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**CITY OF NEW IBERIA  
FINANCIAL REPORT  
OCTOBER 31, 2004**

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Release Date 5-4-05

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

ANNUAL FINANCIAL REPORT  
YEAR ENDED OCTOBER 31, 2004

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To the City of New Iberia  
New Iberia, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Iberia, as of and for the year ended October 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented components units. Component unit financial statements audited by other auditors represent 91.75% and 89.79%, respectively, of the assets and program and general revenues of the aggregate discretely presented component units. One component unit, which was unaudited, represents 8.25% and 10.21%, respectively, of the assets and program and general revenues of the aggregate discretely presented component units. Audit reports have been furnished to us for those financial statements which were audited by other auditors, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Iberia, as of October 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 2, 2005, on our consideration of the City of New Iberia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Broussard, Roche, Lewis & Breaux, L.L.P.*

New Iberia, Louisiana  
February 2, 2005

CITY OF NEW IBERIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

**HIGHLIGHTS**

**Financial Highlights**

- Assets of the City primary government exceeded its liabilities at the close of the most recent fiscal year by \$59.1 million (*net assets*). Of this amount, 10.8%, or \$6.4 million, (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$1.2 million (2.1%) during 2004. Governmental activities net assets decreased \$9.8 million during 2004 due to the expenditure of \$10.4 million of General Obligation bonds issued in prior years to construct the wastewater treatment plant. These expenditures are recorded in the Construction Fund, a governmental fund. The business-type activities net assets increased \$11.1 million due to the new wastewater treatment plant which, although paid out of a governmental fund, is an asset of the enterprise fund and is therefore reported as a business-type activity asset.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$14.3 million, a decrease of \$10.5 million in comparison with the prior year. Approximately 35.3% of this total amount, \$5.0 million, is available for spending at the City's discretion (*unreserved fund balance*).
- Resources available for appropriation in the General Fund were \$.2 million less than budget. However, expenditures and transfers were \$.4 million less than budgeted for the year.
- At October 31, 2004, unreserved fund balance for the General Fund was \$1.6 million, or 11.4% of total 2004 General Fund expenditures and transfers.

## City Highlights

- The City began the construction of a new 6 MGB Wastewater Treatment Plant. The new Wastewater Treatment Plant (WTP) is estimated to cost \$30.0 million. \$20.0 million of the project will be financed by General Obligation Bonds, of which \$15.0 million were issued as of October 31, 2004. \$5.0 million is expected to be issued during the year ending October 31, 2005. The remaining \$10.0 million of the project will be financed through sewer revenue bonds.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

### Government-Wide Financial Statements

The government-wide financial statements (see Exhibits A and B) are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements combine governmental fund's current financial resources with capital assets and long-term obligations. Also presented in the government-wide financial statements is a column for the business-type activities of the City. Component units are separate legal governmental entities to which the City may be obligated to provide financial assistance and are presented as a separate column in the government-wide statements and as individual activities in the fund financial statements.

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

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

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

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

### **Fund Financial Statements**

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

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

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

The City of New Iberia maintains 16 individual governmental funds. Information is presented separately for the General Fund, Sales Tax Fund, Garbage Fund, Construction Fund, and Home Mortgage Bond Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation in one column, titled other governmental funds. Combining financial statements of the nonmajor funds can be found in the other supplementary information section which follows the basic financial statements.



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

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

**Fiduciary Funds** are used to account for resources held by the City of New Iberia in a trustee capacity or as an agent for others. These funds (see Exhibits L and M) are restricted in purpose and do not represent discretionary assets of the City of New Iberia. Therefore, these assets are not presented as part of the government-wide financial statements.

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

#### **Infrastructure Assets**

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

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found on pages 36 through 62 of this report.

## Other Information

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

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

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

The following table reflects the condensed statement of net assets for 2004 with comparative figures from 2003:

**Table 1**  
City of New Iberia  
Condensed Statement of Net Assets  
October 31, 2004 and 2003  
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Assets:</b>						
Current and other assets	\$ 15.2	\$ 24.9	\$ 4.6	\$ 4.3	\$ 19.8	\$ 29.2
Restricted assets	3.1	3.1	.9	.9	4.0	4.0
Capital assets	32.0	33.5	31.8	21.1	63.8	54.6
Total assets	<u>\$ 50.3</u>	<u>\$ 61.5</u>	<u>\$ 37.3</u>	<u>\$ 26.3</u>	<u>\$ 87.6</u>	<u>\$ 87.8</u>
<b>Liabilities:</b>						
Current liabilities	\$ 3.2	\$ 3.6	\$ .3	\$ .4	\$ 3.5	\$ 4.0
Long-term liabilities	24.9	25.9	.1	.1	25.0	26.0
Total liabilities	<u>\$ 28.1</u>	<u>\$ 29.5</u>	<u>\$ .4</u>	<u>\$ .5</u>	<u>\$ 28.5</u>	<u>\$ 30.0</u>
<b>Net assets:</b>						
Invested in capital assets, net of debt	\$ 10.8	\$ 20.9	\$ 31.8	\$ 21.1	\$ 42.6	\$ 42.0
Restricted	10.1	9.6	-	-	10.1	9.6
Unrestricted	1.3	1.5	5.1	4.7	6.4	6.2
Total net assets	<u>\$ 22.2</u>	<u>\$ 32.0</u>	<u>\$ 36.9</u>	<u>\$ 25.8</u>	<u>\$ 59.1</u>	<u>\$ 57.8</u>

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

The City's combined net assets at year end total \$59.0 million. Approximately 72.2% (\$42.6 million) of the City's net assets as of October 31, 2004 reflects the City's investment in capital assets (land, buildings, equipment and infrastructure) less any related outstanding debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 17.1% of the City's net assets are subject to external restrictions on how they may be used. The remaining 10.7% (\$6.3 million) of net assets, referred to as unrestricted, may be used to meet the ongoing obligations of the City to citizens and creditors.

Table 2 below provides a summary of the changes in net assets for the year ended October 31, 2004 with comparative figures from 2003:

**Table 2**  
City of New Iberia  
Condensed Statement of Changes in Net Assets  
For the Years Ended October 31, 2004 and 2003  
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Revenues:</b>						
Program revenues -						
Fees, fines, and charges for services	\$ .5	\$ .7	\$ 4.2	\$ 4.2	\$ 4.7	\$ 4.9
Operating grants and contributions	1.9	2.0	-	-	1.9	2.0
Capital grants and contributions	.6	1.5	-	-	.6	1.5
General revenues -						
Property taxes	3.3	3.1	-	-	3.3	3.1
Sales and use taxes	11.3	10.6	-	-	11.3	10.6
Occupational	1.2	1.1	-	-	1.2	1.1
Franchise fees	1.5	1.8	-	-	1.5	1.8
Grants and contributions not restricted to specific programs	.2	.1	-	-	.2	.1
Other	.8	.9	.1	.1	.9	1.0
Total revenues	<u>\$ 21.3</u>	<u>\$ 21.8</u>	<u>\$ 4.3</u>	<u>\$ 4.3</u>	<u>\$ 25.6</u>	<u>\$ 26.1</u>
<b>Expenses:</b>						
General government	\$ 1.9	\$ 2.0	\$ -	\$ -	\$ 1.9	\$ 2.0
Public safety	8.7	8.2	-	-	8.7	8.2
Public works	5.0	5.0	-	-	5.0	5.0
Culture and recreation	1.5	1.4	-	-	1.5	1.4
Urban redevelopment and housing	1.2	1.1	-	-	1.2	1.1
Economic development and assistance	.2	.3	-	-	.2	.3
Unallocated depreciation	1.4	1.4	-	-	1.4	1.4
Wastewater	-	-	3.6	3.3	3.6	3.3
Interest on long-term debt	.8	.4	-	-	.8	.4
Total expenses	<u>\$ 20.7</u>	<u>\$ 19.8</u>	<u>\$ 3.6</u>	<u>\$ 3.3</u>	<u>\$ 24.3</u>	<u>\$ 23.1</u>
Increase (decrease) in net assets before transfers	\$ .6	\$ 2.0	\$ .7	\$ 1.0	\$ 1.3	\$ 3.0
Transfers	(10.4)	(2.0)	10.4	2.0	-	-
Change in net assets	<u>\$ (9.8)</u>	<u>\$ 0.0</u>	<u>\$ 11.1</u>	<u>\$ 3.0</u>	<u>\$ 1.3</u>	<u>\$ 3.0</u>
Net assets, November 1, 2003	<u>32.0</u>	<u>32.0</u>	<u>25.8</u>	<u>22.8</u>	<u>57.8</u>	<u>54.8</u>
Net assets, October 31, 2004	<u>\$ 22.2</u>	<u>\$ 32.0</u>	<u>\$ 36.9</u>	<u>\$ 25.8</u>	<u>\$ 59.1</u>	<u>\$ 57.8</u>

