249,983
Payments to suppliers for goods and services	(1,852,135)
Payments to employees	(790,435)
Net cash provided (used) by operating activities	<u>\$ 1,606,185</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers in	\$ 240,677
Transfers out	(663,684)
Net cash provided (used) by noncapital financing activities	<u>\$ (423,007)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase and construction of capital assets	\$ (550,511)
Net cash provided (used) by capital and related financing activities	<u>\$ (550,511)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	\$ (86,948)
Investment income	86,948
Net cash provided (used) by investing activities	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 632,667
Balance, beginning of year	<u>287,689</u>
Balance, ending of year	<u>\$ 920,356</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income	\$ 898,518
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	588,581
Change in assets and liabilities:	
Receivables	8,234
Due from other governmental agencies	2,853
Accounts and other payables	88,773
Due to other funds	19,226
Net cash provided (used) by operating activities	<u>\$ 1,606,185</u>
Noncash investing, capital and financing activities:	
Capital assets contributed	<u>\$ 2,374,263</u>

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
October 31, 2003

ASSETS	Pension Trust Funds
Cash	\$ 126,336
Investments	<u>1,494,457</u>
Total assets	<u>\$ 1,620,793</u>
 LIABILITIES AND NET ASSETS	
Liabilities:	
Cash overdraft	\$ 5,184
Due to external parties	<u>2,054</u>
Total liabilities	\$ 7,238
Net assets:	
Held in trust for pension benefits and other purposes	<u>1,613,555</u>
Total liabilities and net assets	<u>\$ 1,620,793</u>

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

For the Year Ended October 31, 2003

	<u>Pension Trust Funds</u>
Additions:	
Fire insurance rebate	\$ 87,728
Investment income	55,869
Other	<u>68,900</u>
Total additions	<u>\$ 212,497</u>
Deductions:	
Benefit payments	\$ 33,072
Other	<u>276,640</u>
Total deductions	<u>\$ 309,712</u>
Net change in net assets	\$ (97,215)
Net assets, beginning	<u>1,710,770</u>
Net assets, ending	<u><u>\$ 1,613,555</u></u>

See Notes to Financial Statements.



CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of New Iberia are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant of the City's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain significant changes in the Statement include the following:

1. For the first time the financial statements include:
  - a. A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
  - b. Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).
2. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City has implemented the Statement in the current year.

Reporting entity:

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

## NOTES TO FINANCIAL STATEMENTS

### Primary government -

The City operates under a special legislative charter. The charter provides for the Mayor-Board of Trustees form of government. The City's operations include police and fire protection, streets and drainage, parks and recreation, certain social services (including urban redevelopment and housing) and general administration services. The City owns and operates one enterprise activity, a sewerage fund which provides sewerage services.

### Component units -

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (City Council or Mayor) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

The following are component units of the City. They have not been included in this report because they did not implement GASB Statement No. 34 during the current year.

City Court of New Iberia - The day-to-day operations of the City Court are funded through the City of New Iberia. In addition, the activities of the Court are primarily for City residents. The City has responsibility for funding any deficits of the Court. The City Court's year end is June 30, 2003.

## NOTES TO FINANCIAL STATEMENTS

Iberia Home Mortgage Authority - The Authority was formed as a public trust on January 16, 1979 pursuant to Chapter 2-A of Title 9 of the Louisiana revised statutes. The beneficiary of the trust is the City of New Iberia. The Authority was created to provide financing to low and moderate income families within the Parish of Iberia. The governing body is comprised of a ten member Board of Trustees consisting of the Mayor of City of New Iberia. The City has responsibility for funding any deficits of the Authority and approves its operating budget. The Authority's fiscal year end is March 31, 2003.

### Basis of presentation:

The City's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the government and the fund financial statements (individual major fund and combined nonmajor funds). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

### Government-wide financial statements -

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

In the government-wide statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

## NOTES TO FINANCIAL STATEMENTS

The government-wide statement of activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales and use taxes, intergovernmental revenues, investment income, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

### Fund financial statements -

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

Sales Tax Fund - This fund accounts for the receipts and disbursements of proceeds from the City's 1.25% sales and use tax levies. These taxes are dedicated as described in Note 12.

Garbage Fund - This fund accounts for the receipt and use of proceeds of the City's two .25% sales and use tax levies. These taxes are dedicated as described in Note 12.

Debt Service Fund - This fund is used to accumulate monies for the payment of various public improvement and general obligation bonds.

## NOTES TO FINANCIAL STATEMENTS

Financing is provided by specific ad valorem taxes.

Construction Fund - This fund is used to account for the proceeds from bonds issued to construct a new wastewater facility. In the current fiscal year, \$5,000,000 of General Obligation Bonds were issued for this purpose. During the prior fiscal year, \$10,000,000 of General Obligation Bonds were issued.

Home Mortgage Bond Fund - This fund is used to account for the proceeds from refunding Iberia Home Mortgage Authority's revenue bonds in 1995.

The City reports the following major enterprise fund:

Sewerage Fund - This fund is used to account for the monies collected from sewer user fees and the operations of the sewer plants.

In addition, the City reports the following:

Pension Trust Funds - These funds account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. The funds do not account for the administrative costs of the systems, which are borne by the general fund. Firemen's Pension Fund accounts for retirement payments paid to firemen who retired before November 1, 1981. Police Pension Fund accounts for retirement payments paid to policemen who retired before 1975.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.



## NOTES TO FINANCIAL STATEMENTS

### Basis of accounting:

#### Government-wide, proprietary and fiduciary fund financial statements -

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, property taxes are recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

#### Governmental fund financial statements -

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Purchases of various operating supplies are regarded as expenditures at the time purchased.

### Budgetary data:

#### Budgeting policy -

City of New Iberia follows the following procedures detailed below in adopting its budget.

1. At least 60 days prior to the beginning of each fiscal year, the Mayor is required to submit to the City Council a proposed budget in the form required by the Charter.

NOTES TO FINANCIAL STATEMENTS

2. A public hearing is required to be conducted to obtain taxpayer comments and notice thereof is published in the official journal at least 10 days prior to such hearing. The notification is to include the time and place of the public hearing in addition to a general summary of the proposed budget.
3. Final adoption of the budget is required to be not later than October 31 of the fiscal year for the ensuing fiscal year.
4. Formal budgetary integration is employed as a management control device during the year for all funds. No payment can be made or obligated against any appropriation unless the Mayor or her designee first certifies that sufficient unencumbered funds are or will be available to meet the obligation when it becomes due and payable. In practice, this has generally been interpreted (due to the flexibility for intra departmental transfer of line item appropriations) to mean control at the departmental/fund level.
5. Those budgets which the City adopts are on a basis consistent with generally accepted accounting principles as applied to governmental units.
6. All appropriations, except for capital outlays, lapse at the close of the fiscal year to the extent that they have not been expended or encumbered. Appropriations for capital outlays lapse after completion of the project.

All budgeted amounts presented as supplementary information reflect the original budget and the final budget (which have been adjusted for legally authorized revisions during the year).

Cash and cash equivalents:

Cash includes amounts in interest-bearing demand deposits and on hand. For purposes of statements of cash flows, highly liquid investments (including restricted assets) with an original maturity of three months or less are considered to be cash equivalents.

Investments:

State statutes authorize the City to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

In accordance with GASB Statement No. 31, investments meeting the criteria specified in the Statement are stated at fair value. Investments which do not meet the requirements are stated at cost.

The cash balances of all funds are pooled by the City.



