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CITY OF ST. MARTINVILLE
St. Martinville, Louisiana

Financial Report

Year Ended June 30, 1999

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INDEPENDENT AUDITORS' REPORT

The Honorable Eric Martin, Mayor
and Members of the City Council
City of St. Martinville, Louisiana

We have audited the accompanying general purpose financial statements of the City of St. Martinville, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of St. Martinville, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of St. Martinville, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 11, 1999 on our consideration of the City of St. Martinville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of St. Martinville, Louisiana, taken as a whole. The year 2000 supplementary information on page 32 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the City of St. Martinville is or will become year 2000 compliant, that the City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become year 2000 compliant.

The other supplementary information (pp. 33-66), including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of St. Martinville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole, except that information as to the number of utility customers presented on page 66 is based on unaudited data obtained from the City's records, on which we express no opinion.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the City.

Kolder, Champagne, Slaven & Rainey, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
August 11, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

CITY OF ST. MARTINVILLE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1999

	Governmental Fund Types				Proprietary Fund Type Enterprise	Account Groups			Totals (Memorandum Only) 1999	1998
	General	Special		Capital Projects		General Fixed Assets	Long-term Debt			
		Revenue	Debt Service							
Cash	\$ 87,984	\$ 111,478	\$ 14,525	\$ 7,917	\$ 80,657	\$ -	\$ -	\$ 302,561	\$ 567,978	
Interest-bearing deposits	-	695,690	313,034	110,000	447,310	-	-	1,566,034	2,476,652	
Receivables:										
Ad valorem taxes receivable	404	-	664	-	-	-	-	1,068	1,468	
Accounts receivable - billed utilities	-	-	-	-	582,252	-	-	582,252	588,071	
Sales tax receivable	-	48,279	-	-	-	-	-	48,279	58,255	
Unbilled utilities	-	-	-	-	410,788	-	-	410,788	421,192	
Due from other funds	56,480	40,000	1,180	-	57,800	-	-	155,460	189,149	
Due from governmental agencies	93,101	-	-	15,929	-	-	-	109,030	59,035	
Other	4,847	4,674	2,597	190	9,678	-	-	21,986	57,468	
Inventories	-	-	-	-	178,436	-	-	178,436	159,378	
Prepaid items	35,971	-	-	-	47,971	-	-	83,942	79,176	
Restricted assets:										
Cash	-	-	-	-	172,400	-	-	172,400	344,376	
Interest-bearing deposits	-	-	-	-	412,500	-	-	412,500	339,593	
Land and improvements	-	-	-	-	-	306,837	-	306,837	291,837	
Buildings and improvements	-	-	-	-	5,049,722	-	-	5,049,722	2,174,486	
Construction in progress	-	-	-	-	72,743	-	-	72,743	1,724,074	
Automobiles, trucks, and tractors	-	-	-	-	153,437	-	-	153,437	123,816	
Furniture, fixtures, and equipment	-	-	-	-	396,247	-	-	396,247	428,270	
Equipment held under capital leases	-	-	-	-	226,727	-	-	226,727	226,727	
Utility property, plant and equipment	-	-	-	-	13,152,510	-	-	13,152,510	12,870,834	
Accumulated depreciation	-	-	-	-	(5,663,585)	-	-	(5,663,585)	(5,315,134)	
Amount available in debt service fund	-	-	-	-	-	-	332,000	332,000	300,239	
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	2,197,646	2,197,646	2,250,991	
Amount to be provided for capital lease	-	-	-	-	-	-	37,068	37,068	63,190	
Total assets	\$ 278,787	\$ 900,121	\$ 332,000	\$ 134,036	\$ 9,888,717	\$ 6,205,713	\$ 2,566,714	\$ 20,306,088	\$ 20,481,121	

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)
June 30, 1999

	Governmental Fund Types				Proprietary Fund Type Enterprise	Account Groups			Totals	
	General	Special Revenue	Debt Service	Capital Projects		General Fixed Assets	General Long-term Debt	(Memorandum Only)		
								1999	1998	
LIABILITIES AND FUND EQUITY										
Liabilities:										
Accounts payable	\$ 61,043	\$ -	\$ -	\$ 41,986	\$ 572,784	\$ -	\$ -	\$ 675,813	\$ 636,712	
Contracts payable	-	-	-	-	-	-	-	-	42,349	
Retainage payable	-	-	-	116,999	-	-	-	116,999	68,202	
Other accrued liabilities	137,725	-	-	-	82,408	-	-	220,133	177,125	
Payable from restricted assets -										
Revenue bonds	-	-	-	-	110,000	-	-	110,000	105,000	
Accrued interest	-	-	-	-	11,546	-	-	11,546	12,188	
Customers' deposits	-	-	-	-	233,896	-	-	233,896	228,069	
Due to other funds	58,980	1,003	-	-	95,477	-	-	155,460	189,149	
General obligation bonds payable	-	-	-	-	-	2,355,000	-	2,355,000	2,470,000	
Revenue bonds payable	-	-	-	-	1,775,000	-	-	1,775,000	1,885,000	
Obligation on capital lease	-	-	-	-	-	-	37,068	37,068	63,190	
Contingent liability	7,385	-	-	-	-	-	174,646	182,031	88,615	
Total liabilities	265,133	1,003	-	158,985	2,881,111	-	2,566,714	5,872,946	5,965,599	
Fund equity:										
Contributed capital	-	-	-	-	3,710,485	-	-	3,710,485	3,710,485	
Investment in general fixed assets	-	-	-	-	-	5,978,986	-	5,978,986	4,742,483	
Investment in general fixed assets under capital leases	-	-	-	-	-	226,727	-	226,727	226,727	
Retained earnings -										
Reserved	-	-	-	-	125,757	-	-	125,757	99,600	
Unreserved	-	-	-	-	3,171,364	-	-	3,171,364	3,535,070	
Total retained earnings	-	-	-	-	3,297,121	-	-	3,297,121	3,634,670	
Fund balances (deficit) -										
Reserved for prepaid items	35,971	-	-	-	-	-	-	35,971	33,588	
Reserved for debt service	-	-	332,000	-	-	-	-	332,000	303,106	
Reserved for housing purposes	-	62,576	-	-	-	-	-	62,576	72,709	
Unreserved, undesignated	(22,317)	836,542	-	(24,949)	-	-	-	789,276	1,791,754	
Total fund balances (deficit)	13,654	899,118	332,000	(24,949)	-	-	-	1,219,823	2,201,157	
Total fund equity	13,654	899,118	332,000	(24,949)	7,007,606	6,205,713	-	14,433,142	14,515,522	
Total liabilities and fund equity	\$ 278,787	\$ 900,121	\$ 332,000	\$ 134,036	\$ 9,888,717	\$ 6,205,713	\$ 2,566,714	\$ 20,306,088	\$ 20,481,121	

The accompanying notes are an integral part of this statement.

CITY OF ST. MARTINVILLE, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types
Year Ended June 30, 1999

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)	
					1999	1998
Revenues:						
Taxes	\$ 100,416	\$ 579,934	\$ 108,166	\$ -	\$ 788,516	\$ 737,265
Licenses and permits	189,295	-	-	-	189,295	196,347
Intergovernmental	389,722	181,946	-	53,142	624,810	634,569
Garbage collection fees	280,195	-	-	-	280,195	272,763
Fines, bond forfeits & court costs	39,838	-	-	-	39,838	66,727
Interest	-	33,800	12,672	28,300	74,772	117,155
Miscellaneous	86,719	-	-	-	86,719	53,370
Total revenues	<u>1,086,185</u>	<u>795,680</u>	<u>120,838</u>	<u>81,442</u>	<u>2,084,145</u>	<u>2,078,196</u>
Expenditures:						
Current operating -						
General government	576,827	-	-	-	576,827	546,302
Public safety - police department	905,896	-	-	-	905,896	798,794
Public works - highway & streets	486,526	-	-	-	486,526	508,104
Sanitation & health	292,518	-	-	-	292,518	258,713
Recreation	220,356	-	-	-	220,356	183,156
Tourism	413,604	-	-	-	413,604	209,909
Urban redevelopment and housing	-	194,532	-	-	194,532	186,681
Miscellaneous	-	16,941	-	-	16,941	8,247
Capital outlay	126,931	-	-	1,107,343	1,234,274	1,802,812
Debt service -						
Principal retirement	-	-	115,000	-	115,000	105,000
Interest and fiscal charges	-	-	126,564	-	126,564	133,110
Principal payment on capital lease	21,807	-	-	-	21,807	29,101
Interest on capital lease	1,599	-	-	-	1,599	1,107
Total expenditures	<u>3,046,064</u>	<u>211,473</u>	<u>241,564</u>	<u>1,107,343</u>	<u>4,606,444</u>	<u>4,771,036</u>
Excess (deficiency) of revenues over expenditures	<u>(1,959,879)</u>	<u>584,207</u>	<u>(120,726)</u>	<u>(1,025,901)</u>	<u>(2,522,299)</u>	<u>(2,692,840)</u>
Other financing sources (uses):						
Operating transfers in	1,919,161	-	149,620	-	2,068,781	1,943,418
Operating transfers out	-	(527,816)	-	-	(527,816)	(549,507)
Proceeds from capital leases	-	-	-	-	-	69,040
Total other financing sources (uses)	<u>1,919,161</u>	<u>(527,816)</u>	<u>149,620</u>	<u>-</u>	<u>1,540,965</u>	<u>1,462,951</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(40,718)</u>	<u>56,391</u>	<u>28,894</u>	<u>(1,025,901)</u>	<u>(981,334)</u>	<u>(1,229,889)</u>
Fund balances, beginning	<u>54,372</u>	<u>842,727</u>	<u>303,106</u>	<u>1,000,952</u>	<u>2,201,157</u>	<u>3,431,046</u>
Fund balances (deficit), ending	<u>\$ 13,654</u>	<u>\$ 899,118</u>	<u>\$ 332,000</u>	<u>\$ (24,949)</u>	<u>\$ 1,219,823</u>	<u>\$ 2,201,157</u>

The accompanying notes are an integral part of this statement.