The City's total revenues were \$25.6 million and the total cost of all programs and services was \$24.3 million. Therefore, net assets increased \$1.3 million for the year. Our analysis below separately describes the operations of governmental and business-type activities.

*Governmental Activities* net assets decreased \$9.8 million in 2004. The cost of all governmental activities this year was \$20.7 million. As shown in the Statement of Activities in Exhibit B, the amount that our taxpayers financed was \$14.6 million because some of the cost was paid by those who directly benefited from the programs (\$.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$2.5 million). Program revenues only covered 14.9% of total costs. The remainder was paid with other revenues, such as investment income and unrestricted grants and contributions and also a use of prior year net assets.

The City's largest program in governmental activities is public safety, with over \$.7 million of resources applied thereto. Following that is public works, general government, and culture and recreation.

The decrease in net assets for governmental activities is explained in the financial highlights section.

*Business Type Activities* net assets increased by \$11.1 million in 2004. Charges for services make up 28.6% of the revenues in the business-type activities. \$10.4 million of this increase in net assets is explained in the financial highlights section. There were no changes in rates and fees during 2004.

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

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

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

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$14.3 million, a decrease of \$4.5 million in comparison with the prior year. Approximately 35.3% of this total amount (\$ million) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to: (1) liquidation of contracts (\$2.0 million), (2) payment of debt service (\$3.8 million), and (3) other miscellaneous commitments (\$.8 million).

The General Fund is the chief operating fund of the City of New Iberia. At the end of the fiscal year, total fund balance of the General Fund was \$4.0 million, \$1.6 million of which was unreserved. Compared with total fund balance of \$4.0 million at the end of 2003, fund balance remaining approximately the same as the prior year.

Fund balance in the Sales Tax Fund remained approximately the same in 2004.

*Proprietary Fund:* The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As of the end of the current fiscal year, the City's proprietary fund reported ending net assets of \$36.9 million, an increase of \$11.1 million in comparison with the prior year.

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

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

The total difference between the original General Fund budget and the final amended budget was a decrease in appropriations of \$1.2 million. Supplemental appropriations totaling \$ million were approved during the year by the City Council for various programs, including employee pay raises, increases in employee retirement costs, and capital outlay. This increase was funded from revenue increases and the balance from transfers from other funds.

When actual results for 2004 are compared with the final budget, revenue collections, including transfers, fell short of projections by \$.2 million and expenditures and transfers were \$.4 million less than appropriated; a positive variance of \$.2 million. The only material differences between actual results and budgeted amounts in the General Fund were related to transfers.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The City of New Iberia's investment in capital assets for its governmental and business type activities as of October 31, 2004 amounts to \$63.8 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, equipment, wastewater facilities, and streets. Drainage systems network was not included in the current year as mentioned previously. The net increase in the City's investment in capital assets for the current fiscal year was 19.7%, a 4.6% decrease for governmental activities and 50.7% increase for business-type activities.

**Table 3**  
**CITY OF NEW IBERIA**  
**Capital Assets**  
**(Net of Depreciation)**  
**October 31, 2004 and 2003**  
**(in millions)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 1.3	\$ 1.2	\$ 1.4	\$ 1.4	\$ 2.7	\$ 2.6
Land improvements	0.4	0.4	-	-	0.4	0.4
Buildings and improvements	3.6	3.7	-	-	3.6	3.7
Equipment	2.7	3.1	0.6	0.7	3.3	3.8
Infrastructure	23.9	25.1	-	-	23.9	25.1
Sewer plant and equipment	-	-	12.9	12.3	12.9	12.3
Construction in process	<u>0.1</u>	<u>-</u>	<u>16.9</u>	<u>6.7</u>	<u>17.0</u>	<u>6.7</u>
<b>Total</b>	<b><u>\$ 32.0</u></b>	<b><u>\$ 33.5</u></b>	<b><u>\$ 31.8</u></b>	<b><u>\$ 21.1</u></b>	<b><u>\$ 63.8</u></b>	<b><u>\$ 54.6</u></b>

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

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

**Long-Term Debt:** At the end of the current fiscal year, the City had total bonded debt outstanding of \$24.3 million. Of this amount, \$22.6 million comprises debt backed by the full faith and credit of the City of New Iberia, \$1.6 comprises debt resulting from the mergers into the Louisiana Firefighters' Retirement System, and the remaining \$.1 represents bonds secured solely by Sewer System revenues.

**Table 4**  
**CITY OF NEW IBERIA**  
**Summary of Outstanding Debt at Year-End**  
**October 31, 2004 and 2003**  
(in millions)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Notes payable	\$ 1.6	\$ 1.8	\$ -	\$ -	\$ 1.6	\$ 1.8
Claims payable	.1	.1	-	-	.1	.1
Compensated absences	.6	.6	.1	.1	.7	.7
General obligation bonds	22.2	24.1	-	-	22.2	24.1
Certificates of indebtedness	.4	.5	-	-	.4	.5
Sewer revenue bonds	-	-	.1	-	.1	-
<b>Total all notes and bonds</b>	<b><u>\$ 24.9</u></b>	<b><u>\$ 27.1</u></b>	<b><u>\$ .2</u></b>	<b><u>\$ .1</u></b>	<b><u>\$ 25.1</u></b>	<b><u>\$ 27.2</u></b>

The City of New Iberia's total bonded debt decreased during the year by \$2.1 million. This is the result of scheduled principal payments of \$1.3 million made during the year as well as an early redemption of \$.9 million. The City also issued \$.1 million in sewer revenue bonds under a DEQ revolving loan fund.

As of October 31, 2004, City bonds are rated by Moody's Investors Service as Aaa.

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

Ad Valorem Taxes:

Assessed Valuation \$139,628,514

Debt Limit: 10% of Assessed Valuation (for any one purpose) \$ 13,962,851

Debt Limit: 35% of Assessed Valuation (aggregate, all purposes) \$ 48,869,980

Debt outstanding by purpose:

Street improvements	\$ 397,395
Fire protection	\$ 152,597
Police protection	\$ 54,444
Wastewater	\$ 14,350,000
Recreation	\$ 65,564

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



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

The following factors were considered when preparing the fiscal year 2005 budget:

- The historical trend for the City sales tax, a major revenue source for the City, has continued to be positive. The projected increase for the sales tax levies in the 2005 budget is 3.15%.
- The final \$5 million of the \$20 million general obligation bonds for the new wastewater treatment plant is expected to be issued in 2005.
- The City employees receive annual cost of living increases based on CPI. The increase for 2005 was 3.3%.
- Retirement costs have continued to escalate for all employees. Municipal retirement increased from 11% to 15%, police retirement increased from 15.25% to 21.5%, and firefighter retirement increased from 21.50% to 25.50%.