## NOTES TO FINANCIAL STATEMENTS

### Interfund receivables and payables:

Short-term cash borrowings between funds are considered temporary in nature. These are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### Prepaid items:

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

### Receivables:

All receivables are shown net of an allowance account, as applicable.

### Bond discounts/issuance costs:

In governmental funds, bond discounts and issuance costs are recognized in the current period. In proprietary funds (and for governmental funds, in the government-wide statements), bond discount and issuance costs are deferred and amortized over the terms of the bonds to which such discounts and costs apply.

### Restricted assets:

Certain resources of the City are classified as restricted assets on the balance sheet because their use is limited by Council action.

### Fixed assets:

The accounting treatment over property, plant, and equipment (fixed assets) 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.

### Government-wide statements -

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Prior to November 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost and have been included in the accompanying financial statements with the exception of drainage infrastructure which will be reported in the future.

NOTES TO FINANCIAL STATEMENTS

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. 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:

	<u>Years</u>
Buildings and improvements	10 - 40
Equipment	5 - 15
Infrastructure	20 - 50

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Fund financial statements -

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

Compensated absences:

Employees of the City earn annual leave in amounts ranging from 8 hours per month to 16 hours per month, depending upon length of service. At the end of each year, employees may carry forward annual leave earned but not taken with the maximum allowable carryover of unused annual leave being equal to five days. Unused annual leave in excess of what can be carried forward is credited to the employee's sick leave balance. Unused annual leave is paid to an employee upon retirement or resignation at hourly rates being earned by that employee upon separation.

Effective April 1, 1997, sick leave is credited to all classified employees at the rate of 12 hours per month. All unused sick leave is carried forward from year to year. Employees separated due to retirement or death are paid for all accumulated sick leave earned between January 1, 1991 and December 31, 1994 at the hourly rates being earned by the employee at that time.

Compensatory leave is earned at a rate of one and one-half hours for each hour of overtime worked. The maximum accumulation of compensatory leave is 120 hours. It may be carried forward from year to year. Upon termination, unused compensatory leave is paid up to 120 hours.

## NOTES TO FINANCIAL STATEMENTS

Police and firemen earn vacation and sick leave in accordance with state law. Policemen have the option of accumulating compensatory leave or receiving payment for any overtime hours worked. Firemen are paid for any overtime hours worked.

In the government-wide and proprietary fund statements, the City accrues accumulated unpaid sick leave and associated related costs when earned (or estimated to be earned) by the employee. The current portion is the amount estimated to be used/paid in the following year. The remainder is reported as non-current. In accordance with GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," no compensated absences liability is recorded in the governmental fund financial statements.

### 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 bonds payable, certificates of indebtedness, notes payable, claims payable, and accrued compensated absences.

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. Long-term debt in proprietary fund operations is accounted for the same in the fund financial statements as it is in the government-wide statements.

### Equity classifications:

#### Government-wide statements -

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTES TO FINANCIAL STATEMENTS

- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund financial statements -

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Interfund transfers:

Permanent reallocation of resources between funds of the primary government are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

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 as of the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Change in accounting principles and restatement of prior year fund equity:

As a result of implementing Statement No. 34, the following adjustments were required to restate beginning net assets for the governmental activities:

Total fund balances/fund equity, as previously reported	\$ 21,033,545
Statement No. 34 adjustments:	
Additional governmental fund revenue accruals	756,594
Capital assets, net of depreciation	33,623,286
Bond issue costs, net	273,165
General long-term debt	(23,400,685)
Additional interest payable	<u>(273,176)</u>
	<u>\$ 32,012,729</u>

NOTES TO FINANCIAL STATEMENTS

Note 2. Stewardship, Compliance and Accountability

The DEQ fund, a nonmajor governmental fund, has a deficit fund balance as of October 31, 2003 in the amount of \$108,901.

Excess of expenditures over appropriations in individual funds:

Any excess of expenditures over appropriations for the major funds is presented in the budgetary comparison schedules.

Compliance with finance related legal and contractual provisions:

The City has no material violations of finance related legal and contractual provisions.

Note 3. Deposits and Investments

Deposits:

At year end, the carrying amount of the City's deposits, including demand deposit accounts and certificates of deposit, was \$30,315,958 and the bank balance was \$31,026,078. Of the bank balance, \$400,000 was covered by federal depository insurance and \$30,626,078 was covered by collateral held by the City's fiscal agent in the City's name. Of the carrying amount, \$278,936 is reported in the fiduciary funds.

Investments:

City of New Iberia's investments are categorized as either (1) insured or registered for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name. All of the City's investments are considered Category 1 at October 31, 2003 and are detailed below.

U.S. Treasury bonds	<u>\$ 1,336,673</u>
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The U.S. Treasury bonds are pledged as security for the notes payable to the Firefighters' Retirement System. They are reported in the fiduciary funds.

NOTES TO FINANCIAL STATEMENTS

Note 5. Due From Other Governmental Agencies

Amounts due from other governmental agencies consist of the following at October 31, 2003:

Fund financial statements:

Governmental Funds -

Iberia Parish School Board:

Sales and use taxes collected  
but not remitted \$ 453,223

City Court of New Iberia -

Fines and violations 100,000

E911 Commission -

Reimbursement of costs 2,200

Federal grant funds

352,443

State of Louisiana -

Federal pass-through grant funds 604,060

State grant funds 25,886

\$1,537,812

Proprietary Funds -

Iberia Parish Government:

Reimbursement for joint operations \$ 69,935

Government-wide financial statements:

The amount reported as due from other governmental agencies at October 31, 2003 consists of the following:

Total amount reported in:

Governmental Funds, from above \$1,537,812

Proprietary Funds, from above 69,935

Additional sales and use taxes due from

Iberia Parish School Board 869,238

\$2,476,985

NOTES TO FINANCIAL STATEMENTS

In accordance with GASB Statement No. 31, the City recognized the net increase (decrease) in the fair value of investments for the years ended October 31, 2003 and 2002 detailed below. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

2003	<u>\$ (97,215)</u>
2002	<u>\$ (60,705)</u>

Note 4. Interfund Balances

Interfund balances at October 31, 2003 consist of the following:

	Due From:				Total
	General	Sales Tax	Debt Service	Other Governmental Funds	
Due to:					
General	\$ -	\$ -	\$ -	\$ 271,019	\$ 271,019
Sales Tax	53,249	-	-	-	53,249
Garbage	53,882	-	-	-	53,882
Debt Service	10,239	-	-	-	10,239
Construction	-	-	31,107	-	31,107
Other					
Governmental					
Funds	367,115	-	-	16,667	383,782
Sewerage	-	-	-	19,225	19,225
Firemen's					
Pension	<u>          </u>	<u>2,054</u>	<u>          </u>	<u>          </u>	<u>2,054</u>
	<u>\$ 484,485</u>	<u>\$ 2,054</u>	<u>\$ 31,107</u>	<u>\$ 306,911</u>	<u>\$ 824,557</u>

The total balances above are different from the amounts presented in the fund financial statements because the fiduciary funds are required to report amounts due to other funds as "due to external parties."



NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets and Depreciation

Capital asset activity for the year ended October 31, 2003 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated -				
Land	\$ 1,168,209	\$ 23,000	\$ -	\$ 1,191,209
Construction in process	37,940	-	(37,940)	-
Total capital assets not being depreciated	<u>\$ 1,206,149</u>	<u>\$ 23,000</u>	<u>\$ (37,940)</u>	<u>\$ 1,191,209</u>
Capital assets being depreciated -				
Land improvements	\$ 647,524	\$ 122,898	\$ -	\$ 770,422
Buildings and improvements	5,116,041	506,078	-	5,622,119
Equipment	5,591,024	1,419,144	(19,026)	6,991,142
Infrastructure	51,426,699	-	-	51,426,699
Total capital assets being depreciated	<u>\$ 62,781,288</u>	<u>\$ 2,048,120</u>	<u>\$ (19,026)</u>	<u>\$ 64,810,382</u>
Less accumulated depreciation for:				
Land improvements	\$ (366,274)	\$ (17,941)	\$ -	\$ (384,215)
Buildings and improvements	(1,768,299)	(151,888)	-	(1,920,187)
Equipment	(3,396,650)	(543,632)	19,026	(3,921,256)
Infrastructure	(24,866,092)	(1,405,916)	-	(26,272,008)
Total accumulated depreciation	<u>\$(30,397,315)</u>	<u>\$(2,119,377)</u>	<u>\$ 19,026</u>	<u>\$(32,497,666)</u>
Total capital assets being depreciated, net	<u>\$ 32,383,973</u>	<u>\$ (71,257)</u>	<u>\$ -</u>	<u>\$ 32,312,716</u>
Governmental activities capital assets, net	<u>\$ 33,590,122</u>	<u>\$ (48,257)</u>	<u>\$ (37,940)</u>	<u>\$ 33,503,925</u>

(continued)

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated -				
Land	\$ 1,420,908	\$ -	\$ (1,044)	\$ 1,419,864
Construction in process	<u>4,170,596</u>	<u>2,534,683</u>	<u>-</u>	<u>6,705,279</u>
Total capital assets not being depreciated	<u>\$ 5,591,504</u>	<u>\$ 2,534,683</u>	<u>\$ (1,044)</u>	<u>\$ 8,125,143</u>
Capital assets being depreciated -				
Buildings and improvements	\$ 51,574	\$ -	\$ -	\$ 51,574
Equipment	1,338,280	391,136	(17,766)	1,711,650
Sewer plant	<u>16,779,566</u>	<u>-</u>	<u>-</u>	<u>16,779,566</u>
Total capital assets being depreciated	<u>\$ 18,169,420</u>	<u>\$ 391,136</u>	<u>\$ (17,766)</u>	<u>\$ 18,542,790</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (23,404)	\$ (1,112)	\$ -	\$ (24,516)
Equipment	(930,784)	(110,135)	17,766	(1,023,153)
Sewer plant	<u>(4,040,831)</u>	<u>(477,334)</u>	<u>-</u>	<u>(4,518,165)</u>
Total accumulated depreciation	<u>\$ (4,995,019)</u>	<u>\$ (588,581)</u>	<u>\$ 17,766</u>	<u>\$ (5,565,834)</u>
Total capital assets being depreciated, net	<u>\$ 13,174,401</u>	<u>\$ (197,445)</u>	<u>\$ -</u>	<u>\$ 12,976,956</u>
Business-type capital assets, net	<u>\$ 18,765,905</u>	<u>\$ 2,337,238</u>	<u>\$ (1,044)</u>	<u>\$ 21,102,099</u>

NOTES TO FINANCIAL STATEMENTS

Depreciation was charged to activities as follows:

Governmental activities:		
General government		\$ 92,252
Public safety		435,056
Public works		93,301
Culture and recreation		89,532
Urban redevelopment and housing		3,071
Economic development and assistance		249
Infrastructure depreciation is unallocated		<u>1,405,916</u>
Total governmental activities depreciation expense		<u>\$2,119,377</u>
Business-type activities:		
Wastewater		<u>\$ 588,581</u>

Note 7. Long-Term Debt

General Obligation Bonds/Public Improvement Bonds/Certificates of Indebtedness

The City issues general obligation bonds, public improvement bonds and certificates of indebtedness to provide funds for the acquisition, construction or improvement of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the City.

Long-term debt outstanding at October 31, 2003 is as follows:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Governmental activities:				
Payable from ad valorem taxes -				
General Obligation Refunding Bonds, Series 1992	1992	2004	6.25	\$ 35,000
General Obligation Refunding Bonds, Series 1998	1998	2011	4.75	990,000
General Obligation Refunding Bonds, Series 2001	2001	2012	4.35	740,000
General Obligation Bonds, Series 2002	2002	2024	4.20 - 5.20	9,725,000
General Obligation Bonds, Series 2003	2003	2025	3.80 - 4.80	<u>5,000,000</u>
				<u>\$16,490,000</u>
				(continued)

NOTES TO FINANCIAL STATEMENTS

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Payable from sales taxes -				
Public Improvement Bonds	1995	2016	2.95	\$ 3,705,000
Public Improvement Bonds	1997	2016	2.95	1,475,000
Public Improvement Bonds	1999	2020	2.95	<u>2,449,420</u>
				<u>\$ 7,629,420</u>
Refunding certificates of indebtedness				
	2000	2009	1.10 - 2.40	<u>\$ 470,000</u>
Notes payable:				
Firefighters' retirement system	1988	2011	7.00	\$ 992,955
Firefighters' retirement system	1994	2013	7.00	<u>775,070</u>
				<u>\$ 1,768,025</u>
Other liabilities -				
Accrued compensated absences				\$ 662,601
Claims payable				<u>103,824</u>
Total other liabilities				<u>\$ 766,425</u>
Total governmental activity debt				<u>\$27,123,870</u>
Business-type activities:				
Other liabilities - Accrued compensated absences				<u>\$ 98,537</u>

NOTES TO FINANCIAL STATEMENTS

The annual debt service requirements to maturity of all bonds and certificates outstanding at October 31, 2003 follows:

	General Obligation Bonds			Public Improvement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 590,000	\$ 745,926	\$ 1,335,926	\$ 450,000	\$ 238,517	\$ 688,517
2005	620,000	715,846	1,335,846	460,000	224,507	684,507
2006	650,000	684,545	1,334,545	475,000	210,104	685,104
2007	685,000	651,639	1,336,639	490,000	195,245	685,245
2008	720,000	617,009	1,337,009	505,000	179,931	684,931
2009 - 2013	3,580,000	2,553,338	6,133,338	2,790,000	650,768	3,440,768
2014 - 2018	3,610,000	1,801,606	5,411,606	2,280,000	213,813	2,493,813
2019 - 2023	4,595,000	881,831	5,476,831	179,420	14,404	193,824
2024 - 2025	1,440,000	50,285	1,490,285	-	-	-
	<u>\$16,490,000</u>	<u>\$ 8,702,025</u>	<u>\$25,192,025</u>	<u>\$ 7,629,420</u>	<u>\$ 1,927,289</u>	<u>\$ 9,556,709</u>

	Certificates of Indebtedness			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 70,000	\$ 8,298	\$ 78,298	\$ 152,878	\$ 123,762	\$ 276,640
2005	75,000	7,528	82,528	163,580	113,060	276,640
2006	75,000	6,590	81,590	175,031	101,610	276,641
2007	80,000	5,352	85,352	187,283	89,357	276,640
2008	85,000	3,952	88,952	200,393	76,248	276,641
2009 - 2013	85,000	2,040	87,040	888,860	161,766	1,050,626
2014 - 2018	-	-	-	-	-	-
2019 - 2023	-	-	-	-	-	-
	<u>\$ 470,000</u>	<u>\$ 33,760</u>	<u>\$ 503,760</u>	<u>\$ 1,768,025</u>	<u>\$ 665,803</u>	<u>\$ 2,433,828</u>