CITY OF ST MARTINVILLE, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - General, Special Revenue and Debt Service Fund Types
Year Ended June 30, 1999

	General Fund		Special Revenue Fund Types			Debt Service Fund Types			Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Budget	Actual		
Revenues:									
Taxes	\$ 81,477	\$ 100,416	\$ 18,939	\$ 586,000	\$ 579,934	\$ 105,500	\$ 108,166	\$ 2,666	
Licenses and permits	181,800	189,295	7,495	-	-	-	-	-	
Intergovernmental	326,189	389,722	63,533	196,500	181,946	-	-	-	
Charges for services	281,913	280,195	(1,718)	-	-	-	-	-	
Fines bond forfeits & court costs	54,000	39,838	(14,162)	-	-	-	-	-	
Interest	-	-	-	33,100	33,800	11,000	12,672	1,672	
Miscellaneous	98,431	86,719	(11,712)	-	-	-	-	-	
Total revenues	1,023,810	1,086,185	62,375	815,600	795,680	116,500	120,838	4,338	
Expenditures:									
Current -									
General government	562,881	576,827	(13,946)	-	-	-	-	-	
Public safety - police department	915,721	905,896	9,825	-	-	-	-	-	
Public works - highways & streets	499,681	486,526	13,155	-	-	-	-	-	
Sanitation & health	291,438	292,518	(1,080)	-	-	-	-	-	
Recreation	196,959	220,356	(23,397)	-	-	-	-	-	
Tourism	388,804	413,604	(24,800)	-	-	-	-	-	
Urban development and housing	-	-	-	193,963	194,532	-	-	(569)	
Miscellaneous	-	-	-	13,758	16,941	-	-	(3,183)	
Capital outlay	135,500	126,931	8,569	-	-	-	-	-	
Debt service -									
Principal retirement	-	-	-	-	-	115,000	115,000	-	
Interest and fiscal charges	-	-	-	-	-	126,755	126,564	191	
Principal payment on capital lease	5,758	21,807	(16,049)	-	-	-	-	-	
Interest on capital lease	-	1,599	(1,599)	-	-	-	-	-	
Total expenditures	2,996,742	3,046,064	(49,322)	207,721	211,473	241,755	241,564	191	
Excess (deficiency) of revenues over expenditures	(1,972,932)	(1,959,879)	13,053	607,879	584,207	(125,255)	(120,726)	4,529	

(continued)

CITY OF ST MARTINVILLE, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - General, Special Revenue and Debt Service Fund Types (Continued)
Year Ended June 30, 1999

	General Fund		Special Revenue Fund Types		Debt Service Fund Types		Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
Other financing sources (uses):							
Operating transfers in	1,974,058	1,919,161	-	-	149,620	149,620	-
Operating transfers out	-	-	(540,920)	(527,816)	-	-	-
Total other financing sources (uses)	1,974,058	1,919,161	(540,920)	(527,816)	149,620	149,620	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,126	(40,718)	66,959	56,391	24,365	28,894	4,529
Fund balances, beginning	54,372	54,372	842,727	842,727	303,106	303,106	-
Fund balances, ending	\$ 55,498	\$ 13,654	\$ 909,686	\$ 899,118	\$ 327,471	\$ 332,000	\$ 4,529

The accompanying notes are an integral part of this statement.

CITY OF ST. MARTINVILLE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes
in Retained Earnings - Proprietary Fund Type - Enterprise Fund
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services -		
Electric sales	\$4,548,155	\$4,266,295
Water sales	404,848	393,720
Sewer service charges	477,105	469,846
Delinquent charges	72,753	64,024
Tap and reconnection fees	37,469	32,176
Lease revenue	75,000	325,000
Miscellaneous	26,717	21,577
Total operating revenues	<u>5,642,047</u>	<u>5,572,638</u>
Operating expenses:		
Electric department expenses	2,988,693	2,835,366
Water department expenses	298,868	320,306
Sewer department expenses	272,497	324,322
General and administrative expenses	521,034	467,032
Depreciation expense	355,529	346,928
Total operating expenses	<u>4,436,621</u>	<u>4,293,954</u>
Operating income	<u>1,205,426</u>	<u>1,278,684</u>
Nonoperating revenues (expenses):		
Interest income	56,255	67,684
Interest expense	(48,113)	(63,943)
Paying agents' fees	(9,950)	(10,475)
Loss on disposition of assets	(202)	-
Total nonoperating expenses	<u>(2,010)</u>	<u>(6,734)</u>
Income before operating transfers	<u>1,203,416</u>	<u>1,271,950</u>
Operating transfers:		
Operating transfers in	144,695	135,000
Operating transfers out	<u>(1,685,660)</u>	<u>(1,528,911)</u>
Total operating transfers	<u>(1,540,965)</u>	<u>(1,393,911)</u>
Net loss	(337,549)	(121,961)
Retained earnings, beginning	<u>3,634,670</u>	<u>3,756,631</u>
Retained earnings, ending	<u>\$3,297,121</u>	<u>\$3,634,670</u>

The accompanying notes are an integral part of this statement.

CITY OF ST MARTINVILLE, LOUISIANA

Comparative Statement of Cash Flows
 Proprietary Fund Type - Enterprise Fund
 Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Operating income	\$ 1,205,426	\$ 1,278,684
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	355,529	346,928
Changes in assets and liabilities:		
(Increase) decrease in receivables	33,237	(185,110)
(Increase) decrease in prepaid expenses	(2,383)	5,575
Increase in inventory	(19,058)	(1,428)
Increase in payables	69,910	161,914
Increase (decrease) in customer meter deposits	5,807	(3,208)
Total adjustments	<u>443,042</u>	<u>324,671</u>
Net cash provided by operating activities	<u>1,648,468</u>	<u>1,603,355</u>
Cash flows from non-capital financing activities:		
Operating transfers out to other funds	(1,685,660)	(1,528,911)
Operating transfers in from other funds	<u>144,695</u>	<u>135,000</u>
Net cash used in non-capital financing activities	<u>(1,540,965)</u>	<u>(1,393,911)</u>
Cash flows from capital and related financing activities:		
Capital lease payments	-	(12,126)
Payments made for administrative fees	(9,950)	(10,475)
Payments made for capital purchases	(288,953)	(137,252)
Payments made on DEQ loan	(105,000)	(105,000)
Interest paid on DEQ loan	<u>(48,708)</u>	<u>(51,755)</u>
Net cash used in capital and related financing activities	<u>(452,611)</u>	<u>(316,608)</u>
Cash flows from investing activities:		
Interest earned on investments	56,225	67,684
Maturity of investments	1,977,911	2,208,559
Purchases of investments	<u>(1,863,367)</u>	<u>(2,282,604)</u>
Net cash provided by (used in) investing activities	<u>170,769</u>	<u>(6,361)</u>
Net decrease in cash and cash equivalents	(174,339)	(113,525)
Cash and cash equivalents, beginning of year	<u>427,396</u>	<u>540,921</u>
Cash and cash equivalents, end of year	<u>\$ 253,057</u>	<u>\$ 427,396</u>

The accompanying notes are an integral part of this statement.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

The accounting and reporting policies of the City of St. Martinville conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

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

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

B. Fund Accounting

The accounts of the City of St. Martinville are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Transactions between funds sometimes result in Interfund receivables and payables, which

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

are not eliminated in the financial statements in this report. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund categories and five generic fund types as follows:

Governmental Funds -

General Fund

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

Special Revenue Funds

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

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. The Debt Service Fund includes the following bond issues:

Public Improvement Series 1996 10-1-96 - To accumulate monies for payment of the 1996 \$1,375,000 bonds which are serial bonds due in annual installments, plus interest, through maturity in 2009. Debt service is financed by a 1% sales tax.

Public Improvement Series 1997 3-1-97 - To accumulate monies for payment of the 1997 \$1,200,000 bonds which are serial bonds due in annual installments, plus interest, through maturity in 2017. Debt service is financed by the levy of ad valorem tax.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). As of June 30, 1999, the Capital Projects Fund was being used to account for the improvements financed by the 1996 and 1997 public improvement bonds.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

Proprietary Fund -

Enterprise Fund

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

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. The City has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings and streets, but including bridges, sidewalks, and drainage improvements. Interest costs are not capitalized. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation expense was \$355,529, for the year ended June 30, 1999. The estimated useful lives are as follows:

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

Electric, Sewer & Water Utilities:

Building & Fences	10 - 20 years
Water & Sewer Systems	5 - 50 years
Electric Lines	20 - 50 years
Electric & Water Meters	50 years
Machinery & Equipment	5 - 10 years
Furniture, Fixtures & Equipment	5 - 8 years
Transportation Equipment	2 - 5 years

All fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair value on the date donated; donated or estimated assets are immaterial to the financial statements.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes, fines and forfeitures, and licenses are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Ad valorem taxes are considered "measurable" and are recognized as revenue at the time they are assessed.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due and accumulated unpaid vacation and sick pay are not accrued unless retirement is likely to occur within the next fiscal year.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year end.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

E. Budgets and Budgetary Accounting

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

1. The City Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City as an extension of formal budgetary integration in the funds.

G. Interest-bearing Deposits

Interest-bearing deposits, consisting of certificates of deposit, are stated at cost, which approximates market.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

H. Cash and Cash Equivalents

For purposes of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

I. Inventories

Inventory of supplies in the proprietary fund is valued at the lower of cost (first-in, first-out) or market.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999 are recorded as prepaid items. The only prepaid item that existed at June 30, 1999 was prepaid insurance.

K. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable. At June 30, 1999, an allowance for ad valorem taxes was considered unnecessary due to the immateriality of uncollected ad valorem taxes. The allowance for uncollectibles for customers' utility receivables was \$20,529 at June 30, 1999.

L. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

M. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

N. Total Columns on Combined Statements - Overview

Total columns on the combined statements - overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. Prior Year Reclassification

Certain previously reported amounts have been reclassified to enhance comparability with 1999 report classifications.