These indicators were taken into account when adopting the budget for 2005. Amounts available for appropriation in the General Fund budget are \$5.7 million, which is the same as the final 2004 budget.

*If budget estimates are met, the City's budgetary General Fund fund balance is expected to decrease by \$1.5 million by the close of 2005.*

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

## REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF NET ASSETS  
October 31, 2004

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Cash	\$ 5,488,384	\$ 700,092	\$ 6,188,476	\$ 212,812
Investments	6,882,344	3,572,803	10,455,147	93,442
Accounts receivable	432,577	215,846	648,423	3,495
Accrued interest receivable	-	-	-	5,454
Due from other governmental agencies	2,043,008	93,603	2,136,611	-
Real estate held for resale	61,343	-	61,343	-
Mortgage loans receivable	-	-	-	636,502
Due from external parties	-	-	-	22,435
Prepaid items	1,985	-	1,985	711
Deferred debits	306,310	-	306,310	27,243
Restricted assets	3,140,000	850,000	3,990,000	-
Capital assets:				
Non-depreciable	1,382,936	18,225,383	19,608,319	-
Depreciable, net	30,580,509	13,603,955	44,184,464	12,225

Total assets	<u>\$ 50,319,396</u>	<u>\$ 37,261,682</u>	<u>\$87,581,078</u>	<u>\$1,014,319</u>
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LIABILITIES AND NET ASSETS	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities:</b>				
Accounts payable	\$ 2,051,127	\$ 232,603	\$ 2,283,730	\$ 1,668
Retainage payable	531,847	17,914	549,761	-
Accrued expenses	240,246	43,340	283,586	16,055
Accrued interest payable	261,495	-	261,495	-
Internal balances	9,245	(9,245)	-	-
Due to other governmental agencies	20,051	-	20,051	-
Due to external parties	-	-	-	10,000
Other liabilities	37,779	-	37,779	-
Long-term liabilities -				
Portion due or payable within one year:				
Bonds payable	960,000	-	960,000	77,086
Certificates of indebtedness	75,000	-	75,000	-
Notes payable	163,580	-	163,580	-
Claims payable	17,160	-	17,160	-
Accrued compensated absences	50,807	5,572	56,379	-
Portion due or payable after one year:				
Bonds payable	21,298,164	-	21,298,164	606,414
Certificates of indebtedness	325,000	-	325,000	-
Notes payable	1,451,566	-	1,451,566	-
Claims payable	86,263	-	86,263	-
DEQ revolving loan fund advances	-	60,517	60,517	-
Accrued compensated absences	473,078	108,378	581,456	-
<b>Total liabilities</b>	<b>\$ 28,052,408</b>	<b>\$ 459,079</b>	<b>\$28,511,487</b>	<b>\$ 711,223</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	\$ 10,823,894	\$ 31,768,821	\$42,592,715	\$ 12,225
Restricted for -				
Capital projects	1,829,759	-	1,829,759	-
Debt service	355,044	-	355,044	-
Sales tax dedications	7,933,024	-	7,933,024	-
Unrestricted	1,325,267	5,033,782	6,359,049	290,871
<b>Total net assets</b>	<b>\$ 22,266,988</b>	<b>\$ 36,802,603</b>	<b>\$59,069,591</b>	<b>\$ 303,096</b>
<b>Total liabilities and net assets</b>	<b>\$ 50,319,396</b>	<b>\$ 37,261,682</b>	<b>\$87,581,078</b>	<b>\$1,014,319</b>

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF ACTIVITIES  
For the Year Ended October 31, 2004

Function/Program	Expenses	Fees, Fines and Charges for Services	Program Operating Grants and Contributions
Primary government:			
Governmental activities -			
General government	\$ 1,902,729	\$ 25,470	\$ 10,000
Public safety	8,726,524	305,522	65,860
Public works	5,024,502	2,400	476,562
Culture and recreation	1,511,184	223,830	26,582
Urban redevelopment and housing	1,178,145	-	1,215,866
Economic development and assistance	175,747	-	106,590
Unallocated depreciation	1,398,757	-	-
Interest on long-term debt	829,355	-	-
Total governmental activities	\$20,746,943	\$ 557,222	\$ 1,901,460
Business-type activities -			
Wastewater	3,604,895	4,174,457	-
Total primary government	\$24,351,838	\$ 4,731,679	\$ 1,901,460
Component units:			
City Court	\$ 367,066	\$ 301,504	\$ -
City Marshal	92,259	43,861	-
Iberia Home Mortgage Authority	86,862	-	-
Total component units	\$ 546,187	\$ 345,365	\$ -0-

General revenues:

  Taxes -

    Property

    Sales and use

    Occupational

    Franchise fees

    Grants and contributions not restricted  
    to specific programs

    Investment income

    Loss on sale of capital assets

    Miscellaneous

    Transfers

      Total general revenues

Change in net assets

Net assets, beginning

Net assets, ending

See Notes to Financial Statements.

Revenues Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets				Component Units
	Primary Government			Total	
	Governmental Activities	Business-Type Activities			
\$ -	\$ (1,867,259)	\$ -	\$ (1,867,259)	\$ -	\$ -
13,634	(8,341,508)	-	(8,341,508)	-	-
510,262	(4,035,278)	-	(4,035,278)	-	-
-	(1,260,772)	-	(1,260,772)	-	-
-	37,721	-	37,721	-	-
102,937	33,780	-	33,780	-	-
-	(1,398,757)	-	(1,398,757)	-	-
-	(829,355)	-	(829,355)	-	-
<u>\$ 626,833</u>	<u>\$ (17,661,428)</u>	<u>\$ -0-</u>	<u>\$ (17,661,428)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
-	-	569,562	569,562	-	-
<u>\$ 626,833</u>	<u>\$ (17,661,428)</u>	<u>\$ 569,562</u>	<u>\$ (17,091,866)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ -	\$ -	\$ -	\$ -	\$ (65,562)	\$ (65,562)
-	-	-	-	(48,398)	(48,398)
-	-	-	-	(86,862)	(86,862)
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (200,822)</u>	<u>\$ (200,822)</u>
	\$ 3,319,313	\$ -	\$ 3,319,313	\$ -	\$ -
	11,278,900	-	11,278,900	-	-
	1,196,836	-	1,196,836	-	-
	1,512,203	-	1,512,203	-	-
	186,246	-	186,246	-	-
	455,882	71,652	527,534	81,284	81,284
	(5,515)	(240)	(5,755)	-	-
	309,732	1,534	311,266	2,894	2,894
	(10,408,559)	10,408,559	-	-	-
	<u>\$ 7,845,038</u>	<u>\$ 10,481,505</u>	<u>\$ 18,326,543</u>	<u>\$ 84,178</u>	<u>\$ 84,178</u>
	\$ (9,816,390)	\$ 11,051,067	\$ 1,234,677	\$ (116,644)	\$ (116,644)
	<u>32,083,378</u>	<u>25,751,536</u>	<u>57,834,914</u>	<u>419,740</u>	<u>419,740</u>
	<u>\$ 22,266,988</u>	<u>\$ 36,802,603</u>	<u>\$ 59,069,591</u>	<u>\$ 303,096</u>	<u>\$ 303,096</u>