	Total		
	Principal	Interest	Total
2004	\$ 1,262,878	\$ 1,116,503	\$ 2,379,381
2005	1,318,580	1,060,941	2,379,521
2006	1,375,031	1,002,849	2,377,880
2007	1,442,283	941,593	2,383,876
2008	1,510,393	877,140	2,387,533
2009 - 2013	7,343,860	3,367,912	10,711,772
2014 - 2018	5,890,000	2,015,419	7,905,419
2019 - 2023	4,774,420	896,235	5,670,655
2024 - 2025	1,440,000	50,285	1,490,285
	<u>\$26,357,445</u>	<u>\$11,328,877</u>	<u>\$37,686,322</u>

NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended October 31, 2003:

	<u>Balance,</u> <u>11/01/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>10/31/03</u>
Governmental activities:				
General obligation				
bonds	\$12,275,000	\$ 5,000,000	\$ 785,000	\$16,490,000
Public improvement				
bonds	7,899,905	164,515	435,000	7,629,420
Certificates of				
indebtedness	525,000	470,000	525,000	470,000
Notes payable	1,910,902	-	142,877	1,768,025
Accrued compensated				
absences	614,097	48,504	-	662,601
Claims payable	175,781	73,631	145,588	103,824
	<u>\$23,400,685</u>	<u>\$ 5,756,650</u>	<u>\$ 2,033,465</u>	<u>\$27,123,870</u>
Business-type activities:				
Accrued compensated				
absences	<u>\$ 101,323</u>	<u>\$ -</u>	<u>\$ 2,786</u>	<u>\$ 98,537</u>

Compensated absences and claims liabilities typically have been liquidated by the general fund and a few other governmental funds.

Note 8. Refunding Certificates of Indebtedness

On August 1, 2003, the City issued Series 2003 Refunding Certificates in the amount of \$470,000 with an average interest rate of 1.73% to advance refund \$460,000 of outstanding Certificates of Indebtedness with an interest rate of 4.85%. The net proceeds of \$470,000 (after payment of issuance costs) were used to purchase U.S. Government Securities. Those securities were deposited into a irrevocable trust with an escrow agent to provide for all future debt service payments on the 1999 Series Certificates. As a result, the 1999 Series Certificates are considered to be defeased and the liability for these certificates has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,854. This difference was charged to operations in the current year because it was determined to be insignificant.

NOTES TO FINANCIAL STATEMENTS

The City completed the advance refunding to reduce its total debt service payments over the next six years by approximately \$37,963 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of approximately \$36,091.

Note 9. Risk Management

The City of New Iberia is self-insured for worker's compensation claims that were incurred prior to November 1, 1999.

The City accounts for and reports risk management activities in the General Fund within the constraints of the modified accrual basis of accounting.

Claims expenditures/expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Claims paid are recorded as expenditures/expenses against the General Fund insurance appropriation. Claims paid for these claims amounted to \$73,631 for the fiscal year. Long-term obligations that are not expected to be liquidated with expendable available resources are not reported in the fund financial statements. Such amounts, if any, are reported in the government-wide statements in accordance with the accrual basis of accounting.

At October 31, 2003, the amount of the worker's compensation benefits liability was \$103,824. This liability is the City's best estimate based on available information. Changes in the unpaid claims liability amount are as follows:

Unpaid claims, beginning	\$ 175,781
Current year claims and changes in estimates	73,631
Claims paid	<u>(145,588)</u>
Unpaid claims, ending	<u>\$ 103,824</u>

NOTES TO FINANCIAL STATEMENTS

Note 10. Designations of Fund Balance

Individual designations of the fund balances at October 31, 2003 in the fund financial statements are as follows:

	General Fund	Construction Fund	Home Mortgage Fund	Other Governmental Funds	Total
Designated for:					
Subsequent year's expenditures	\$868,899	\$ -	\$ -	\$ 14,513	\$ 883,412
Capital improvements	-	10,931,575	48,661	838,965	11,819,201
	<u>\$868,899</u>	<u>\$ 10,931,575</u>	<u>\$ 48,661</u>	<u>\$ 853,478</u>	<u>\$12,702,613</u>

Note 11. Ad Valorem Taxes

Government-wide financial statements -

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Fund financial statements -

Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. During the current fiscal year, taxes were levied by the City in August and were billed to the taxpayers in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

Taxes are budgeted and the revenue recognized in the year billed.

The taxes are based on assessed values determined by the Tax Assessor of Iberia Parish and are collected by the City.

For the year ended October 31, 2003, taxes were levied on property with assessed valuations totaling \$130,580,538 and were dedicated as follows:

General corporate purposes	6.90 mills
Parks and recreation	2.96 mills
Streets and bridges	3.45 mills
Debt service	10.43 mills

Total taxes levied during 2002, exclusive of homestead exemptions, were \$3,099,982. Taxes receivable at October 31, 2003 totaled \$23,224, all of which is considered uncollectible.



NOTES TO FINANCIAL STATEMENTS

Note 12. Sales and Use Taxes

City of New Iberia is authorized by voters of the City to levy and collect two percent (2.00%) sales and use tax within the City. The City has an intergovernmental agreement with the Iberia Parish School Board for the collection of sales taxes. The sales tax ordinances dedicate the proceeds for the following purposes:

<u>Rate</u>	<u>Dedication</u>
1.00%	Support and maintenance of the police and fire departments, the construction and improvement of streets, bridges or sewerage and for any work of permanent public improvement, including the cost of construction and improving sewers and sewage disposal works, in the City of New Iberia.
0.25%	Operating, maintaining and improving the City's garbage and waste collection and disposal facilities and purchasing and acquiring the land and equipment necessary in connection with the operation of said facilities. This tax is in lieu of a monthly charge for residential garbage and waste collection and disposal.
0.25%	Supplement the cost of salaries of City employees, including benefits.
0.25%	Supplement other sales tax revenues of the City to pay the cost of solid waste collection and disposal, including the cost of recycling. Ninety-five percent of the remaining proceeds is to be expended for the purpose of increasing the salaries of City employees.
0.25%	Supplement the cost of salary and benefit increases for firemen.

NOTES TO FINANCIAL STATEMENTS

Note 13. Interfund Transfers

Interfund transfers for the year ended October 31, 2003 consist of the following:

	Transfers To:						Total
	General	Sales Tax	Garbage	Other Governmental Funds	Sewerage	Firemen's Pension	
Transfers from:							
General	\$ -	\$6,063,866	\$646,579	\$ 57,901	\$ -	\$ -	\$ 6,768,346
Debt							
Service	90,463	-	-	-	663,684	276,640	1,030,787
Other							
Governmental							
Funds	2,820,394	-	-	200,000	-	-	3,020,394
Sewerage	187,039	53,638	-	-	-	-	240,677
Firemen's							
Pension	-	36,547	-	-	-	-	36,547
Police							
Pension	-	32,353	-	-	-	-	32,353
	<u>\$3,097,896</u>	<u>\$6,186,404</u>	<u>\$646,579</u>	<u>\$ 257,901</u>	<u>\$663,684</u>	<u>\$ 276,640</u>	<u>\$11,129,104</u>

Note 14. Employee Retirement Systems

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

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

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

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 A.

## NOTES TO FINANCIAL STATEMENTS

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 (60) 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 A, employees who retire at or after age 60 with at least 10 years of credited service, at or after age 55 with 25 years of credited service or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

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

### Funding policy:

Plan members are required to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 11.00% 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 October 31, 2003, 2002 and 2001 were \$242,852, \$190,995 and \$168,823, respectively, which equal the required contributions for each year.