(2) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 1999, the City has cash and interest-bearing deposits (book balances) totaling \$2,453,495 as follows:

Demand deposits	\$ 474,961
Time deposits	<u>1,978,534</u>
Total	<u>\$2,453,495</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

Deposit balances (bank balances) at June 30, 1999 are secured as follows:

Bank balances	\$2,643,376
	=====

At June 30, 1999 the deposits are secured as follows:

Federal deposit insurance	\$ 337,325
Pledged securities (Category 3)	<u>2,306,051</u>
Total federal insurance and pledged securities	\$2,643,376
	=====

Pledged securities in Category 3 includes uninsured or unregistered investments 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. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

(3) Ad Valorem Taxes

For the year ended June 30, 1999, taxes of 13.02 mills were levied on property with assessed valuations totaling \$12,574,112 and were dedicated as follows:

General corporate purposes	4.45 mills
Debt Service	8.57 mills

Total taxes levied were \$163,716. The receivables as of June 30, 1999 were as follows:

General corporate purposes	\$ 404
Debt Service	<u>664</u>
	\$1,068
	=====

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

Details of the City's tax calendar are as follows:

Levy Date	June 1, 1998
Bill Date	November 1, 1998
Due Date	December 31, 1998
Lien Date	January 1, 1999

(4) Interfund Receivables, Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 56,480	\$ 58,980
Enterprise Fund	57,800	95,477
Debt Service Fund	1,180	-
Special Revenue Funds		
Section 8 Fund	-	1,003
Sales Tax Fund	<u>40,000</u>	<u>-</u>
Totals	<u>\$155,460</u>	<u>\$155,460</u>

(5) Due from Other Governmental Agencies

Amounts due from other governmental agencies consisted of the following:

Beer, tobacco and video poker taxes due from the State of Louisiana	\$ 25,436
Teche Telecable	4,340
Cops Grant Revenue	15,710
Payment in lieu of taxes	17,464
Rural development grant	15,971
Grant proceeds	15,929
Other miscellaneous revenues	<u>14,180</u>
Total	<u>\$109,030</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

(6) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30:

	<u>1999</u>	<u>1998</u>
Cash:		
Customers' Deposit	\$ 37,547	\$ 33,794
Bond Reserve Account	45,626	44,835
EPA Sewer Reserve	1,823	25,261
Water Reserve	25,436	105,441
1993 Sinking Fund	60,395	58,416
1993 Reserve Fund	1,230	41,184
Retirement Account	<u>343</u>	<u>35,445</u>
Total Cash	<u>172,400</u>	<u>344,376</u>
Investments:		
Customers' deposits	196,485	194,352
Bond reserve account	172,948	140,112
1993 System Renewal	43,067	-
Retirement account	<u>-</u>	<u>5,129</u>
Total investments	<u>412,500</u>	<u>339,593</u>
Total Restricted Assets	<u>\$584,900</u>	<u>\$683,969</u>

(7) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1999</u>
Land and Improvements	\$ 291,837	\$ 15,000	\$ -	\$ 306,837
Buildings	2,174,486	2,889,445	(14,209)	5,049,722
Equipment-Vehicles	123,816	29,621	-	153,437
Equipment-Other	428,270	39,303	(71,326)	396,247
Equipment-Capital leases	226,727	-	-	226,727
Construction in progress	<u>1,724,074</u>	<u>72,743</u>	<u>(1,724,074)</u>	<u>72,743</u>
Total	<u>\$4,969,210</u>	<u>\$3,046,112</u>	<u>\$(1,809,609)</u>	<u>\$6,205,713</u>

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

A summary of proprietary fund type property, plant, and equipment at June 30, 1999, follows:

Electric, Sewer & Water Utilities:	
Land	\$ 199,182
Building and Fences	1,036,401
Water and Sewer Systems	9,523,091
Electric Lines	1,694,022
Electric and Water Meters	301,990
Machinery and Equipment	106,206
Furniture, Fixtures and Equipment	32,315
Transportation Equipment	<u>205,303</u>
Total	13,098,510
Assets held under capital lease	54,000
Less: Accumulated depreciation	<u>(5,663,585)</u>
Net	<u>\$ 7,488,925</u>

Accumulated depreciation on assets held under capital lease was \$43,200 at June 30, 1999.

(8) Changes in Long-term Debt

The following is a summary of bond transactions of the City of St. Martinville for the year ended June 30, 1999 (all bonds are serial bonds):

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds payable, July 1, 1998	\$2,470,000	\$1,990,000	\$4,460,000
Bonds retired	(115,000)	(105,000)	(220,000)
Bonds issued	<u>-</u>	<u>-</u>	<u>-</u>
Bonds payable, June 30, 1999	<u>\$2,355,000</u>	<u>\$1,885,000</u>	<u>\$4,240,000</u>

The general obligation bonds are payable from the debt service fund, while the revenue bonds are payable from the enterprise fund.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

Bonds payable at June 30, 1999, are comprised of the following individual issues:

General Obligation Bonds:

\$1,375,000 Public Improvement Bonds Series 1996 dated 10-1-96; due in annual installments of \$75,000 - \$145,000 through October 1, 2009; interest at 5.00 - 8.00 percent and secured by levy and collection of ad valorem taxes.	\$1,220,000
\$1,200,000 General Obligations Bond Series 1997 dated 3-1-97; due in annual installments of \$30,000 - \$100,000 through March 1, 2017; interest at .25 - 5.20 percent and secured by levy and collection of ad valorem taxes.	<u>1,135,000</u>
Total	\$2,355,000 =====

Revenue Bonds:

\$2,395,682.54 Utilities Revenue Bonds dated 9-21-93 due in annual installments of \$95,000 - \$160,000 through March 1, 2013; interest at 2.45 percent and secured by revenues of the water and light plant.	\$1,885,000 =====
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The annual requirement to amortize all debt outstanding as of June 30, 1999, including interest payments of \$1,407,482 are as follows:

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

<u>Year Ending June 30,</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
2000	\$ 239,480	\$ 156,183	\$ 395,663
2001	238,018	158,488	396,506
2002	236,160	155,670	391,830
2003	240,040	157,852	397,892
2004	243,370	159,912	403,282
2005 - 2013	<u>2,197,060</u>	<u>1,465,249</u>	<u>3,662,309</u>
Total	<u>\$3,394,128</u>	<u>\$2,253,354</u>	<u>\$5,647,482</u>

(9) Dedication of Proceeds and Flow of Funds - 1% Sales and Use Tax

On June 28, 1975, the voters in the City of St. Martinville approved a one percent (1%) sales and use tax. The proceeds of this tax are to be used (after paying reasonable and necessary costs and expenses of collecting and administering the tax) for the purpose of constructing and acquiring capital improvements to the waterworks system of the City and for the purpose of establishing, acquiring, constructing, operating and maintaining solid waste disposal facilities, sewers and sewerage disposal work, drains and drainage facilities, and streets, sidewalks and bridges, including the necessary land, equipment and furnishings there of, or for any one or more of said purposes, said tax to be subject to funding into bonds by the City for the purpose of making capital improvements to the extent and in the manner permitted by the laws of Louisiana.

The proceeds of the one percent (1%) sales and use tax of \$579,934 are pledged to retire the public improvement bonds dated October 1, 1996, shown in Note 8.

The Sales Tax Fund is to collect the proceeds of the sales tax and pay all reasonable and necessary costs and expenses of collecting the tax.

After payment of such costs and expenses, all money in the fund in excess of ten thousand dollars (\$10,000) is to be administered and used as follows:

- A. The establishment and maintenance of the Sales Tax Bond Sinking Fund sufficient in amount to pay the principal and interest on the bonds issued. The Sales Tax Fund is to transfer on or before the 20th day of each month a sum equal to one-sixth (1/6) of the interest falling due on the next interest payment date and a sum equal to one-twelfth (1/12) of the principal falling due on the next principal payment date.
- B. The establishment and maintenance of the Sales Tax Bond Reserve Fund by transferring to the regularly designated fiscal agent immediately upon delivery of the Bonds from the proceeds thereof the sum of one hundred thirty-seven thousand five hundred dollars (\$137,500). This payment will equal the Reserve Fund requirement.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

For the year ended June 30, 1999, the transfers from the Sales Tax Fund to the Sales Tax Sinking Fund and Sales Tax Bond Reserve Fund were adequate. The minimum balance required for the Sales Tax Bond Reserve Fund is \$137,500. The balance in the investment account as of June 30, 1999, was \$160,342 which exceeds the minimum balance by \$22,842.

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) funds to pay interest and principal at maturity. The City is in compliance with this requirement.

Revenues are partially pledged to retire the general obligation bonds dated March 1, 1997, shown in Note 8.

The bond indenture on the 1997 issue of general obligation bonds requires that the proceeds of the aforesaid special tax be deposited into a Sinking fund, for the payment of the principal and the interest on the Bonds.

(10) Flow of Funds; Restrictions on Use - Utilities Revenues

The revenues of the water and light plant are partially pledged to retire the utilities revenue bonds dated September 21, 1993 shown in Note 8. Bonds outstanding at June 30, 1999, amounted to \$1,885,000. The accrued interest on the bonds at June 30, 1999 amounted to \$11,546. Unmatured interest coupons at June 30, 1999, amounted to \$368,358.

The bond indenture on the 1993 issue of Revenue Bonds requires that a sum of money be deposited monthly into a bank account called 1993 Utilities Revenue Bond Sinking Fund in an amount that will be sufficient to retire the next payment of principal and/or interest. For the year ended June 30, 1999, the transfers from the Water and Light Plant Fund to the Sinking Fund were adequate. The Water and Light Plant Fund is required to transfer monthly to the 1993 Utilities Revenue Bond Debt Service Reserve Fund twenty-five percent (25%) of the required monthly payment to the Sinking Fund until the Reserve Fund has accumulated a sufficient balance to pay the highest principal and interest due within any one year which is \$166,575. The Reserve Fund had a balance of \$174,178 at June 30, 1999. The Water and Light Plant Fund is required to transfer to the 1993 Utilities System Renewal and Replacement Fund, on a monthly basis, a sum equal to five percent (5%) of the net revenues for the preceding month provided such sum is available after the transfers are made to the Sinking Fund and the Reserve Fund. The required maximum amount to be accumulated is \$75,000 and the Renewal and Replacement Fund had a balance of \$43,067 at June 30, 1999.