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
October 31, 2004

ASSETS	General	Sales Tax	Garbage
Cash	\$ 808,247	\$ 696,252	\$ -
Investments	1,905,564	2,533,062	1,101,835
Accounts receivable	432,577	-	-
Due from other funds	156,595	795,307	-
Due from other governmental agencies	498,688	303,797	121,518
Prepaid items	1,985	-	-
Real estate held for resale	61,343	-	-
Restricted investments	1,640,000	1,500,000	-
Total assets	\$ 5,504,999	\$ 5,828,418	\$ 1,223,353
LIABILITIES AND FUND BALANCES			
Liabilities:			
Cash overdraft	\$ -	\$ -	\$ 580,230
Accounts payable	473,220	-	207,385
Retainage payable	-	-	-
Accrued expenses	179,954	-	-
Due to other funds	822,946	-	-
Due to other governmental agencies	-	-	-
Other liabilities	37,779	-	-
Total liabilities	\$ 1,513,899	\$ -0-	\$ 787,615
Fund balances:			
Reserved for -			
Construction	\$ -	\$ -	\$ -
Debt service	-	-	-
DEQ loan payment	1,640,000	1,500,000	-
Prepaid items	1,985	-	-
Sales taxes	789,833	-	-
Designated	1,496,809	-	152,494
Unreserved, undesignated	62,473	-	-
Unreserved, undesignated, reported in -			
Special Revenue Funds	-	4,328,418	283,244
Capital Projects Funds	-	-	-
Total fund balances	\$ 3,991,100	\$ 5,828,418	\$ 435,738
Total liabilities and fund balances	\$ 5,504,999	\$ 5,828,418	\$ 1,223,353

See Notes to Financial Statements.

<u>Construction</u>	<u>Home Mortgage Bond</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,696,430	\$ -	\$ 1,955,546	\$ 9,156,475
-	837,973	503,910	6,882,344
-	-	-	432,577
47,637	-	35,708	1,035,247
205,856	-	34,114	1,163,973
-	-	-	1,985
-	-	-	61,343
-	-	-	3,140,000
<u>\$ 5,949,923</u>	<u>\$837,973</u>	<u>\$ 2,529,278</u>	<u>\$ 21,873,944</u>
\$ 2,271,216	\$810,349	\$ 6,296	\$ 3,668,091
1,162,690	-	207,832	2,051,127
521,929	-	9,918	531,847
-	-	60,292	240,246
-	-	221,546	1,044,492
-	-	20,051	20,051
-	-	-	37,779
<u>\$ 3,955,835</u>	<u>\$810,349</u>	<u>\$ 525,935</u>	<u>\$ 7,593,633</u>
\$ 1,994,088	\$ -	\$ -	\$ 1,994,088
-	-	616,539	616,539
-	-	-	3,140,000
-	-	-	1,985
-	-	-	789,833
-	27,624	1,020,350	2,697,277
-	-	-	62,473
-	-	426,529	5,038,191
-	-	(60,075)	(60,075)
<u>\$ 1,994,088</u>	<u>\$ 27,624</u>	<u>\$ 2,003,343</u>	<u>\$ 14,280,311</u>
<u>\$ 5,949,923</u>	<u>\$837,973</u>	<u>\$ 2,529,278</u>	<u>\$ 21,873,944</u>



CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

October 31, 2004

Total fund balances - governmental funds		\$ 14,280,311
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.		
Capital assets, net		31,963,445
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the governmental funds.		
Accrued interest payable	\$ (261,495)	
Bonds payable	(22,258,164)	
Certificates of indebtedness payable	(400,000)	
Notes payable	(1,615,146)	
Claims payable	(103,423)	
Accrued compensated absences	<u>(523,885)</u>	(25,162,113)
Sales taxes which are not "measurable" at year end and therefore not available soon enough to pay for current period expenditures are not reported in the governmental funds.		
		879,035
Bond issue costs which are reported as expenditures in the year incurred in the governmental funds are deferred and amortized in the statement of activities.		
Bond issue costs, net of accumulated amortization		<u>306,310</u>
Net assets of governmental activities		<u>\$ 22,266,988</u>

See Notes to Financial Statements.

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CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended October 31, 2004

	<u>General</u>	<u>Sales Tax</u>	<u>Garbage</u>
Revenues:			
Taxes -			
Ad valorem	\$ 984,141	\$ -	\$ -
Sales and use	1,408,638	7,043,189	2,817,276
Other	1,512,203	-	-
Licenses and permits	1,394,878	-	-
Intergovernmental	438,517	-	-
Charges for services	11,945	-	-
Fines and forfeitures	37,306	-	-
Investment income	92,603	85,008	23,429
Miscellaneous	159,011	-	45,000
Total revenues	<u>\$ 6,039,242</u>	<u>\$ 7,128,197</u>	<u>\$ 2,885,705</u>
Expenditures:			
Current -			
General government	\$ 1,695,347	\$ 58,412	\$ 23,409
Public safety	8,287,779	-	-
Public works	475	-	2,542,097
Culture and recreation	35,518	-	-
Urban redevelopment and housing	-	-	-
Economic development and assistance	174,269	-	-
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	458,569	-	-
Total expenditures	<u>\$10,651,957</u>	<u>\$ 58,412</u>	<u>\$ 2,565,506</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,612,715)</u>	<u>\$ 7,069,785</u>	<u>\$ 320,199</u>
Other financing sources (uses):			
Transfers in	\$ 7,237,500	\$ -	\$ -
Transfers out	(3,038,183)	(7,068,697)	(254,100)
Bond proceeds	-	-	-
Sale of capital assets	370,908	-	-
Total other financing sources (uses)	<u>\$ 4,570,225</u>	<u>\$ (7,068,697)</u>	<u>\$ (254,100)</u>
Net change in fund balances	\$ (42,490)	\$ 1,088	\$ 66,099
Fund balances, beginning	<u>4,033,590</u>	<u>5,827,330</u>	<u>369,639</u>
Fund balances, ending	<u>\$ 3,991,100</u>	<u>\$ 5,828,418</u>	<u>\$ 435,738</u>
See Notes to Financial Statements.			

<u>Construction</u>	<u>Home Mortgage Bond</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 2,335,172	\$ 3,319,313
-	-	-	11,269,103
-	-	-	1,512,203
-	-	-	1,394,878
205,855	-	1,952,926	2,597,298
-	-	223,670	235,615
-	-	-	37,306
205,996	19,270	29,576	455,882
8,436	-	23,343	235,790
<u>\$ 420,287</u>	<u>\$ 19,270</u>	<u>\$ 4,564,687</u>	<u>\$ 21,057,388</u>
\$ -	\$ -	\$ 5,906	\$ 1,783,074
-	-	-	8,287,779
-	-	2,260,904	4,803,476
-	-	1,292,993	1,328,511
-	-	1,175,343	1,175,343
-	-	-	174,269
-	-	2,142,879	2,142,879
-	-	1,101,300	1,101,300
10,406,282	40,307	946,114	11,851,272
<u>\$ 10,406,282</u>	<u>\$ 40,307</u>	<u>\$ 8,925,439</u>	<u>\$ 32,647,903</u>
<u>\$ (9,985,995)</u>	<u>\$ (21,037)</u>	<u>\$ (4,360,752)</u>	<u>\$ (11,590,515)</u>
\$ -	\$ -	\$ 4,017,804	\$ 11,255,304
-	-	(226,830)	(10,587,810)
-	-	58,744	58,744
-	-	-	370,908
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,849,718</u>	<u>\$ 1,097,146</u>
<u>\$ (9,985,995)</u>	<u>\$ (21,037)</u>	<u>\$ (511,034)</u>	<u>\$ (10,493,369)</u>
<u>11,980,083</u>	<u>48,661</u>	<u>2,514,377</u>	<u>24,773,680</u>
<u>\$ 1,994,088</u>	<u>\$ 27,624</u>	<u>\$ 2,003,343</u>	<u>\$ 14,280,311</u>

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
For the Year Ended October 31, 2004

Net change in fund balances -  
total governmental funds \$(10,493,369)

The change in net assets reported for  
governmental activities in the statement  
of activities is different because:

Governmental funds report capital outlays  
as expenditures. However, in the statement  
of activities the cost of those assets is  
allocated over their estimated useful lives  
and reported as depreciation expense.