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

#### Plan description:

The Municipal Police Employees' Retirement System (the System) is a cost-sharing multiple-employer 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. Employees who retire at or after age 50 with at least 20 years of credited service or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation. Final compensation

## NOTES TO FINANCIAL STATEMENTS

is the employee's monthly earnings during the 36 consecutive or joined months that produces the highest average. The System also provides disability and survivor 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, 8401 United Plaza Boulevard, Suite 270, Baton Rouge, Louisiana 70809-7017.

### Funding policy:

Plan members are required to contribute 7.50% of their annual covered salary and the City is required to contribute 15.25% as established by state statute. The City's contributions to the System for the years ending October 31, 2003, 2002 and 2001 were \$234,310, \$181,437 and \$172,865, respectively, which equal the required contributions for each year.

### State of Louisiana - Firefighters' Retirement System:

#### Plan description:

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### Funding policy:

Plan members are required to contribute 8.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 21.00% of covered payroll. The contribution requirements of Plan members are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ending October 31, 2003, 2002 and 2001 were \$267,494, \$138,213 and \$135,581, respectively, which equal the required contributions for each year.

### Note 15. Contingent Liabilities

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 the result of these audits would not be material.

Various claims and lawsuits are pending against the City. In the opinion of City management and the City's attorneys, the potential loss, if any, on the claims and lawsuits will not be significant to the City's financial statements.

The United States Department of Justice and the State of Louisiana have declared their intent to sue the City of New Iberia for alleged violations of the Federal Clean Water Act and the Louisiana Water Pollution Control Act. More specifically, the City has been cited for violating wastewater discharge permits by discharging partially treated or untreated wastewater from its wastewater treatment plants. The Department of Justice and the State allege that the City allowed and/or did not adequately prevent intermittent overflow of untreated wastewater from manholes and other locations where the system is open to the surface.

Attempts to negotiate a settlement have been unsuccessful. Negotiations will continue even in the event that litigation is filed. There is great uncertainty regarding the dollar amount the Department of Justice may seek in penalty for past violations. The City's management and the City's attorney believe that if the City continues its efforts toward the design and construction of the new wastewater treatment plant and successfully places it into operation an amicable resolution, without litigation, could result. Due to the uncertainty regarding the amount, a provision for violations has not been made at October 31, 2003.

## NOTES TO FINANCIAL STATEMENTS

In response, the City has advised the Department of Justice and the State of its plans to construct a new wastewater treatment plant. This is necessary to achieve the water discharge parameters that are required by the Department per the Federal Clean Water Act and the Louisiana Water Pollution Control Act. During the fiscal year ended October 31, 2002, the City purchased approximately 150 acres of land on which the new wastewater treatment plant is to be constructed. Engineers have been contracted for the design and construction of the wastewater treatment plant. Some construction has commenced. A resolution was approved by the Council to issue \$20,000,000 General Obligation Bonds to finance the construction of the new wastewater treatment plant. During the years ended October 31, 2003 and 2002, \$5,000,000 and \$10,000,000 of General Obligation Bonds were issued, respectively.

### Note 16. Sewerage Fund

Public Improvement Bonds were issued to construct and/or improve the sewer system. These bonds are payable from sales and ad valorem taxes. The total outstanding at October 31, 2003 of \$22,354,420 is reflected as a liability of the governmental activities because they are general obligation bonds as opposed to sewer revenue bonds. If these were sewer revenue bonds, the liability would be reflected as a liability of the business-type activities. In addition, the assets constructed with these bond proceeds are properly reflected in the Sewerage Fund with an equal amount recorded as capital contributions.

The debt payments for the year ended October 31, 2003 related to these bonds were \$1,674,939. This amount consists of principal payments of \$840,000 and interest payments of \$834,939. These payments are reflected in the Debt Service Fund.

For the year ended October 31, 2003, the City received \$164,515 of loan proceeds and expended \$118,922 on capital projects. This activity is reflected in the DEQ capital projects fund.

All operating revenues and expenses related to the Sewerage Fund are properly reflected in that fund.

### Note 17. Subsequent Event

In November 2003, voters of the City of New Iberia approved the renewal of the  $\frac{1}{4}$  of one percent sales and use tax which provides for solid waste collection and disposal including the recycling program and paying the cost of salaries of City employees including employee benefits.

NOTES TO FINANCIAL STATEMENTS

Note 18. Change in Year End

During the current year, the Section 8 Housing Voucher Program Fund, a nonmajor governmental fund, changed its year end from September 30, 2003 to October 31, 2003. Therefore, the amounts reported in the accompanying financial statements reflect thirteen months of activity (October 1, 2002 to October 31, 2003).



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended October 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes -				
Ad valorem	\$ 840,480	\$ 840,480	\$ 926,426	\$ 85,946
Sales and use	-	784,875	686,794	(98,081)
Licenses and permits -				
Occupational and liquor licenses	1,080,000	1,080,000	1,110,215	30,215
Fees and permits	188,500	188,500	227,708	39,208
Franchise	1,479,200	1,479,200	1,610,431	131,231
Intergovernmental -				
Federal grants	1,877,869	2,105,098	1,045,266	(1,059,832)
State grants	1,834,261	1,844,261	34,896	(1,809,365)
State shared revenues:				
Beer taxes	51,000	51,000	64,985	13,985
Horse race track fees	130,000	130,000	126,518	(3,482)
Charges for services	20,500	20,500	5,263	(15,237)
Fines and forfeitures	165,000	165,000	140,606	(24,394)
Investment income	137,000	137,000	111,836	(25,164)
Miscellaneous	259,220	259,220	230,245	(28,975)
 Total revenues	 \$ 8,063,030	 \$ 9,085,134	 \$ 6,321,189	 \$ (2,763,945)
Expenditures:				
Current -				
General government	\$ 1,665,018	\$ 1,794,438	\$ 1,701,954	\$ 92,484
Public safety	7,269,383	7,899,675	7,727,737	171,938
Public works	3,100	3,100	151,113	(148,013)
Culture and recreation	35,290	35,290	38,934	(3,644)
Economic development and assistance	356,050	366,750	320,239	46,511
Capital outlay	2,871,053	3,143,102	1,420,336	1,722,766
 Total expenditures	 \$12,199,894	 \$13,242,355	 \$11,360,313	 \$ 1,882,042
 Deficiency of revenues over expenditures	 \$ (4,136,864)	 \$ (4,157,221)	 \$ (5,039,124)	 \$ (881,903)
Other financing sources (uses):				
Transfers in	\$ 7,202,963	\$ 7,028,343	\$ 6,768,345	\$ (259,998)
Transfers out	(3,047,532)	(3,410,392)	(3,097,896)	312,496
Sale of capital assets	5,000	5,000	8,720	3,720
Total other financing sources (uses)	\$ 4,160,431	\$ 3,622,951	\$ 3,679,169	\$ 56,218

(continued)

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
For the Year Ended October 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Net change in fund balance	\$ 23,567	\$ (534,270)	\$ (1,359,955)	\$ (825,685)
Fund balance, beginning	<u>5,473,852</u>	<u>5,393,545</u>	<u>5,393,545</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,497,419</u>	<u>\$ 4,859,275</u>	<u>\$ 4,033,590</u>	<u>\$ (825,685)</u>