The bond agreement stipulates that the City must establish utility rates sufficient to pay reasonable and necessary expenses of operating and maintaining the utility system, provide net revenues in an amount equal to 125% of the required deposits to the Sinking Fund for the fiscal year and to pay all other prior bond obligations. The City has complied with said requirement.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

(11) Pension Plans

Eligible employees of the City participate in two multiple-employer public employee retirement systems (PERS) which are controlled and administered by two separate boards of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Benefits under each system are established and amended by state statutes. Pertinent information for each system follows:

A. Municipal Employee's Retirement System

Plan members are required to contribute 5.00% of their annual covered salary to the system while the City is required to contribute at the statutory rate of 3.75% for the year ended June 30, 1999 and 2.75% for the years ended June 30, 1998 and 1997 of the total annual covered salary. The City's contributions to the system for the years ended June 30, 1999, 1998 and 1997 were \$33,029, \$23,170 and \$28,021, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employee's Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana, 70809.

B. Municipal Police Employee's Retirement System

Plan members are required to contribute 7.5% of their annual covered salary to the system while the City is required to contribute at the statutory rate of 9.0% of the total annual covered salary. The City's contributions to the system for the years ended June 30, 1999, 1998 and 1997 were \$11,197, \$15,299, and \$15,665, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employee's Retirement System, P.O. Box 94095 - Capital Station, Baton Rouge, Louisiana 70804-9095.

(12) Accumulated Unpaid Vacation and Sick Pay

Employees earn ten to thirty-five days of sick leave and vacation days depending on length of employment. The vacation days cannot be carried over from year to year but the sick pay days can. Neither can be received in cash in lieu of taking the days. If an employee quits he forfeits all accumulated days. If an employee retires he forfeits the vacation days only. Because no employees are expected to retire within the next fiscal year, no accrual was recorded.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

(13) Commitments and Contingencies

- A. The City is a defendant in various lawsuits. Two lawsuits were determined to be probable and have been recorded as a contingent liability in the amount of \$96,000 in the General Long Term Debt Account Group. One lawsuit was determined to be reasonably possible and the possible amount of loss is \$25,000. This lawsuit has not been recorded as a liability. On all other cases, management believes that there is a remote chance of the City suffering monetary loss or that there is adequate insurance coverage. On cases occurring during periods when the City was self-insured, management believes there will be no liabilities incurred by the City.
- B. A contingent liability of \$86,031 (\$7,385 in the General Fund and \$78,646 in the General Long Term Debt Account Group) has been recorded due to a workman's compensation claim which occurred during a period of time when the City was self-insured. The City of St. Martinville is obligated to pay claimant \$284 biweekly plus all medical bills relating to the injury sustained.
- C. The City is a party to an on-going investigation by the Environmental Protection Agency (EPA) for possible violation. At June 30, 1999, it is possible that the City may be required to pay a fine in the range of \$25,000 to \$137,000. A liability has not been recorded for this.
- D. Construction Projects

As of June 30, 1999, the City had the following commitments with respect to unfinished capital projects:

<u>Capital project</u>	<u>Remaining Construction commitment</u>	<u>Expected date of completion</u>
African American Museum	\$132,876	1/15/00

(14) Lease Obligation

During the year ended June 30, 1998, the City entered into two capital leases. The first lease is for the purchase of two police vehicles. As of June 30, 1999 there remained a total principal obligation of \$17,159 with interest at a rate of 3%, payable in monthly installments of \$1,950 (including interest). The final payment, at which time the assets will become the property of the City, is due March of 2000. The second lease is for the purchase of a street sweeper. As of June 30, 1999 there remained a total principal obligation of \$19,980 with interest at a rate of 5.9%, payable in annual installments of \$5,758 (including interest). The final payment, at which time the asset will become the property of the City, is due January of 2003.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

The lease for the street sweeper and police vehicles are shown in the General Fixed Assets Account Group.

Future minimum rental payments (including interest) are as follows:

2000	\$23,312
2001	5,758
2002	5,758
2003	<u>5,758</u>
Total	<u>\$40,586</u>

(15) Interfund Transfers

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$1,919,161	\$ -
Special Revenue Funds - Sales Tax Fund	-	527,816
Debt Service Fund	149,620	-
Enterprise Fund	<u>144,695</u>	<u>1,685,660</u>
Totals	<u>\$2,213,476</u>	<u>\$2,213,476</u>

(16) Contracts

The City purchased power during 1999 in the amount of \$2,688,216 from Cleco of which \$290,771 was owed for purchases for the month of June 1999 and \$226,852 was owed for purchases for the month of May, 1999, which are included in accounts payable.

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

On January 1, 1993, the City entered into a long term contract with CLECO for electric service to begin in 1995. The contract allows CLECO to operate and maintain a substation owned by the City commencing on the effective date of the agreement. Payments remaining are as follows:

2000	\$75,000
------	----------

(17) Compensation of City Officials

A detail of compensation paid to the Mayor and City Council for the year ended June 30, 1999 follows:

Eric Martin, Mayor	\$45,058
	=====
Councilmen:	
James Charles	\$ 7,200
Douglas Francois	7,200
Mike Fuselier	7,200
Pat Martin	7,200
Pamela Thibodeaux	<u>7,200</u>
	\$36,000
	=====

(18) Segment Information for the Enterprise Fund

The City of St. Martinville maintains one enterprise fund with three departments which provide electric, water, and sewerage services. Segment information for the year ended June 30, 1999 was as follows:

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewerage Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	<u>\$4,725,760</u>	<u>\$420,743</u>	<u>\$495,544</u>	<u>\$5,642,047</u>
Operating expenses:				
Depreciation	71,106	124,435	159,988	355,529
Other	<u>3,425,319</u>	<u>337,946</u>	<u>317,827</u>	<u>4,081,092</u>
Total operating expenses	<u>3,496,425</u>	<u>462,381</u>	<u>477,815</u>	<u>4,436,621</u>
Operating income (loss)	<u>\$1,229,335</u>	<u>\$ (41,638)</u>	<u>\$ 17,729</u>	<u>\$1,205,426</u>
	=====	=====	=====	=====

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

(19) Risk Management

The City is exposed to risks of loss in the areas of health care, general and auto liability, property hazards, and workers' compensation. Health care risk is handled by a self-insurance health plan which is explained in the following paragraphs. The other risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year, nor have insurance settlements exceeded insurance coverage in the current or preceding two years.

The City established a limited risk management program for group hospitalization insurance. The City hired Benesys, Inc. as administrator for this program. This plan provides employee health benefits up to a maximum of \$1,000,000 per employee in a lifetime. The City purchases commercial insurance for individual claims in excess of \$20,000.

The General Fund and the Utility Fund of the City recognize the assets, liabilities, revenues and expenditures of the group hospitalization insurance plan. The claims liability of \$92,823 reported in the fund at June 30, 1999, is based on the loss that is probable to have existed at the date of the financial statements and the amount of the loss that can be reasonably estimated. The City currently does not discount its claims liabilities.

A reconciliation of changes in liabilities as they relate to the group health insurance plan is as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Benefit Payments and Claims</u>	<u>Balance at Fiscal Year-End</u>
Group hospitalization				
1997-1998	\$34,600	\$204,633	\$203,713	\$35,520
1998-1999	35,520	347,186	289,883	92,823

Claims payable for group hospitalization of \$92,823 at June 30, 1999, which is included in other accrued liabilities, was determined as follows:

1. Claims incurred prior to June 30, 1999 and paid subsequently	<u>Amount</u>
a. June 30, 1999 claims payment checks held as of June 30, 1999	\$38,996
b. Paid as of July 31, 1999	29,670
2. Provision for claims incurred but not reported	<u>24,157</u>
Total claims payable	<u>\$92,823</u> =====

CITY OF ST. MARTINVILLE, LOUISIANA

Notes to Financial Statements (continued)

The provision for claims incurred but not reported of \$24,157 was calculated utilizing historical information.

(20) On-behalf Payments

The City has recognized \$41,500 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(21) Deficit Fund Balance

A deficit fund balance exists in the Capital Projects Fund at June 30, 1999. This project is to be partially funded by a bond issuance and partially by the Enterprise Fund. The transfers from the Enterprise Fund were not made timely at June 30, 1999; therefore, causing the deficit. Retained earnings in the Enterprise Fund has been reserved to fund this deficit. This deficit will be corrected in fiscal year ended June 30, 2000 by making timely transfers.

(22) Noncompliance With Louisiana Local Government Budget Act

The following individual fund's actual revenues were less than budgeted revenues by more than five (5) percent and the following individual fund's actual expenditures were in excess of budgeted expenditures by more than five (5) percent as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Section 8 Housing Fund:				
Revenues	\$198,600	\$184,399	\$(14,201)	7.1%
Sales Tax Fund:				
Expenditures	13,758	16,941	(3,183)	23.1%

SUPPLEMENTAL INFORMATION

CITY OF ST. MARTINVILLE, LOUISIANA

Year 2000 Issue (unaudited)
Year Ended June 30, 1999

Impact of Year 2000 on Computer Programs (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the City's computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions or engage in similar normal business activities.

The City has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting City operations and have identified such systems as being financial reporting, payroll, and electricity purchases.

Both the financial reporting and payroll have been assessed. The City is in the process of remediating the situation by changing from the software application currently utilized to a year 2000 software application. Testing and validation should not be necessary, as the software vendor has assured that the application is Year 2000 compatible.

The City depends on Cleco for their electricity purchases. Based on Cleco's Year 2000 disclosure statement, it appears that substantially all of their mission critical systems are ready. The systems that are not currently ready are expected to be ready by September of 1999.