Capital outlay	\$ 1,009,356	
Depreciation expense	<u>(2,173,413)</u>	(1,164,057)

The net effect of various miscellaneous  
transactions involving capital assets,  
such as sales, trade-ins, and donations,  
is to decrease net assets.

(376,423)

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

Sales taxes		9,797
-------------	--	-------

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

Bond proceeds	\$ (58,744)	
Principal payments	<u>2,142,879</u>	2,084,135

(continued)

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES (CONTINUED)  
For the Year Ended October 31, 2004

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

Bond issue costs amortized		\$	(40,034)
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Some expenses reported in the statement of  
activities do not require the use of  
current financial resources and therefore,  
are not reported as expenditures in  
governmental funds.

Decrease in accrued interest payable	\$	24,444	
Decrease in claims payable		401	
Decrease in compensated absences payable		<u>138,716</u>	<u>163,561</u>

Change in net assets of governmental activities			<u>\$ (9,816,390)</u>
--	--	--	-----------------------

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND  
October 31, 2004

ASSETS	<u>Sewerage</u>
<b>CURRENT ASSETS</b>	
Cash	\$ 700,092
Investments	3,572,803
Accounts receivable	215,846
Due from other funds	56,882
Due from other governmental agencies	<u>93,603</u>
Total current assets	<u>\$ 4,639,226</u>
<b>NONCURRENT ASSETS</b>	
Restricted investments	<u>\$ 850,000</u>
<b>CAPITAL ASSETS</b>	
Land	\$ 1,419,864
Buildings and improvements, net	25,947
Equipment, net	630,036
Sewer plant, net	12,947,972
Construction in process	<u>16,805,519</u>
Total capital assets	<u>\$31,829,338</u>
Total assets	<u>\$37,318,564</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 232,603
Retainage payable	17,914
Accrued liabilities	43,340
Due to other funds	47,637
Accrued compensated absences	<u>5,572</u>
Total current liabilities	<u>\$ 347,066</u>
<b>NONCURRENT LIABILITIES</b>	
Accrued compensated absences	\$ 108,378
DEQ revolving loan fund advances	<u>60,517</u>
Total noncurrent liabilities	<u>\$ 168,895</u>
Total liabilities	<u>\$ 515,961</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$31,768,821
Unrestricted	<u>5,033,782</u>
Total net assets	<u>\$36,802,603</u>
Total liabilities and net assets	<u>\$37,318,564</u>

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET ASSETS  
PROPRIETARY FUND  
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND  
For the Year Ended October 31, 2004

	<u>Sewerage</u>
Operating revenues:	
Charges for services -	
Customers	\$ 3,898,185
Parish Government under cooperative agreement	276,272
Miscellaneous	<u>1,534</u>
Total operating revenues	<u>\$ 4,175,991</u>
Operating expenses:	
Cost of services rendered	\$ 2,987,010
Depreciation	<u>617,885</u>
Total operating expenses	<u>\$ 3,604,895</u>
Operating income	<u>\$ 571,096</u>
Nonoperating revenues (expenses):	
Investment income	\$ 71,652
Loss on disposal of assets	<u>(240)</u>
Total nonoperating revenues (expenses)	<u>\$ 71,412</u>
Income (loss) before contributions and transfers	\$ 642,508
Capital contributions	10,871,856
Transfers in	206,620
Transfers out	<u>(669,917)</u>
Change in net assets	\$11,051,067
Net assets, beginning	<u>25,751,536</u>
Net assets, ending	<u>\$36,802,603</u>

See Notes to Financial Statements.



CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND  
For the Year Ended October 31, 2004

	<u>Sewerage</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,893,410
Receipts under cooperative agreement	252,604
Payments to suppliers for goods and services	(2,113,256)
Payments to employees	(1,114,967)
Other receipts	<u>1,534</u>
Net cash provided (used) by operating activities	<u>\$ 919,325</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	\$ 206,620
Transfers out	<u>(669,917)</u>
Net cash provided (used) by noncapital financial activities	<u>\$ (463,297)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase and construction of capital assets	\$ (366,808)
DEQ revolving loan fund advances	<u>60,517</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (306,291)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	\$ (441,653)
Investment income	<u>71,652</u>
Net cash provided (used) by investing activities	<u>\$ (370,001)</u>
Net increase (decrease) in cash and cash equivalents	\$ (220,264)
Balance, beginning of year	<u>920,356</u>
Balance, ending of year	<u><u>\$ 700,092</u></u>

(continued)

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUND  
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND  
For the Year Ended October 31, 2004

	<u>Sewerage</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 571,096
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	617,885
Change in assets and liabilities:	
Receivables	(4,775)
Due from other governmental agencies	(23,668)
Due from other funds	(56,882)
Accounts and other payables	(212,742)
Due to other funds	<u>28,411</u>
Net cash provided (used) by operating activities	<u>\$ 919,325</u>
Noncash investing, capital and financing activities:	
Capital assets contributed	<u>\$10,871,856</u>

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
October 31, 2004

ASSETS	Pension Trust Funds	Agency Funds
Cash	\$ 121,867	\$ 93,031
Investments	1,380,563	-
Due from external parties	-	10,000
Total assets	<u>\$1,502,430</u>	<u>\$ 103,031</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Cash overdraft	\$ 5,707	\$ -
Accounts payable	-	29,204
Held for others pending court action	-	51,392
Due to external parties	-	22,435
Total liabilities	<u>\$ 5,707</u>	<u>\$ 103,031</u>
Net assets:		
Held in trust for pension benefits	\$1,496,723	\$ -0-
Total liabilities and net assets	<u>\$1,502,430</u>	<u>\$ 103,031</u>

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For the Year Ended October 31, 2004

	<u>Pension Trust Funds</u>
Additions:	
Fire insurance rebate	\$ 94,707
Investment income	26,427
Other	<u>72,444</u>
Total additions	<u>\$ 193,578</u>
Deductions:	
Benefit payments	\$ 33,770
Other	<u>276,640</u>
Total deductions	<u>\$ 310,410</u>
Change in net assets	\$ (116,832)
Net assets, beginning	<u>1,613,555</u>
Net assets, ending	<u>\$1,496,723</u>

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

COMBINING STATEMENT OF NET ASSETS  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
October 31, 2004