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE  
SALES TAX FUND  
For the Year Ended October 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes -				
Sales and use	\$ 6,831,000	\$ 6,831,000	\$ 7,008,127	\$ 177,127
Investment income	182,000	182,000	106,203	(75,797)
Total revenues	<u>\$ 7,013,000</u>	<u>\$ 7,013,000</u>	<u>\$ 7,114,330</u>	<u>\$ 101,330</u>
Expenditures:				
Current -				
General government	61,700	61,700	69,938	(8,238)
Excess of revenues over expenditures	\$ 6,951,300	\$ 6,951,300	\$ 7,044,392	\$ 93,092
Other financing uses:				
Transfers out	<u>(6,722,285)</u>	<u>(6,563,399)</u>	<u>(6,186,404)</u>	<u>376,995</u>
Net change in fund balance	\$ 229,015	\$ 387,901	\$ 857,988	\$ 470,087
Fund balance, beginning	<u>3,773,048</u>	<u>3,773,048</u>	<u>4,969,342</u>	<u>1,196,294</u>
Fund balance, ending	<u>\$ 4,002,063</u>	<u>\$ 4,160,949</u>	<u>\$ 5,827,330</u>	<u>\$ 1,666,381</u>

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE  
GARBAGE FUND  
For the Year Ended October 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes -				
Sales and use	\$ 2,691,000	\$ 2,691,000	\$ 2,803,250	\$ 112,250
Investment income	50,500	50,500	35,094	(15,406)
Miscellaneous	45,000	45,000	45,000	-
Total revenues	<u>\$ 2,786,500</u>	<u>\$ 2,786,500</u>	<u>\$ 2,883,344</u>	<u>\$ 96,844</u>
Expenditures:				
Current -				
General government	\$ 24,700	\$ 24,700	\$ 25,625	\$ (925)
Public works	2,509,297	2,509,297	2,427,722	81,575
Total expenditures	<u>\$ 2,533,997</u>	<u>\$ 2,533,997</u>	<u>\$ 2,453,347</u>	<u>\$ 80,650</u>
Excess of revenues over expenditures	\$ 252,503	\$ 252,503	\$ 429,997	\$ 177,494
Other financing uses:				
Transfers out	(646,579)	(646,579)	(646,579)	-
Net change in fund balance	\$ (394,076)	\$ (394,076)	\$ (216,582)	\$ 177,494
Fund balance, beginning	394,076	394,076	586,221	192,145
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,639</u>	<u>\$ 369,639</u>

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OTHER SUPPLEMENTARY INFORMATION



CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
October 31, 2003

ASSETS	Special Revenue			
	Parks and Recreation	Public Works	Section 8 Housing Voucher Program	Disaster Relief
Cash	\$ 400	\$ 435,156	\$ -	\$ -
Investments	-	-	-	239,489
Accounts receivable	-	404	806	-
Due from other funds	177,652	16,667	-	93,367
Due from other governmental agencies	19,215	-	36,285	105,144
<b>Total assets</b>	<b>\$ 197,267</b>	<b>\$ 452,227</b>	<b>\$ 37,091</b>	<b>\$ 438,000</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Cash overdraft	\$ 83,477	\$ -	\$ 15,608	\$ 24,514
Accounts payable	67,284	106,211	3,946	8,069
Retainage payable	23,400	-	-	-
Accrued expenses	23,106	31,594	3,024	-
Due to other funds	-	314,422	-	-
Due to other governmental agencies	-	-	-	12,900
<b>Total liabilities</b>	<b>\$ 197,267</b>	<b>\$ 452,227</b>	<b>\$ 22,578</b>	<b>\$ 45,483</b>
<b>Fund balances:</b>				
Unreserved -				
Designated for capital projects	\$ -	\$ -	\$ -	\$ -
Designated for subsequent year's expenditures	-	-	14,513	-
Undesignated	-	-	-	392,517
<b>Total fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,513</b>	<b>\$ 392,517</b>
<b>Total liabilities and fund balances</b>	<b>\$ 197,267</b>	<b>\$ 452,227</b>	<b>\$ 37,091</b>	<b>\$ 438,000</b>

Debt Service		Capital Projects			
Paving Certificates	Sewer Certificates	City Hall Improvements	1983 Bond Issue		DEQ
			1000M Sewerage	500M Drainage	
\$ -	\$ -	\$ -	\$ -	\$ 678,766	\$ -
-	-	-	254,251	-	-
-	-	-	-	-	-
-	-	-	-	-	19,225
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,251</u>	<u>\$ 678,766</u>	<u>\$ 19,225</u>
\$ -	\$ -	\$ -	\$ 6,296	\$ -	\$ 34,523
-	-	-	-	71,089	5,672
-	-	-	-	-	87,931
-	-	-	-	-	-
-	-	-	-	16,667	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,296</u>	<u>\$ 87,756</u>	<u>\$ 128,126</u>
\$ -	\$ -	\$ -	\$ 247,955	\$ 591,010	\$ -
-	-	-	-	-	-
-	-	-	-	-	(108,901)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,955</u>	<u>\$ 591,010</u>	<u>\$ (108,901)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,251</u>	<u>\$ 678,766</u>	<u>\$ 19,225</u>

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CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
October 31, 2003

ASSETS	CDBG	Total
Cash	\$ -	\$ 1,114,322
Investments	-	493,740
Accounts receivable	-	1,210
Due from other funds	-	306,911
Due from other governmental agencies	450,200	610,844
	450,200	610,844
Total assets	\$ 450,200	\$ 2,527,027
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Cash overdraft	\$ 202,188	\$ 366,606
Accounts payable	169,770	432,041
Retainage payable	25,549	136,880
Accrued expenses	-	57,724
Due to other funds	52,693	383,782
Due to other governmental agencies	-	12,900
	-	12,900
Total liabilities	\$ 450,200	\$ 1,389,933
Fund balances:		
Unreserved -		
Designated for capital projects	\$ -	\$ 838,965
Designated for subsequent year's expenditures	-	14,513
Undesignated	-	283,616
Total fund balances	\$ -	\$ 1,137,094
Total liabilities and fund balances	\$ 450,200	\$ 2,527,027

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CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended October 31, 2003

	Special Revenue			
	Parks and Recreation	Public Works	Section 8 Housing Voucher Program	Disaster Relief
Revenues:				
Taxes -				
Ad valorem	\$ 383,613	\$ 447,172	\$ -	\$ -
Intergovernmental -				
Federal grants	19,215	-	1,088,513	158,212
State grants	9,324	-	-	-
Other	-	404	806	-
Charges for services	251,423	-	-	-
Investment income	-	-	3,855	7,133
Miscellaneous	10,030	115	-	40,219
Total revenues	<u>\$ 673,605</u>	<u>\$ 447,691</u>	<u>\$ 1,093,174</u>	<u>\$ 205,564</u>
Expenditures:				
Current -				
General government	\$ -	\$ -	\$ -	\$ -
Public works	-	1,981,494	-	311,431
Culture and recreation	1,257,355	-	-	-
Urban redevelopment and housing	-	-	1,046,858	-
Capital outlay	454,644	29,912	3,100	-
Total expenditures	<u>\$ 1,711,999</u>	<u>\$ 2,011,406</u>	<u>\$ 1,049,958</u>	<u>\$ 311,431</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,038,394)</u>	<u>\$ (1,563,715)</u>	<u>\$ 43,216</u>	<u>\$ (105,867)</u>
Other financing sources (uses):				
Transfers in	\$ 1,038,394	\$ 1,563,715	\$ -	\$ 105,867
Transfers out	-	-	(57,901)	-
Proceeds from issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>\$ 1,038,394</u>	<u>\$ 1,563,715</u>	<u>\$ (57,901)</u>	<u>\$ 105,867</u>
Net change in fund balances	\$ -	\$ -	\$ (14,685)	\$ -
Fund balances, beginning	-	-	29,198	392,517
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,513</u>	<u>\$ 392,517</u>