There are no contracted amounts committed to this project as of June 30, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be Year 2000 ready, that the City's remediation efforts will be successful in whole or in part, or that parties with whom the City does business will be year 2000 ready. The City is utilizing external resources to identify and test the systems for Year 2000 compliance.

SCHEDULES OF SELECTED INDIVIDUAL FUNDS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Comparative Balance Sheet
June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$ 87,984	\$137,806
Ad valorem taxes receivable	404	459
Due from other funds	56,480	89,427
Due from governmental agencies	93,101	59,035
Stop loss receivable	4,847	20,286
Prepaid items	<u>35,971</u>	<u>33,588</u>
Total assets	<u>\$278,787</u>	<u>\$340,601</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 61,043	\$115,481
Accrued payroll taxes payable	2,326	4,816
Salaries payable	58,941	43,721
Municipal Employees' Retirement System	10,549	9,324
Due to other funds	58,980	59,723
Contingent liability	7,385	7,385
Compensated absences	-	28,019
Insurance payable	<u>65,909</u>	<u>17,760</u>
Total liabilities	<u>265,133</u>	<u>286,229</u>
Fund balance :		
Reserved for prepaid items	35,971	33,588
Unreserved, undesignated	<u>(22,317)</u>	<u>20,784</u>
Total fund balance	<u>13,654</u>	<u>54,372</u>
Total liabilities and fund balance	<u>\$278,787</u>	<u>\$340,601</u>

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 81,477	\$ 100,416	\$ 18,939	\$ 54,769
Licenses and permits	181,800	189,295	7,495	196,347
Intergovernmental and franchise taxes	326,189	389,722	63,533	314,775
Charges for services	281,913	280,195	(1,718)	272,763
Court fines, bond forfeits and court costs	54,000	39,838	(14,162)	66,727
Miscellaneous	98,431	86,719	(11,712)	53,370
Total revenues	<u>1,023,810</u>	<u>1,086,185</u>	<u>62,375</u>	<u>958,751</u>
Expenditures:				
Current -				
General government (administration)	562,881	576,827	(13,946)	546,302
Public safety -				
Police department	915,721	905,896	9,825	798,794
Public works -				
Highway and streets department	499,681	486,526	13,155	508,104
Sanitation and health department	291,438	292,518	(1,080)	258,713
Recreation	196,959	220,356	(23,397)	183,156
Tourism	388,804	413,604	(24,800)	209,909
Capital outlay	135,500	126,931	8,569	258,164
Debt service -				
Principal payments on capital lease	5,758	21,807	(16,049)	29,101
Interest on capital lease	-	1,599	(1,599)	1,107
Total expenditures	<u>2,996,742</u>	<u>3,046,064</u>	<u>(49,322)</u>	<u>2,793,350</u>
Excess (deficiency) of revenues over expenditures	<u>(1,972,932)</u>	<u>(1,959,879)</u>	<u>13,053</u>	<u>(1,834,599)</u>
Other financing sources (uses):				
Operating transfers from enterprise fund	1,737,000	1,685,660	(51,340)	1,428,911
Operating transfers from sales tax fund	237,058	233,501	(3,557)	263,587
Proceeds from - capital leases	-	-	-	69,040
Total other financing sources (uses)	<u>1,974,058</u>	<u>1,919,161</u>	<u>(54,897)</u>	<u>1,761,538</u>
Excess (deficiency) of revenues and other sources over expenditures	1,126	(40,718)	(41,844)	(73,061)
Fund balance, beginning	<u>54,372</u>	<u>54,372</u>	<u>-</u>	<u>127,433</u>
Fund balance, ending	<u>\$ 55,498</u>	<u>\$ 13,654</u>	<u>\$ (41,844)</u>	<u>\$ 54,372</u>

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Statement of Revenues Compared to Budget (GAAP Basis)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Taxes:				
Ad valorem	\$ 81,477	\$ 100,416	\$ 18,939	\$ 54,769
Licenses and permits:				
Occupational and insurance licenses	170,000	177,254	7,254	185,090
Miscellaneous	1,800	2,110	310	2,147
Beer and liquor	10,000	9,931	(69)	9,110
	<u>181,800</u>	<u>189,295</u>	<u>7,495</u>	<u>196,347</u>
Intergovernmental and franchise taxes:				
Tobacco tax	36,500	36,557	57	36,557
Beer tax	12,000	13,738	1,738	11,907
Gas franchise tax	40,000	33,349	(6,651)	39,670
State contributions-highway	6,696	6,696	-	6,525
Video poker	65,000	64,339	(661)	64,941
Chain store tax	1,150	1,695	545	1,135
Telecable franchise	8,100	8,680	580	8,357
Federal grant	103,651	105,863	2,212	109,592
State grant	25,000	51,459	26,459	8,000
State revenue sharing	28,092	25,846	(2,246)	28,091
On-bchalf payments	-	41,500	41,500	-
	<u>326,189</u>	<u>389,722</u>	<u>63,533</u>	<u>314,775</u>
Charges for services	<u>281,913</u>	<u>280,195</u>	<u>(1,718)</u>	<u>272,763</u>
Fines, bond forfeits and court costs:				
Court fines and court costs	19,000	18,259	(741)	45,042
Bond forfeits	35,000	21,579	(13,421)	21,685
	<u>54,000</u>	<u>39,838</u>	<u>(14,162)</u>	<u>66,727</u>
Miscellaneous:				
Recreation revenues	13,500	11,610	(1,890)	9,533
Rents and leases	7,300	6,232	(1,068)	795
Drug seizure proceeds	2,500	5,897	3,397	1,500
Other miscellaneous	75,131	62,980	(12,151)	41,542
	<u>98,431</u>	<u>86,719</u>	<u>(11,712)</u>	<u>53,370</u>
Total revenues	<u>\$1,023,810</u>	<u>\$1,086,185</u>	<u>\$ 62,375</u>	<u>\$958,751</u>

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
General government:				
Administration -				
Advertising and public relations	\$ 3,000	\$ 2,314	\$ 686	\$ 3,538
Assessor's fees	2,300	2,302	(2)	2,259
Bank service charge	400	1,173	(773)	323
City celebrations and recreational expense	13,000	15,665	(2,665)	5,927
Communication expense - telephone and postage	7,000	7,015	(15)	9,783
Councilmen - per diem	36,000	36,000	-	36,000
Contributions to governmental agencies				
National guard	600	600	-	600
Parish service center	1,104	1,104	-	1,104
Community Action Agency, Inc.	7,200	7,200	-	17,200
St. Martin Parish Council on Aging	8,000	8,000	-	5,000
SMEDA	22,105	22,105	-	34,210
Other	9,000	7,206	1,794	8,302
Copier and fax machine - fee and supplies	6,620	1,867	4,753	4,443
Coroner expenses	5,000	2,080	2,920	9,796
Dues and subscriptions	7,000	5,513	1,487	5,065
Economic development	26,000	699	25,301	4,784
Group insurance	32,133	40,494	(8,361)	26,874
Insurance	15,750	13,687	2,063	17,793
Employee bonds	500	1,307	(807)	1,688
City workman's compensation	7,385	7,385	-	7,385
Indigent defenders costs	20,000	13,302	6,698	20,807
Landscaping expense	1,500	1,364	136	1,533
Main street program expenses	12,550	14,218	(1,668)	13,885
Miscellaneous supplies	2,000	1,772	228	2,167
Professional services:				
Consulting and auditing	20,000	21,810	(1,810)	22,938
City attorney per diem and legal fees	7,000	10,771	(3,771)	9,764
Marketing	-	-	-	260
Other legal fees	1,000	32,127	(31,127)	300
Fumigation	264	231	33	265
Payroll taxes	16,118	16,600	(482)	15,011
Repairs and maintenance	6,000	4,391	1,609	6,388
Recording and official journal	6,000	7,769	(1,769)	7,129
Rental and leases	285	3,000	(2,715)	95
Supplies - office and janitorial	10,000	12,768	(2,768)	9,630
Salaries and wages:				
Mayor	43,433	45,058	(1,625)	36,000
Administration -				
Secretary, City Clerk, etc.	135,000	136,300	(1,300)	133,967
Main street manager	32,000	34,121	(2,121)	31,817
Travel expenses, meals and conventions	6,000	4,893	1,107	4,437
Uniforms	3,500	3,139	361	3,306
Municipal Employee Retirement System expense	17,134	16,749	385	11,770

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (continued)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Safety Program expense	4,500	6,933	(2,433)	5,958
Employee physicals	2,500	2,689	(189)	1,167
Magistrate - City Court	6,000	3,106	2,894	5,634
Total general government (administration)	<u>562,881</u>	<u>576,827</u>	<u>(13,946)</u>	<u>546,302</u>
 Public safety:				
Police department -				
Advertising and public relations	500	98	402	469
Canine expense	1,000	2,731	(1,731)	1,416
Communications expense - radio, telephone and postage	12,000	15,141	(3,141)	16,536
Computer expense	1,500	2,899	(1,399)	1,100
Copier expense	-	-	-	570
Crowd control	-	-	-	1,798
Custody of prisoners	105,000	84,999	20,001	38,717
Investigative expenses	8,500	3,098	5,402	5,781
Dues and subscriptions	1,300	228	1,072	3,300
Janitorial services	9,300	9,406	(106)	9,986
Gasoline, oil, and grease	15,000	11,310	3,690	11,952
Group insurance	79,486	94,412	(14,926)	65,964
Insurance	38,960	31,910	7,050	43,673
Municipal Police Retirement System	15,870	11,524	4,346	15,299
Miscellaneous	1,500	3,661	(2,161)	1,971
Narcotics purchase	1,000	-	1,000	-
Payroll taxes	39,870	38,702	1,168	36,845
Patrol cars expense	25,406	421	24,985	825
Pest control	276	154	122	-
Police uniforms and supplies	18,500	19,082	(582)	11,279
Repairs and maintenance	32,000	30,207	1,793	41,367
Salaries and wages -				
Chief of police	32,850	33,343	(493)	32,032
Police officers	392,000	444,607	(52,607)	375,221
Special police and extra help	16,703	16,751	(48)	11,451
Secretary	47,000	28,180	18,820	45,358
Supplies - office and janitorial	11,000	13,381	(2,381)	15,898
Training and police school	5,000	2,493	2,507	3,494
Travel expense, meals, and conventions	4,000	6,977	(2,977)	6,308
Utilities	200	181	19	184
Total public safety	<u>915,721</u>	<u>905,896</u>	<u>9,825</u>	<u>798,794</u>
 Public works:				
Highways and streets department -				
Chemicals and weed control				
Contract labor	8,000	1,167	6,833	-
Gasoline, oil and grease	20,750	12,027	8,723	7,675
Group insurance	13,500	10,277	3,223	13,046