ASSETS	City Court of New Iberia	New Iberia City Marshal	Iberia Home Mortgage Authority	Total
Cash	\$ 88,874	\$ 77,394	\$ 46,544	\$ 212,812
Investments	-	-	93,442	93,442
Accrued interest receivable	-	-	5,454	5,454
Mortgage loans receivable	-	-	636,502	636,502
Accounts receivable	-	3,495	-	3,495
Due from external parties	22,435	-	-	22,435
Prepaid items	-	-	711	711
Unamortized debt issue costs	-	-	27,243	27,243
Capital assets, net of accumulated depreciation	<u>9,435</u>	<u>2,790</u>	<u>-</u>	<u>12,225</u>
Total assets	<u>\$ 120,744</u>	<u>\$ 83,679</u>	<u>\$ 809,896</u>	<u>\$1,014,319</u>
 LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 1,668	\$ -	\$ -	\$ 1,668
Accrued expenses	-	-	16,055	16,055
Due to external parties	10,000	-	-	10,000
Long-term liabilities - Portion due or payable within one year:				
Bonds payable	-	-	77,086	77,086
Portion due or payable after one year:				
Bonds payable	<u>-</u>	<u>-</u>	<u>606,414</u>	<u>606,414</u>
Total liabilities	<u>\$ 11,668</u>	<u>\$ -0-</u>	<u>\$ 699,555</u>	<u>\$ 711,223</u>
 Net Assets:				
Invested in capital assets, net of related debt	\$ 9,435	\$ 2,790	\$ -	\$ 12,225
Unrestricted	<u>99,641</u>	<u>80,889</u>	<u>110,341</u>	<u>290,871</u>
Total net assets	<u>\$ 109,076</u>	<u>\$ 83,679</u>	<u>\$ 110,341</u>	<u>\$ 303,096</u>
Total liabilities and net assets	<u>\$ 120,744</u>	<u>\$ 83,679</u>	<u>\$ 809,896</u>	<u>\$1,014,319</u>

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

COMBINING STATEMENT OF ACTIVITIES  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
October 31, 2004

	<u>City Court of New Iberia</u>	<u>New Iberia City Marshal</u>	<u>Iberia Home Mortgage Authority</u>	<u>Total</u>
Expenses	\$ 367,066	\$ 92,259	\$ 86,862	\$ 546,187
Program revenues:				
Fees and fines	<u>301,504</u>	<u>43,861</u>	<u>-</u>	<u>345,365</u>
Net program (expenses) revenue	<u>\$ (65,562)</u>	<u>\$ (48,398)</u>	<u>\$ (86,862)</u>	<u>\$ (200,822)</u>
General revenues:				
Investment earnings	\$ 550	\$ -	\$ 80,734	\$ 81,284
Other general revenues	<u>2,894</u>	<u>-</u>	<u>-</u>	<u>2,894</u>
Total general revenues	<u>\$ 3,444</u>	<u>\$ -0-</u>	<u>\$ 80,734</u>	<u>\$ 84,178</u>
Change in net assets	\$ (62,118)	\$ (48,398)	\$ (6,128)	\$ (116,644)
Net assets, beginning	<u>171,194</u>	<u>132,077</u>	<u>116,469</u>	<u>419,740</u>
Net assets, ending	<u>\$ 109,076</u>	<u>\$ 83,679</u>	<u>\$ 110,341</u>	<u>\$ 303,096</u>

See Notes to Financial Statements.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

Reporting entity:

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

Primary government -

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

Component units -

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

## NOTES TO FINANCIAL STATEMENTS

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

The following are component units of the City.

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

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

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

Complete financial statements of the above component units that issue separate financial statements can be obtained at the office of the Legislative Auditor of the State of Louisiana, 1600 North 3rd, Baton Rouge, Louisiana 70802.



## NOTES TO FINANCIAL STATEMENTS

### Basis of presentation:

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

### Government-wide financial statements -

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

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

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

## NOTES TO FINANCIAL STATEMENTS

The City does not allocate indirect costs.

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

### Fund financial statements -

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

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

The City reports the following major governmental funds:

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

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

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

**Construction Fund** - This fund is used to account for the proceeds from General Obligation bonds issued in prior years to construct a new wastewater facility.

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

The City reports the following major enterprise fund:

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

## NOTES TO FINANCIAL STATEMENTS

In addition, the City reports the following:

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

Agency Funds - These funds account for assets held by the City to cover estimated court costs in connection with criminal and civil suits.

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

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

Basis of accounting:

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

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

## NOTES TO FINANCIAL STATEMENTS

### Governmental fund financial statements -

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

### Cash and cash equivalents:

Cash includes amounts in interest-bearing demand deposits and on hand. The cash balances of all funds are pooled by the City. For purposes of statements of cash flows, highly liquid investments (including restricted assets) with an original maturity of three months or less are considered to be cash equivalents. The City has no cash equivalents at October 31, 2004.

### Investments:

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

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

NOTES TO FINANCIAL STATEMENTS

Interfund receivables and payables:

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

Prepaid items:

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

Receivables:

All receivables are considered collectible and accordingly there is no allowance for doubtful accounts at October 31, 2004.

Bond discounts/issuance costs:

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

Restricted assets:

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

Fixed assets:

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

Government-wide statements -

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

NOTES TO FINANCIAL STATEMENTS

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

	<u>Years</u>
Buildings and improvements	10 - 40
Equipment	5 - 15
Infrastructure	20 - 50
Sewer plant	5 - 35

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Total interest incurred for the year ended October 31, 2004 was \$1,101,300, all of which was expensed in the governmental fund financial statements. However, \$287,536 of interest was capitalized as part of the wastewater treatment plant project in the Sewerage Fund with an offsetting amount recorded as a capital contribution. The total interest capitalized for the project is \$1,698,212.

Fund financial statements -

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

Compensated absences:

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

### Long-term debt:

*The accounting treatment of long-term debt depends on whether the debt relates to governmental or proprietary fund obligations and whether they are reported in the government-wide or fund financial statements.*

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, certificates of indebtedness, notes payable, claims payable, and accrued compensated absences.

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

NOTES TO FINANCIAL STATEMENTS

Equity classifications:

Government-wide statements -

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

- a. Invested in capital assets, net of related debt - Consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund financial statements -

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

Interfund transfers:

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

Use of estimates:

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



NOTES TO FINANCIAL STATEMENTS

Impairments:

The City evaluates long-term assets to be held and used for impairment when events or changes in economic circumstances indicate the carrying value of such assets may be unrecoverable. The City uses an estimate of the future undiscounted net cash flows to measure whether the assets are recoverable and measured for impairment by reference to fair value. Fair value is generally estimated using the City's expectations of discounted net cash flows. Long-term assets to be disposed of are carried at the lower of cost or fair value less the costs of disposal.

Note 2. Stewardship, Compliance and Accountability

The DEQ fund, a nonmajor governmental fund, has a deficit fund balance as of October 31, 2004 in the amount of \$60,075.

Note 3. Deposits and Investments

Deposits:

At year end, the carrying amount of the City's deposits, including demand deposit accounts and certificates of deposit, was \$20,916,213 and the bank balance was \$21,683,538. Of the bank balance, \$500,000 was covered by federal depository insurance and \$21,183,538 was covered by collateral held by the City's fiscal agent in the City's name. Of the carrying amount, \$282,590 is reported in the fiduciary funds.

Investments:

City of New Iberia's investments are categorized as either (1) insured or registered for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name. All of the City's investments are considered Category 1 at October 31, 2004 and are detailed below.

U.S. Treasury bonds	<u>\$1,219,840</u>
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The U.S. Treasury bonds are pledged as security for the notes payable to the Firefighters' Retirement System. They are reported in the fiduciary funds.