Debt Service		Capital Projects			
Paving Certificates	Sewer Certificates	City Hall Improvements	1983 Bond Issue		DEQ
			1000M Sewerage	500M Drainage	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	373,835	-
-	-	-	6,510	4,024	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,510</u>	<u>\$ 377,859</u>	<u>\$ -</u>
\$ 85,481	\$ 17,034	\$ -	\$ -	\$ -	\$ -
-	-	-	-	152,821	118,922
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,268	-	-	-
<u>\$ 85,481</u>	<u>\$ 17,034</u>	<u>\$ 5,268</u>	<u>\$ -</u>	<u>\$ 152,821</u>	<u>\$ 118,922</u>
\$ (85,481)	\$ (17,034)	\$ (5,268)	\$ 6,510	\$ 225,038	\$ (118,922)
\$ 223,388	\$ 75,363	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(200,000)	-
-	-	-	-	-	164,515
<u>\$ 223,388</u>	<u>\$ 75,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ 164,515</u>
\$ 137,907	\$ 58,329	\$ (5,268)	\$ 6,510	\$ 25,038	\$ 45,593
(137,907)	(58,329)	5,268	241,445	565,972	(154,494)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,955</u>	<u>\$ 591,010</u>	<u>\$ (108,901)</u>

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CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended October 31, 2003

	CDBG	Total
Revenues:		
Taxes -		
Ad valorem	\$ -	\$ 830,785
Intergovernmental -		
Federal grants	631,658	1,897,598
State grants	-	9,324
Other	-	375,045
Charges for services	-	251,423
Investment income	-	21,522
Miscellaneous	-	50,364
	<u>\$ 631,658</u>	<u>\$ 3,436,061</u>
Total revenues		
Expenditures:		
Current -		
General government	\$ -	\$ 102,515
Public works	130,605	2,695,273
Culture and recreation	-	1,257,355
Urban redevelopment and housing	-	1,046,858
Capital outlay	514,720	1,007,644
	<u>\$ 645,325</u>	<u>\$ 6,109,645</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	<u>\$ (13,667)</u>	<u>\$ (2,673,584)</u>
Other financing sources (uses):		
Transfers in	\$ 13,667	\$ 3,020,394
Transfers out	-	(257,901)
Proceeds from issuance of debt	-	164,515
Total other financing sources (uses)	<u>\$ 13,667</u>	<u>\$ 2,927,008</u>
Net change in fund balances	\$ -	\$ 253,424
Fund balances, beginning	-	883,670
Fund balances, ending	<u>\$ -</u>	<u>\$ 1,137,094</u>

COMPLIANCE AND OTHER GRANT INFORMATION



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## BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

### REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Church Point, LA  
(337) 684-2855

To the City of New Iberia  
New Iberia, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of New Iberia as of and for the year ended October 31, 2003, which collectively comprise the basic financial statements of the City's primary government and have issued our report thereon dated April 21, 2004. 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.

#### Compliance

As part of obtaining reasonable assurance about whether City of New Iberia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of New Iberia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of New Iberia's ability to record, process, summarize, and report financial data consistent

Eugene C. Gilder, CPA\*  
Donald W. Kelley, CPA\*  
Herbert Lemoine II, CPA\*  
Frank A. Stagno, CPA\*  
Scott J. Broussard, CPA\*  
L. Charles Abshire, CPA\*  
Kenneth R. Dugas, CPA\*  
P. John Blanchet III, CPA\*  
Stephen L. Lambousy, CPA\*  
Craig C. Babineaux, CPA\*  
Peter C. Borrello, CPA\*  
George J. Trappey III, CPA\*  
Gregory B. Milton, CPA\*  
S. Scott Soileau, CPA\*  
Patrick D. McCarthy, CPA\*  
Martha B. Wyatt, CPA\*  
Troy J. Breaux, CPA\*  
Fayette T. Dupré, CPA\*  
Mary A. Castille, CPA\*  
Joey L. Breaux, CPA\*  
Terrel P. Dressel, CPA\*

#### Retired:

Sidney L. Broussard, CPA\* 1980  
Leon K. Poché, CPA 1984  
James H. Breaux, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberly, CPA\* 1995  
Rodney L. Savoy, CPA\* 1996  
Larry G. Broussard, CPA\* 1997  
Lawrence A. Cramer, CPA\* 1999  
Michael P. Crochet, CPA\* 1999  
Ralph Friend, CPA 2002

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Society of Louisiana Certified  
Public Accountants

\* A Professional Accounting Corporation.

with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended for the information and use of management, City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Branford, Poche, Lewis & Breaux, LLP*

New Iberia, Louisiana  
April 21, 2004



## BROUSSARD, POCHE, LEWIS & BREAUX, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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### REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the City of New Iberia  
New Iberia, Louisiana

### Compliance

We have audited the compliance of City of New Iberia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended October 31, 2003. City of New Iberia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of New Iberia's management. Our responsibility is to express an opinion on City of New Iberia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of New Iberia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of New Iberia's compliance with those requirements.

In our opinion, City of New Iberia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 2003.

### Internal Control Over Compliance

The management of City of New Iberia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of New Iberia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect City of New Iberia's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information and use of management, City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Broussard, Poche, Lewis & Breaux, LLP*

New Iberia, Louisiana  
April 21, 2004

## CITY OF NEW IBERIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended October 31, 2003

## Section I. Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued: unqualified on all opinion units;  
adverse on reporting entity.

Internal control over financial reporting:

- Material weakness identified?  Yes  No
- Reportable conditions identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified?  Yes  No
- Reportable conditions identified that are not considered to be material weaknesses?  Yes  None Reported

Type of auditors' report issued on compliance for major programs:  
unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
11.552	Telecommunications and Information Infrastructure Assistance Program
14.228	Community Development Block Grant - States Program
14.871	Section 8 Housing Choice Voucher Program



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

Auditee qualified as low-risk auditee?                 Yes              X   No

Section II.    *Financial Statement Findings*

2003-1 - Cash Collections

Finding:        Based on our review of cash collections, additional procedures should be implemented to strengthen internal controls in the Parks and Recreation Department. Cashiers are responsible for collecting, preparing of deposit tickets and depositing of funds. In addition, some deposits in the Parks and Recreation Department were not being made intact daily. During testing of procedures, deposit backup did not always match the deposit slip because monies were being held and refunds were being issued out of daily deposit funds.

Recommendation:    Because one individual is responsible for certain collection transactions from start to finish, the need to involve others into the process to create segregation of responsibility exists. Controls could be enhanced if deposits were prepared by persons outside of the collection function and reconciliation of the deposit ticket to source records was performed by supervisory level personnel. Supervisory level employees should route duplicate deposit records directly to accounting for processing and should be responsible for placing the deposit in a locked deposit bag, for which they have sole custody of the key. Once the deposit bag is secured, deposit can be made by those employees currently responsible for that function. Additional procedures should be implemented to ensure that all monies are being deposited on a daily basis. Refunds should not be issued out of funds that are to be deposited. Refunds should be forwarded to accounts payable for processing and payment.

III.    *Federal Award Findings and Questioned Costs*

2003-2 - Section 8

Finding:        Form HUD-52681, Voucher for Payment of Annual Contributions and Operating Statement, was prepared incorrectly by the Housing Grant Specialist. Therefore, incorrect information was submitted to HUD.

Recommendation:    Procedures should be implemented to ensure that correct amounts are submitted to HUD.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended October 31, 2003

Section I. Internal Control and Compliance Material to the Financial Statements

2002-1 - Budget Adoption

Recommendation: The budget should be adopted as required by State Law.