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Insurance	28,750	36,915	(8,165)	23,856
Miscellaneous	14,092	12,477	1,615	15,795
Professional services - Civil engineer	2,500	2,069	431	2,778
Payroll taxes	30,000	21,805	8,195	28,898
Pest Control	14,421	15,132	(711)	13,325
Repairs and maintenance - Trucks	168	110	58	-
Repairs - equipment	14,000	14,103	(103)	13,595
Repairs - damage	1,000	2,202	(1,202)	1,202
Salaries and wages	-	3,516	(3,516)	-
Street surfacing materials	187,000	188,656	(1,656)	188,926
Supplies	25,000	37,011	(12,011)	20,190
Travel expenses, meals, and conventions	75,500	67,836	7,664	113,132
Dog pound	-	123	(123)	-
Mosquito control	3,500	4,921	(1,421)	7,389
Motor vehicle inspection station	10,000	7,182	2,818	8,741
City clean-up and cleanest city contest	200	172	28	310
Street sweeper expense	42,800	41,090	1,710	46,695
Uniforms	2,000	1,270	730	776
Utilities	5,500	6,017	(517)	700
Total public works	<u>1,000</u>	<u>448</u>	<u>552</u>	<u>1,075</u>
	<u>499,681</u>	<u>486,526</u>	<u>13,155</u>	<u>508,104</u>
 Sanitation and health department:				
Communications - Telephone	1,500	1,352	148	1,500
Rentals and Leases - Dump site and equipment	2,400	2,400	-	2,400
Waste collection and disposal - outside services	287,538	288,766	(1,228)	254,813
Total sanitation and health department	<u>291,438</u>	<u>292,518</u>	<u>(1,080)</u>	<u>258,713</u>
 Recreation:				
Magnolia Park	114,860	118,970	(4,110)	114,271
Adam Carlson Park	82,099	101,386	(19,287)	68,885
Total recreation	<u>196,959</u>	<u>220,356</u>	<u>(23,397)</u>	<u>183,156</u>
 Tourism:				
Acadian Memorial	90,360	94,194	(3,834)	57,553
Maison Duchamp	124,390	118,588	5,802	26,101
Other tourism	174,054	200,822	(26,768)	126,255
Total tourism	<u>388,804</u>	<u>413,604</u>	<u>(24,800)</u>	<u>209,909</u>

(continued)

CITY OF ST. MARTINVILLE, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Capital outlay:				
General government -				
Equipment	135,500	126,931	8,569	137,851
Public safety -				
Vehicles and equipment	-	-	-	12,007
Capital lease	-	-	-	69,040
Public works -				
Street overlay	-	-	-	39,266
Total capital outlay	<u>135,500</u>	<u>126,931</u>	<u>8,569</u>	<u>258,164</u>
Debt service:				
Principal payments on capital lease	5,758	21,807	(16,049)	29,101
Interest on capital lease	-	1,599	(1,599)	1,107
Total debt service	<u>5,758</u>	<u>23,406</u>	<u>(17,648)</u>	<u>30,208</u>
Total expenditures	<u>\$ 2,996,742</u>	<u>\$ 3,046,064</u>	<u>(49,322)</u>	<u>\$ 2,793,350</u>

SPECIAL REVENUE FUNDS

Sales Tax Fund - To account for the receipt and use of proceeds of the City's 1% sales and use tax. The proceeds of this tax are to be used (after paying reasonable and necessary costs and expenses of collecting and administering the tax) for the purpose of constructing and acquiring capital improvements to the waterworks system of the City and for the purpose of establishing, acquiring, constructing, operating, and maintaining solid waste disposal facilities, sewers and sewerage disposal work, drains and drainage facilities, and streets, sidewalks and bridges, including the necessary land, equipment and furnishings, therefore, or for any one or more of said purposes, said tax to be subject to funding into bonds by the City for the purpose of making capital improvements to the extent and in the manner permitted by the laws of Louisiana.

Proceeds of the tax have been pledged and dedicated to the retirement of Public Improvement Bonds dated September 1, 1976.

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

CITY OF ST. MARTINVILLE, LOUISIANA
Special Revenue Funds

Combining Balance Sheet
June 30, 1999
With Comparative Totals for June 30, 1998

	Sales Tax Fund	Section 8 Fund	Totals	
			1999	1998
ASSETS				
Cash	\$ 85,512	\$ 25,966	\$ 111,478	\$ 148,778
Interest-bearing deposits	658,198	37,492	695,690	591,451
Sales tax receivable	48,279	-	48,279	58,255
Accrued interest receivable	4,553	121	4,674	5,108
Due from other funds	40,000	-	40,000	40,000
Total assets	<u>\$836,542</u>	<u>\$ 63,579</u>	<u>\$ 900,121</u>	<u>\$ 843,592</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ 1,003	\$ 1,003	\$ 865
Total liabilities	-	1,003	1,003	865
Fund balances:				
Reserved for housing purposes	-	62,576	62,576	72,709
Unreserved, undesignated	836,542	-	836,542	770,018
Total fund balances	836,542	62,576	899,118	842,727
Total liabilities and fund balances	<u>\$836,542</u>	<u>\$ 63,579</u>	<u>\$ 900,121</u>	<u>\$ 843,592</u>

CITY OF ST. MARTINVILLE, LOUISIANA
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 1999
With Comparative Totals for June 30, 1998

	Sales Tax Fund	Section 8 Fund	Totals	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Revenues:				
Taxes	\$ 579,934	\$ -	\$ 579,934	\$ 576,237
Intergovernmental	-	181,946	181,946	193,534
Interest on investments	31,347	2,453	33,800	32,305
Total revenues	<u>611,281</u>	<u>184,399</u>	<u>795,680</u>	<u>802,076</u>
Expenditures:				
Rent supplement	-	164,937	164,937	158,080
Salaries	-	23,837	23,837	23,054
Administrative expense	16,941	5,758	22,699	13,794
Total expenditures	<u>16,941</u>	<u>194,532</u>	<u>211,473</u>	<u>194,928</u>
Excess (deficiency) of revenues over expenditures	594,340	(10,133)	584,207	607,148
Other financing uses:				
Operating transfers out	<u>(527,816)</u>	<u>-</u>	<u>(527,816)</u>	<u>(549,507)</u>
Excess (deficiency) of revenues over expenditures and other uses	66,524	(10,133)	56,391	57,641
Fund balances, beginning	<u>770,018</u>	<u>72,709</u>	<u>842,727</u>	<u>785,086</u>
Fund balances, ending	<u>\$ 836,542</u>	<u>\$ 62,576</u>	<u>\$ 899,118</u>	<u>\$ 842,727</u>

CITY OF ST. MARTINVILLE, LOUISIANA
Special Revenue Fund
Sales Tax Fund

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes -				
Sales taxes	\$ 586,000	\$ 579,934	\$ (6,066)	\$ 576,237
Interest on investments	31,000	31,347	347	29,726
Total revenues	<u>617,000</u>	<u>611,281</u>	<u>(5,719)</u>	<u>605,963</u>
Expenditures	<u>13,758</u>	<u>16,941</u>	<u>(3,183)</u>	<u>8,247</u>
Excess of revenues over expenditures	<u>603,242</u>	<u>594,340</u>	<u>(8,902)</u>	<u>597,716</u>
Other financing uses:				
Operating transfers to -				
General Fund	(231,300)	(233,501)	(2,201)	(263,587)
Water and light plant fund	(160,000)	(144,695)	15,305	(135,000)
Debt Service Fund	(149,620)	(149,620)	-	(150,920)
Total financing uses	<u>(540,920)</u>	<u>(527,816)</u>	<u>13,104</u>	<u>(549,507)</u>
Excess of revenues over expenditures and other uses	62,322	66,524	4,202	48,209
Fund balance, beginning	<u>770,018</u>	<u>770,018</u>	<u>-</u>	<u>721,809</u>
Fund balance, ending	<u>\$ 832,340</u>	<u>\$ 836,542</u>	<u>\$ 4,202</u>	<u>\$ 770,018</u>

CITY OF ST. MARTINVILLE, LOUISIANA
Special Revenue Fund
Section 8 Housing Fund

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999			1998 Actual
	Budget	Actual	Favorable (Unfavorable)	
Revenues:				
Intergovernmental - Grants from federal government	\$ 196,500	\$ 181,946	\$ (14,554)	\$ 193,534
Interest	2,100	2,453	353	2,579
Total revenues	<u>198,600</u>	<u>184,399</u>	<u>(14,201)</u>	<u>196,113</u>
Expenditures:				
Rent supplement	165,000	164,937	63	158,080
Salaries	23,700	23,837	(137)	23,054
Administrative expense	5,263	5,758	(495)	5,547
Total expenditures	<u>193,963</u>	<u>194,532</u>	<u>(569)</u>	<u>186,681</u>
Excess (deficiency) of revenues over expenditures	4,637	(10,133)	(14,770)	9,432
Fund balance, beginning	<u>72,709</u>	<u>72,709</u>	-	<u>63,277</u>
Fund balance, ending	<u>\$ 77,346</u>	<u>\$ 62,576</u>	<u>\$ (14,770)</u>	<u>\$ 72,709</u>

ENTERPRISE FUND

Water & Light Plant Fund - - To account for the provision of electric, water, and sewer services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF ST. MARTINVILLE, LOUISIANA
Enterprise Fund
Water and Light Plant Fund