NOTES TO FINANCIAL STATEMENTS

In accordance with GASB Statement No. 31, the City recognized the net increase (decrease) in the fair value of investments for the year ended October 31, 2004 detailed below. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

2004 \$ (116,833)

Note 4. Interfund Balances

Interfund balances at October 31, 2004 consist of the following:

	Due From:					Total
	General	Sales Tax	Construction	Other Governmental Funds	Sewerage	
Due to:						
General	\$ -	\$795,307	\$ -	\$ 27,639	\$ -	\$ 822,946
Other						
Governmental						
Funds	156,595	-	-	8,069	56,882	221,546
Sewerage	-	-	47,637	-	-	47,637
	<u>\$156,595</u>	<u>\$795,307</u>	<u>\$ 47,637</u>	<u>\$ 35,708</u>	<u>\$ 56,882</u>	<u>\$1,092,129</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 5. Due From Other Governmental Agencies

Amounts due from other governmental agencies consist of the following at October 31, 2004:

Fund financial statements:

Governmental Funds -

Iberia Parish School Board:

Sales and use taxes collected but not remitted \$ 486,074

Other 295,332

Federal grant funds 263,297

State of Louisiana -

Federal pass-through grant funds 1,808

State grant funds 102,937

State shared revenue 13,330

Other 1,195

\$1,163,973

Proprietary Funds -

Iberia Parish Government:

Reimbursement for joint operations \$ 93,603

Government-wide financial statements:

The amount reported as due from other governmental agencies at October 31, 2004 consists of the following:

Total amount reported in:

Governmental Funds, from above \$1,163,973

Proprietary Funds, from above 93,603

Additional sales and use taxes due from

Iberia Parish School Board 879,035

\$2,136,611

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets and Depreciation

Capital asset activity for the year ended October 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated -				
Land	\$ 1,191,209	\$ 73,586	\$ (500)	\$ 1,264,295
Construction in process	-	<u>118,641</u>	-	<u>118,641</u>
Total capital assets not being depreciated	<u>\$ 1,191,209</u>	<u>\$ 192,227</u>	<u>\$ (500)</u>	<u>\$ 1,382,936</u>
Capital assets being depreciated -				
Land improvements	\$ 770,422	\$ 16,786	\$ (10,000)	\$ 777,208
Buildings and improvements	5,622,119	92,234	(35,678)	5,678,675
Equipment	6,991,142	522,653	(1,304,965)	6,208,830
Infrastructure	<u>51,426,699</u>	<u>185,456</u>	<u>-</u>	<u>51,612,155</u>
Total capital assets being depreciated	<u>\$ 64,810,382</u>	<u>\$ 817,129</u>	<u>\$ (1,350,643)</u>	<u>\$ 64,276,868</u>
Less accumulated depreciation for:				
Land improvements	\$ (384,215)	\$ (21,246)	\$ 7,443	\$ (398,018)
Buildings and improvements	(1,920,187)	(164,040)	13,290	(2,070,937)
Equipment	(3,921,256)	(589,370)	953,987	(3,556,639)
Infrastructure	<u>(26,272,008)</u>	<u>(1,398,757)</u>	<u>-</u>	<u>(27,670,765)</u>
Total accumulated depreciation	<u>\$ (32,497,666)</u>	<u>\$ (2,173,413)</u>	<u>\$ 974,720</u>	<u>\$ (33,696,359)</u>
Total capital assets being depreciated, net	<u>\$ 32,312,716</u>	<u>\$ (1,356,284)</u>	<u>\$ (375,923)</u>	<u>\$ 30,580,509</u>
Governmental activities capital assets, net	<u>\$ 33,503,925</u>	<u>\$ (1,164,057)</u>	<u>\$ (376,423)</u>	<u>\$ 31,963,445</u>

(continued)

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated -				
Land	\$ 1,419,864	\$ -	\$ -	\$ 1,419,864
Construction in process	<u>6,705,279</u>	<u>10,883,369</u>	<u>(783,129)</u>	<u>16,805,519</u>
Total capital assets not being depreciated	<u>\$ 8,125,143</u>	<u>\$10,883,369</u>	<u>\$ (783,129)</u>	<u>\$ 18,225,383</u>
Capital assets being depreciated -				
Buildings and improvements	\$ 51,574	\$ -	\$ -	\$ 51,574
Equipment	1,711,650	68,845	(98,850)	1,681,645
Sewer plant	<u>16,779,566</u>	<u>1,176,279</u>	<u>(1,147)</u>	<u>17,954,698</u>
Total capital assets being depreciated	<u>\$ 18,542,790</u>	<u>\$ 1,245,124</u>	<u>\$ (99,997)</u>	<u>\$ 19,687,917</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (24,516)	\$ (1,111)	\$ -	\$ (25,627)
Equipment	(1,023,153)	(127,066)	98,610	(1,051,609)
Sewer plant	<u>(4,518,165)</u>	<u>(489,708)</u>	<u>1,147</u>	<u>(5,006,726)</u>
Total accumulated depreciation	<u>\$ (5,565,834)</u>	<u>\$ (617,885)</u>	<u>\$ 99,757</u>	<u>\$ (6,083,962)</u>
Total capital assets being depreciated, net	<u>\$ 12,976,956</u>	<u>\$ 627,239</u>	<u>\$ (240)</u>	<u>\$ 13,603,955</u>
Business-type capital assets, net	<u>\$ 21,102,099</u>	<u>\$11,510,608</u>	<u>\$ (783,369)</u>	<u>\$ 31,829,338</u>

NOTES TO FINANCIAL STATEMENTS

Depreciation was charged to activities as follows:

Governmental activities:		
General government	\$	94,126
Public safety		477,284
Public works		103,974
Culture and recreation		96,507
Urban redevelopment and housing		1,770
Economic development and assistance		995
Infrastructure depreciation is unallocated		<u>1,398,757</u>
Total governmental activities depreciation expense		<u>\$2,173,413</u>
Business-type activities:		
Wastewater		<u>\$ 617,885</u>

Note 7. Long-Term Debt

General Obligation Bonds/Public Improvement Bonds/Certificates of Indebtedness

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

Long-term debt outstanding at October 31, 2004 is as follows:

	Issue <u>Date</u>	Final Maturity <u>Date</u>	Interest Rates	Balance Outstanding	Amount Due in One Year
Governmental activities:					
Payable from ad valorem taxes -					
General Obligation Refunding Bonds, Series 2001	2001	2012	4.35	\$ 670,000	\$ 75,000
General Obligation Bonds, Series 2002	2002	2024	4.20 - 5.20	9,440,000	300,000
General Obligation Bonds, Series 2003	2003	2025	3.80 - 4.80	<u>4,910,000</u>	<u>125,000</u>
				<u>\$15,020,000</u>	<u>\$ 500,000</u>

(continued)

NOTES TO FINANCIAL STATEMENTS

	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Balance</u> <u>Outstanding</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
Payable from sales taxes -					
Public Improvement					
Bonds	1995	2016	2.95	\$ 3,465,000	\$ 245,000
Public Improvement					
Bonds	1997	2016	2.95	1,380,000	95,000
Public Improvement					
Bonds	1999	2020	2.95	<u>2,393,164</u>	<u>120,000</u>
				<u>\$ 7,238,164</u>	<u>\$ 460,000</u>
Refunding certificates					
of indebtedness	2000	2009	1.10 - 2.40	\$ 400,000	\$ 75,000
Notes payable -					
Firefighters' retirement					
system	1988	2011	7.00	\$ 896,174	\$ 103,556
Firefighters' retirement					
system	1994	2013	7.00	<u>718,972</u>	<u>60,024</u>
				<u>\$ 1,615,146</u>	<u>\$ 163,580</u>
Other liabilities -					
Accrued compensated					
absences				\$ 523,885	\$ 56,379
Claims payable				<u>103,423</u>	<u>17,160</u>
Total other liabilities				<u>\$ 627,308</u>	<u>\$ 73,539</u>
Total governmental					
activity debt				<u>\$24,900,618</u>	<u>\$1,272,119</u>
Business-type activities:					
DEQ revolving loan fund					
advances (See Note 17)				\$ 60,517	\$ -
Other liabilities -					
Accrued compensated absences				<u>113,950</u>	<u>5,572</u>
Total business-type					
activity debt				<u>\$ 174,467</u>	<u>\$ 5,572</u>