Current Status: During the current year, the budget was adopted in accordance with State Law.

2002-2 - Bank Reconciliations

Recommendation: For an effective system of internal control, such accounts should be reconciled on a routine basis shortly after receipt of the monthly bank statements to detect errors and irregularities in a timely manner should they occur. Reconciling items should be promptly researched and resolved if action is warranted.

Current Status: Accounts were reconciled routinely following receipt of bank statements. Reconciling items were researched and resolved.

2002-3 - Controls Over Cash Collections

Recommendation: Because one individual is responsible for certain collection transactions from start to finish, the need to involve others into the process to create segregation of responsibility exists. Controls could be enhanced if deposits were prepared by persons outside of the collection function and reconciliation of the deposit ticket to source records was performed by supervisory level personnel. Supervisory level employees should route duplicate deposit records directly to accounting for processing and should be responsible for placing the deposit in a locked deposit bag, for which they have sole custody of the key. Once the deposit bag is secured, deposit can be made by those employees currently responsible for that function.

Current Status: Some departments still have one individual processing collection transactions from start to finish. See current year finding at #2003-2.

Section II. Internal Control and Compliance Material to Federal Awards

No matters were reported.

Section III. Management Letter

There was no management letter in the prior year's audit report.



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SUPPLEMENTAL INFORMATION

CITY OF NEW IBERIA

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended October 31, 2003

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Assistance I.D. Number</u>	<u>Pass- Through Grantor's Number</u>
DIRECT PROGRAMS:			
U.S. Department of Commerce - Telecommunications and Information Infrastructure Assistance Program	11.552	22-60-99004	N/A
U.S. Department of Emergency Management -			
Fire FEMA	83.554	EMW-2001-FG-06551	N/A
Fire FEMA	83.554	EMW-2002-FG-15579	N/A
U.S. Department of Housing and Urban Development -			
EDI Special Grant	14.246	B-01-SP-LA-0228	N/A
EDI Special Grant	14.246	B-02-SP-LA-0259	N/A
Section 8 Housing Assistance	14.871	LA-165VO	N/A
U.S. Department of Justice - Local Law Enforcement Block Grants Program	16.592	2002-LB-BX-0988	N/A
COPS In School	16.710	2000SHWX0115	N/A
COPS More	N/A	2001CMWX0187	N/A
PASS-THROUGH PROGRAMS:			
U.S. Department of Environmental Protection Agency - State of Louisiana Department of Environmental Quality: Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	CS-22-1099-02

<u>Total Current Year Expenditures</u>	<u>Total Amount Provided to Subrecipients</u>
\$ 468,602	\$ -
\$ 29,848	\$ -
128,115	-
<u>\$ 157,963</u>	<u>\$ -</u>
\$ 8,267	\$ -
35,231	-
1,088,513	-
<u>\$ 1,132,011</u>	<u>\$ -</u>
\$ 19,909	\$ -
47,149	-
250,000	-
<u>\$ 317,058</u>	<u>\$ -</u>
<u>\$ 164,515</u>	<u>\$ -</u>

(continued)

CITY OF NEW IBERIA

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 Year Ended October 31, 2003

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Assistance I.D. Number	Pass- Through Grantor's Number
PASS-THROUGH PROGRAMS (CONTINUED):			
U.S. Department of Housing and Urban Development -			
Louisiana Division of Administration Community Development Block Grant Division:			
Block Grant-States Program	14.228	N/A	CFMS-588719
State Department of Social Services:			
Emergency Shelter Grant	14.231	N/A	CFMS-584094
Emergency Shelter Grant	14.231	N/A	CFMS-598097
U.S. Department of Interior-			
Louisiana Department of Culture, Recreation and Tourism:			
Boat Launch Repair	N/A	N/A	22-00826
U.S. Department of Justice -			
Louisiana Commission of Law Enforcement and Administration of Criminal Justice:			
Probation Program to Reduce Recidivism	16.523	N/A	A01-8-047
Electronic Equipment Multi-Jurisdictional	N/A	N/A	P03-4-006
Task Force	16.579	N/A	B02-4-004
	16.579	N/A	B03-4-004
U.S. Department of Emergency Management -			
State Department of Military Affairs:			
FEMA Public Assistance Grants	83.544	N/A	1437-DR-LA

<u>Total Current Year Expenditures</u>	<u>Total Amount Provided to Subrecipients</u>
\$ 631,658	\$ -
8,542	8,334
6,720	6,556
<u>\$ 646,920</u>	<u>\$ 14,890</u>
<u>\$ 19,215</u>	<u>\$ -</u>
\$ 9,949	\$ -
1,860	-
12,833	-
18,241	-
<u>\$ 42,883</u>	<u>\$ -</u>
<u>\$ 158,212</u>	<u>\$ -</u>
<u>\$ 3,107,379</u>	<u>\$ 14,890</u>

## CITY OF NEW IBERIA

NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
As of and For the Year Ended October 31, 2003

## Note 1. General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of New Iberia and is presented on the modified accrual basis of accounting, which is described in Note 1 to financial statements of the City's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

## Note 2. Relationship to Financial Statements

Federal awards revenues are reported in the City's financial statements as follows:

	<u>Federal Sources</u>
Major Governmental Fund:	
General Fund	\$1,045,266
Other Governmental Funds:	
Parks and Recreation	19,215
Section 8 Housing Voucher Program	1,088,513
Disaster Relief	158,212
CDBG	<u>631,658</u>
	<u>\$2,942,864</u>

Loan proceeds are reported in the City's financial statements as follows:

Other Governmental Funds:	
DEQ	<u>\$ 164,515</u>

## Note 3. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

## Note 4. Major Federal Awards

The dollar amount threshold of \$300,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

## CITY OF NEW IBERIA

SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS  
Year Ended October 31, 2003

Louis Brown	\$ 8,400
Hilda Daigre Curry	8,400
Dan Doerle	8,400
Peggy Gerac	8,400
Nolan Pellerin, Jr.	9,600
Rocky Romero	8,400
Robert Suire	<u>8,400</u>
	<u>\$ 60,000</u>





*Ruth Fontenot*  
MAYOR

April 26, 2004

Grover C. Austin, CPA  
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

RE: City of New Iberia's Corrective Action Plan  
Fiscal Year Ending October 31, 2003

Dear Mr. Austin;

The following is the City of New Iberia's corrective action plan in reference to the findings that were contained in the audit report for the City of New Iberia for the fiscal year ending October 31, 2003:

#### **2003-1 Cash Collections and 2002-3 Controls Over Cash Collections**

Procedures have been established in the Parks and Recreation Department to ensure that all monies are deposited daily and to ensure enhanced controls over cash collections. All deposits are to be deposited daily using locked deposit bags. Supervisory personnel will be involved in the daily collection process. Duplicate deposit slips, along with all supporting documentation will be forwarded to the Finance Department daily for review. Checks will be issued for refunds over a certain dollar limit.


The City Treasurer has met and will continue to meet with each Department Head to review and evaluate the internal controls over cash collections and make recommendations to the administration for improvement. An additional employee has been hired in the Parks and Recreation Department for segregation of duties.

#### **2003-2 Section 8**

Form HUD-52861, Voucher for Payment of Annual Contributions and Operating Statement, was incorrectly prepared by the Housing Grant Specialist. The City will have the Housing Grant Specialist review the year-end settlement statements and submit revised statements to HUD.

Please advise me if further information is needed.

Sincerely,

A handwritten signature in cursive script that reads "Ruth Fontenot".

Ruth Fontenot  
Mayor