Comparative Balance Sheet
June 30, 1999 and 1998

	1999	1998
ASSETS		
Current assets:		
Cash	\$ 80,657	\$ 83,020
Interest-bearing deposits	447,310	634,761
Receivables:		
Accounts	582,252	588,071
Unbilled utilities	410,788	421,192
Due from other funds	57,800	57,800
Accrued interest	4,831	6,406
Stop loss receivable	4,847	20,286
Inventory - material and supplies	178,436	159,378
Prepaid expenses	47,971	45,588
Total current assets	1,814,892	2,016,502
Restricted assets:		
Cash	172,400	344,376
Investments	412,500	339,593
Total restricted assets	584,900	683,969
Plant and equipment, at cost, net of accumulated depreciation (1999 \$5,620,385; 1998 \$5,282,734)	7,478,125	7,534,100
Equipment held under capital leases, net of accumulated depreciation (1999 \$43,200; 1998 \$32,400)	10,800	21,600
Total assets	\$ 9,888,717	\$ 10,256,171

	<u>1999</u>	<u>1998</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	\$ 572,784	\$ 516,190
Due to other funds	95,477	91,084
Accrued payroll and sales taxes payable	55,494	55,725
Insurance payable	26,914	17,760
Total current liabilities (payable from current assets)	<u>750,669</u>	<u>680,759</u>
Current liabilities (payable from restricted assets) -		
Revenue bonds payable (DEQ)	110,000	105,000
Interest coupons payable	11,546	12,188
Customers' meter deposits	233,896	228,069
Total current liabilities (payable from restricted assets)	<u>355,442</u>	<u>345,257</u>
Long-term liabilities -		
Revenue bonds payable	1,775,000	1,885,000
Total long-term liabilities	<u>1,775,000</u>	<u>1,885,000</u>
Total liabilities	<u>2,881,111</u>	<u>2,911,016</u>
Fund equity:		
Contributed capital -		
Municipality	122,725	122,725
Federal grant	3,323,415	3,323,415
Federal revenue sharing	4,905	4,905
Sales tax fund	255,383	255,383
Capital projects fund	2,822	2,822
Special assessment fund	1,235	1,235
Total contributed capital	<u>3,710,485</u>	<u>3,710,485</u>
Retained earnings -		
Reserved for capital projects	24,948	-
Reserved for debt retirement	100,809	99,600
Unreserved	3,171,364	3,535,070
Total retained earnings	<u>3,297,121</u>	<u>3,634,670</u>
Total fund equity	<u>7,007,606</u>	<u>7,345,155</u>
Total liabilities and fund equity	<u>\$ 9,888,717</u>	<u>\$10,256,171</u>

CITY OF ST. MARTINVILLE, LOUISIANA
Enterprise Fund
Water and Light Plant Fund

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Years Ended June 30, 1999 and 1998

	Totals		Electric Department	
	1999	1998	1999	1998
Operating revenues:				
Charges for services -				
Customer service charges	\$ 5,430,108	\$ 5,129,861	\$ 4,548,155	\$ 4,266,295
Delinquent charges	72,753	64,024	60,967	53,140
Tap and reconnection fees	37,469	32,176	31,399	26,706
Lease revenue	75,000	325,000	62,850	325,000
Miscellaneous	26,717	21,577	22,389	17,909
Total operating revenues	<u>5,642,047</u>	<u>5,572,638</u>	<u>4,725,760</u>	<u>4,689,050</u>
Operating expenses:				
Salaries and wages	520,335	528,294	140,059	142,496
Contract labor	31,097	26,791	27,224	19,602
Power purchases	2,688,216	2,513,313	2,688,216	2,513,313
Supplies	244,142	273,410	98,741	114,800
Maintenance and repairs	81,482	83,829	20,452	24,195
Electricity	76,672	76,393	-	-
Telephone	9,651	10,041	-	-
Professional services	66,357	103,559	9,322	12,641
Chemicals	7,210	10,131	-	-
Communications	19,762	19,093	-	-
Computer services	10,455	4,876	-	-
Bad debts	38,908	25,277	-	-
Group insurance	130,464	99,469	-	-
Insurance	85,528	104,223	-	-
Municipal employee retirement expense	15,310	11,401	-	-
Payroll taxes	40,056	37,851	-	-
Travel expense	-	124	-	-
Depreciation expense	355,529	346,928	71,106	69,385
Miscellaneous	15,447	18,951	4,679	8,319
Total operating expenses	<u>4,436,621</u>	<u>4,293,954</u>	<u>3,059,799</u>	<u>2,904,751</u>
Operating income (loss)	<u>\$ 1,205,426</u>	<u>\$ 1,278,684</u>	<u>\$ 1,665,961</u>	<u>\$ 1,784,299</u>
Allocation of general and administrative expenses	<u>-</u>	<u>-</u>	<u>436,626</u>	<u>387,636</u>
Operating income (loss) after allocation of general and administrative expenses	<u>\$ 1,205,426</u>	<u>\$ 1,278,684</u>	<u>\$ 1,229,335</u>	<u>\$ 1,396,663</u>
Nonoperating revenues (expenses):				
Interest income	56,255	67,684		
Interest expense	(48,113)	(63,943)		
Administrative fees	(9,950)	(10,475)		
Loss on disposition of assets	(202)	-		
Total nonoperating expenses	<u>(2,010)</u>	<u>(6,734)</u>		
Income before operating transfers	<u>1,203,416</u>	<u>1,271,950</u>		
Operating transfers in (out):				
Operating transfers in	144,695	135,000		
Operating transfers out	(1,685,660)	(1,528,911)		
Total operating transfers	<u>(1,540,965)</u>	<u>(1,393,911)</u>		
Net loss	<u>(337,549)</u>	<u>(121,961)</u>		
Retained earnings, beginning	<u>3,634,670</u>	<u>3,756,631</u>		
Retained earnings, ending	<u>\$ 3,297,121</u>	<u>\$ 3,634,670</u>		

Water Department		Sewerage Department		General and Administrative	
1999	1998	1999	1998	1999	1998
\$ 404,848	\$ 393,720	\$ 477,105	\$ 469,846	-	-
5,456	5,122	6,330	5,762	-	-
2,810	2,574	3,260	2,896	-	-
5,625	-	6,525	-	-	-
2,004	1,726	2,324	1,942	-	-
<u>420,743</u>	<u>403,142</u>	<u>495,544</u>	<u>480,446</u>	-	-
144,347	152,416	106,652	107,235	129,277	126,147
350	3,479	3,523	3,710	-	-
-	-	-	-	-	-
79,962	72,496	53,740	67,570	11,699	18,544
11,045	25,823	23,204	21,450	26,781	12,361
42,355	48,146	34,317	28,247	-	-
5,447	5,626	4,204	4,415	-	-
8,821	4,248	36,086	79,232	12,128	7,438
5,950	6,981	1,260	3,150	-	-
-	-	-	-	19,762	19,093
-	-	-	-	10,455	4,876
-	-	-	-	38,908	25,277
-	-	-	-	130,464	99,469
-	-	-	-	85,528	104,223
-	-	-	-	15,310	11,401
-	-	-	-	40,056	37,851
-	124	-	-	-	-
124,435	121,425	159,988	156,118	-	-
591	967	9,511	9,313	666	352
<u>423,303</u>	<u>441,731</u>	<u>432,485</u>	<u>480,440</u>	<u>521,034</u>	<u>467,032</u>
(2,560)	(38,589)	63,059	6	(521,034)	(467,032)
<u>39,078</u>	<u>37,363</u>	<u>45,330</u>	<u>42,033</u>	<u>(521,034)</u>	<u>(467,032)</u>
<u>\$ (41,638)</u>	<u>\$ (75,952)</u>	<u>\$ 17,729</u>	<u>\$ (42,027)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ST. MARTINVILLE, LOUISIANA
Enterprise Fund
Water and Light Plant Fund

Comparative Statement of Cash Flows
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Operating income	\$ 1,205,426	\$ 1,278,684
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	355,529	346,928
Changes in assets and liabilities:		
(Increase) decrease in receivables	33,237	(185,110)
(Increase) decrease in prepaid expenses	(2,383)	5,575
Increase in inventory	(19,058)	(1,428)
Increase in payables	69,910	161,914
Increase (decrease) in customer meter deposits	5,807	(3,208)
Total adjustments	<u>443,042</u>	<u>324,671</u>
Net cash provided by operating activities	<u>1,648,468</u>	<u>1,603,355</u>
Cash flows from non-capital financing activities:		
Operating transfers out to other funds	(1,685,660)	(1,528,911)
Operating transfers in from other funds	<u>144,695</u>	<u>135,000</u>
Net cash used in non-capital financing activities	<u>(1,540,965)</u>	<u>(1,393,911)</u>
Cash flows from capital and related financing activities:		
Capital lease payments	-	(12,126)
Payments made for administrative fees	(9,950)	(10,475)
Payments made for capital purchases	(288,953)	(137,252)
Payments made on DEQ loan	(105,000)	(105,000)
Interest paid on DEQ loan	<u>(48,708)</u>	<u>(51,755)</u>
Net cash used in capital and related financing activities	<u>(452,611)</u>	<u>(316,608)</u>
Cash flows from investing activities:		
Interest earned on investments	56,225	67,684
Maturity of investments	1,977,911	2,208,559
Purchases of investments	<u>(1,863,367)</u>	<u>(2,282,604)</u>
Net cash provided by (used in) investing activities	<u>170,769</u>	<u>(6,361)</u>
Net decrease in cash and cash equivalents	(174,339)	(113,525)
Cash and cash equivalents, beginning of year	<u>427,396</u>	<u>540,921</u>
Cash and cash equivalents, end of year	<u>\$ 253,057</u>	<u>\$ 427,396</u>

CITY OF ST. MARTINVILLE, LOUISIANA
 Enterprise Fund
 Water and Light Plant Fund

Schedule of Changes in Assets Restricted for
 Revenue Bond and Certificates of Indebtedness Debt Service
 Year Ended June 30, 1999

	1993	1993	1993	Total
	Utilities Revenue Bond Sinking Fund	Utilities Revenue Bond Debt Service Reserve Fund	Utilities Revenue Bond Debt Service Reserve Fund	Total
Cash and investments, July 1, 1998	\$ 58,416	\$ 41,184	\$ 41,184	\$ 99,600
Cash receipts:				
Transfer from operating account	164,245	3,411	167,656	
Interest on investments	1,439	150	1,589	
Total receipts	<u>165,684</u>	<u>3,561</u>	<u>169,245</u>	
Total cash and investments available	<u>224,100</u>	<u>44,745</u>	<u>268,845</u>	
Cash disbursements:				
Principal payments	(105,000)	-	(105,000)	
Interest payments	(48,755)	-	(48,755)	
Paying agent fees	(9,950)	-	(9,950)	
Transfer to operating account	-	(43,515)	(43,515)	
Total disbursements	<u>(163,705)</u>	<u>(43,515)</u>	<u>(207,220)</u>	
Cash and investments, June 30, 1999	<u>\$ 60,395</u>	<u>\$ 1,230</u>	<u>\$ 61,625</u>	

INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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

The Honorable Eric Martin, Mayor
and Members of the City Council
City of St. Martinville, Louisiana

We have audited the general purpose financial statements of the City of St. Martinville, Louisiana as of and for the year ended June 30, 1999, and have issued our report thereon dated August 11, 1999. We conducted our audit in accordance with generally accepted auditing standards 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 the City of St. Martinville, Louisiana's general purpose 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 two instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 99-1 and 99-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of St. Martinville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 the City of St. Martinville, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-3.

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 general purpose 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. We believe that the reportable condition referred to above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the City of St. Martinville in a separate letter dated August 11, 1999.

This report is intended solely for the information and use of management, others within the organization, City Council, and 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.

Kolder, Champagne, Slaven & Rainey, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
August 11, 1999

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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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

The Honorable Eric Martin, Mayor
and Members of the City Council
City of St. Martinville, Louisiana

Compliance

We have audited the compliance of the City of St. Martinville, Louisiana 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 its major federal program for the year ended June 30, 1999. The City of St. Martinville, Louisiana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of St. Martinville, Louisiana's management. Our responsibility is to express an opinion on the City of St. Martinville, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 the City of St. Martinville, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of St. Martinville, Louisiana's compliance with those requirements.

In our opinion, the City of St. Martinville complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the City of St. Martinville, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of St. Martinville, Louisiana'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 internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, City Council and 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.

Kolder, Champagne, Slaven & Rainey, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
August 11, 1999

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/ Pass-Through Grantor: Program Title	State Pass Through Number	Federal CFDA Number	Receipts or Revenue Recognized	Expended This Year
U.S. Department of Housing and Urban Development: Section 8 Rental Certificate Program	N/A	14.857	\$ 181,946	\$ 194,532
U.S. Department of the Interior/ State of Louisiana, Department of Culture, Recreation & Tourism: Historic Preservation Fund Grants-in-Aid	22-97-12021	15.904	269	269
U.S. Department of Justice: Public Safety and Community Policing Grant (COPS)	N/A	16.710	105,594	105,594
U.S. Department of Agriculture/ La. Department of Agriculture & Forestry: Cooperative Forestry Assistance	08-97-22-G-03	10.664	1,000	1,000
U.S. Department of Justice/ La. Commission on Law Enforcement: Local Law Enforcement Block Grants Program	97-Z4-Z.1C-0641	16.592	5,489	5,489
U.S. Department of Justice: Local Law Enforcement Block Grants Program	N/A	16.592	14,942	14,942
National Foundation on the Arts and the Humanities: Institute of Museum and Library Services	N/A	45.301	<u>6,030</u>	<u>6,030</u>
Total			<u>\$ 315,270</u>	<u>\$ 327,856</u>

The accounting policies used in preparing this schedule are the same as those used in preparing the audited financial statements.
See Note (1) on page 11.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings, Questioned Costs, and
Management's Corrective Action Plan
Year Ended June 30, 1999

Part I: Summary of Auditor's Results:

1. An unqualified report was issued on the general purpose financial statements.
2. A reportable condition in internal control was disclosed by the audit of the general purpose financial statements, and it was considered to be a material weakness.
3. Material noncompliance was disclosed.
4. No reportable conditions in internal control over the major program were disclosed by the audit of the general purpose financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no audit findings required to be reported under Section 510(a) of Circular A-133.
7. The major program was:
 - U. S. Department of Housing and Urban Development - Section 8 Rental Certificate Program
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. The auditee did not qualify as a low-risk auditee under Section 530 of Circular A-133.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings, Questioned Costs, and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1999

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

99-1 Noncompliance with Public Bid Law

Finding:

The City of St. Martinville did not comply with Louisiana Revised Statutes (L.S.A.-R.S.) 38:2212. The City, although it did initially follow the bid law, negotiated change orders with the low bidder that in essence, changed the scope of the project. There were two instances of this nature that were noted.

Management's Corrective Action Plan:

The City intends to more stringently follow the public bid law. In situations where they are unsure of compliance matters, they will consult with knowledgeable persons.

99-2 Noncompliance with Revenue and Expenditure Restriction Laws

Finding:

The City did not comply with Article VII, Section 14 of the Louisiana Constitution of 1974 which states that a political subdivision shall not loan, pledge or donate to or for any person, association, or corporation, public or private. There were two instances of noncompliance noted.

Managements Corrective Action Plan:

The City intends to follow the above - mentioned law. In situations where they are unsure of compliance matters, they will consult with knowledgeable persons.

99-3 Inadequate Segregation of Accounting Functions

Finding:

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

Management's Corrective Action Plan:

The City has determined that it is not cost effective to completely segregate accounting functions. No plan is considered necessary.

CITY OF ST. MARTINVILLE, LOUISIANA

Schedule of Findings, Questioned Costs, and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1999

Part III: Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There are no findings that are required to be reported under the above guidance.

Part IV: Management Letter Items:

99-4 Inventory Pricing

Finding:

Inventory should be priced using the first-in, first-out basis, and all inventory items should have a price.

Management's Corrective Action Plan:

The City intends on adopting a more stringent inventory pricing policy and compliance with this policy will be monitored by independent personnel.

99-5 Fixed Asset Records

Finding:

Regarding fixed assets, all assets should be identified and included on a complete listing including tag number, serial number, purchase date and cost. A listing has been prepared by the City; however, it is not all-inclusive.

Management's Corrective Action Plan:

The City plans to do a complete physical inventory and prepare a listing of all fixed assets, including tag number, serial number, purchase date and cost.

99-6 Section 8 Utility Allowance

Finding:

A tenant of the Section 8 Rental Certificate Program administered by the City did not have a utility account in his name, yet received a utility allowance.

Management's Corrective Action Plan:

The City has updated the Section 8 tenant list and given a copy to the utility department. The City's Section 8 administrator has instructed the utility department that he be informed if there is any change in status of the Section 8 tenants' utility accounts. Should there be any change in the status of the tenants' accounts, the administrator will take appropriate action.

CITY OF ST. MARTINVILLE, LOUISIANA

Summary of Prior Audit Findings
Year Ended June 30, 1999

The audit findings at June 30, 1998 were as follows:

Section I: Internal Control and Compliance material to the general purpose financial statements

98-1 Noncompliance with Louisiana Fiscal Agency and Cash Management Laws

Finding:

The City of St. Martinville did not comply with Louisiana Revised Statutes (LSA-R.S.) 39:1225. This statute states that the amount of funds on deposit with financial institutions must, at all times, be one hundred percent secured. The City had inadequate security at one financial institution at December 31, 1997, in the approximate amount of \$45,000 and at a different financial institution at June 30, 1998 in the approximate amount of \$49,000.

Status:

Resolved. There were no instances of noncompliance noted at June 30, 1999.

98-2 Inadequate Segregation of Accounting Functions

Finding:

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

Status:

Unresolved. See 99-3.

CITY OF ST. MARTINVILLE, LOUISIANA
Summary of Prior Audit Findings (Continued)
Year Ended June 30, 1999

Section II: Internal Control and Compliance material to Federal Awards

There were no findings mentioned under this section at June 30, 1998.

Section III: Management Letter

98-3 Inventory Pricing

Finding:

Inventory should be priced using the first-in, first-out basis, and all inventory items should have a price.

Status:

Unresolved. See 99-4.

98-4 Fixed Asset Records

Finding:

Regarding fixed assets, all assets should be identified and included on a complete listing including tag number, serial number, purchase date and cost. A listing has been prepared by the City; however, it is not all-inclusive.

Status:

Unresolved. See 99-5.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ST. MARTINVILLE, LOUISIANA
Enterprise Fund
Water and Light Plant Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 1999, 1998, 1997, 1996, and 1995

Records maintained by the City indicated the following number of customers were being served during the month of June, 1999, 1998, 1997, 1996, and 1995.

<u>Department</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Electric	2,857	2,856	2,830	2,873	2,811
Water	2,639	2,621	2,604	2,642	2,575
Sewerage	2,392	2,396	2,383	2,412	2,347

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MANAGEMENT LETTER

The Honorable Eric Martin, Mayor,
and Members of the City Council
City of St. Martinville, Louisiana

During our audit of the financial statements of the City of St. Martinville for the year ended June 30, 1999, we noted certain areas in which improvements in the financial practices of the City may be desirable. These improvements, if implemented, will enable the City to operate on a more business-like basis, and should increase the effectiveness with which revenues are expended and provide better control and protection over the assets of the City.

1. Inventory should be priced using the first-in, first-out basis, and all inventory items should have a price/cost on the inventory listing.
2. Regarding fixed assets, all assets should be identified and included on a complete listing including tag number, serial number, purchase date and cost.
3. A tenant of the Section 8 Rental Certificate Program administered by the City did not have a utility account in his name, yet received a utility allowance. The City should have procedures in place to prevent this from happening.

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

Kolder, Champagne, Slaven & Rainey, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
August 11, 1999