NOTES TO FINANCIAL STATEMENTS

The annual debt service requirements to maturity of all bonds and certificates outstanding at October 31, 2004 follows:

	General Obligation Bonds			Public Improvement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 500,000	\$ 676,896	\$ 1,176,896	\$ 460,000	\$ 224,507	\$ 684,507
2006	525,000	651,414	1,176,414	475,000	210,104	685,104
2007	545,000	624,801	1,169,801	490,000	195,245	685,245
2008	575,000	596,940	1,171,940	505,000	179,931	684,931
2009	605,000	567,601	1,172,601	525,000	174,064	699,064
2010 - 2014	3,280,000	2,386,834	5,666,834	2,875,000	602,209	3,477,209
2015 - 2019	3,790,000	1,638,934	5,428,934	1,875,000	165,338	2,040,338
2020 - 2024	4,820,000	664,954	5,484,954	33,164	655	33,819
2025 - 2026	380,000	8,550	388,550	-	-	-
	<u>\$15,020,000</u>	<u>\$ 7,816,924</u>	<u>\$22,836,924</u>	<u>\$ 7,238,164</u>	<u>\$ 1,752,053</u>	<u>\$ 8,990,217</u>

	Certificates of Indebtedness			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 75,000	\$ 7,528	\$ 82,528	\$ 163,580	\$ 113,060	\$ 276,640
2006	75,000	6,590	81,590	175,031	101,610	276,641
2007	80,000	5,352	85,352	187,283	89,357	276,640
2008	85,000	3,952	88,952	200,393	76,248	276,641
2009	85,000	2,040	87,040	214,420	62,220	276,640
2010 - 2014	-	-	-	674,439	99,546	773,985
2015 - 2019	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-
2025 - 2026	-	-	-	-	-	-
	<u>\$ 400,000</u>	<u>\$ 25,462</u>	<u>\$ 425,462</u>	<u>\$ 1,615,146</u>	<u>\$ 542,041</u>	<u>\$ 2,157,187</u>

	Total		
	Principal	Interest	Total
2005	\$ 1,198,580	\$ 1,021,991	\$ 2,220,571
2006	1,250,031	969,718	2,219,749
2007	1,302,283	914,755	2,217,038
2008	1,365,393	857,071	2,222,464
2009	1,429,420	805,925	2,235,345
2010 - 2014	6,829,439	3,088,589	9,918,028
2015 - 2019	5,665,000	1,804,272	7,469,272
2020 - 2024	4,853,164	665,609	5,518,773
2025 - 2026	380,000	8,550	388,550
	<u>\$24,273,310</u>	<u>\$10,136,480</u>	<u>\$34,409,790</u>



NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended October 31, 2004:

	Balance, 11/01/03	Additions	Reductions	Balance, 10/31/04
Governmental activities:				
General obligation bonds	\$16,490,000	\$ -	\$ 1,470,000	\$15,020,000
Public improvement bonds	7,629,420	58,744	450,000	7,238,164
Certificates of indebtedness	470,000	-	70,000	400,000
Notes payable	1,768,025	-	152,879	1,615,146
Accrued compensated absences	662,601	-	138,716	523,885
Claims payable	103,824	14,119	14,520	103,423
	<u>\$27,123,870</u>	<u>\$ 72,863</u>	<u>\$ 2,296,115</u>	<u>\$24,900,618</u>
Business-type activities:				
Accrued compensated absences	\$ 98,537	\$ 15,413	\$ -0-	\$ 113,950

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

Note 8. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to cover any claims related to these risks.

However, the City is self-insured for worker's compensation claims that were incurred prior to November 1, 1999.

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

Claims expenditures/expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Claims paid are recorded as expenditures/expenses against the General Fund insurance appropriation. Claims paid amounted to \$14,520 for the fiscal year. Long-term obligations that are not expected to be liquidated with expendable

NOTES TO FINANCIAL STATEMENTS

available resources are not reported in the fund financial statements. Such amounts, if any, are reported in the government-wide statements in accordance with the accrual basis of accounting.

At October 31, 2004, the amount of the worker's compensation benefits liability was \$103,423. This liability is the City's best estimate based on available information. Changes in the unpaid claims liability amount are as follows:

	<u>2004</u>	<u>2003</u>
Unpaid claims, beginning	\$ 103,824	\$ 175,781
Current year claims and changes in estimates	14,119	73,631
Claims paid	<u>(14,520)</u>	<u>(145,588)</u>
Unpaid claims, ending	<u>\$ 103,423</u>	<u>\$ 103,824</u>

Note 9. Designations of Fund Balance

Individual designations of the fund balances at October 31, 2004 in the fund financial statements are as follows:

	<u>General</u> <u>Fund</u>	<u>Garbage</u>	<u>Home</u> <u>Mortgage</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
Designated for:					
Subsequent year's expenditures	\$1,496,809	\$ 152,494	\$ -	\$ -	\$1,649,303
Capital improvements	<u>-</u>	<u>-</u>	<u>27,624</u>	<u>1,020,350</u>	<u>1,047,974</u>
	<u>\$1,496,809</u>	<u>\$ 152,494</u>	<u>\$ 27,624</u>	<u>\$ 1,020,350</u>	<u>\$2,697,277</u>

Note 10. Ad Valorem Taxes

Government-wide financial statements -

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

Fund financial statements -

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

NOTES TO FINANCIAL STATEMENTS

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

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

For the year ended October 31, 2004, taxes were levied on property with assessed valuations totaling \$139,628,514 and were dedicated as follows:

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

Total taxes levied during 2004, exclusive of homestead exemptions, were \$3,331,809. Taxes receivable at October 31, 2004 totaled \$15,417, all of which is considered uncollectible.

Note 11. Sales and Use Taxes

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

<u>Rate</u>	<u>Dedication</u>
1.00%	Support and maintenance of the police and fire departments, the construction and improvement of streets, bridges or sewerage and for any work of permanent public improvement, including the cost of construction and improving sewers and sewage disposal works, in the City of New Iberia.
0.25%	Operating, maintaining and improving the City's garbage and waste collection and disposal facilities and purchasing and acquiring the land and equipment necessary in connection with the operation of said facilities. This tax is in lieu of a monthly charge for residential garbage and waste collection and disposal.
0.25%	Supplement the cost of salaries of City employees, including benefits.

NOTES TO FINANCIAL STATEMENTS

Note 11. Sales and Use Taxes (Continued)

Rate	Dedication
0.25%	Supplement other sales tax revenues of the City to pay the cost of solid waste collection and disposal, including the cost of recycling. Ninety-five percent of the remaining proceeds is to be expended for the purpose of increasing the salaries of City employees.
0.25%	Supplement the cost of salary and benefit increases for firemen.

Note 12. Interfund Transfers

Interfund transfers for the year ended October 31, 2004 consist of the following:

	Transfers Out:						Total
	General	Sales Tax	Garbage	Other Governmental Funds	Sewerage	Pension Trust Funds	
Transfers in:							
General	\$ -	\$6,956,570	\$254,100	\$ 26,830	\$ -	\$ -	\$ 7,237,500
Other							
Governmental							
Funds	2,871,247	-	-	200,000	669,917	276,640	4,017,804
Sewerage	166,936	39,684	-	-	-	-	206,620
Pension							
Trust							
Funds	-	72,443	-	-	-	-	72,443
	<u>\$3,038,183</u>	<u>\$7,068,697</u>	<u>\$254,100</u>	<u>\$ 226,830</u>	<u>\$669,917</u>	<u>\$ 276,640</u>	<u>\$11,534,367</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 13. Employee Retirement Systems

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

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

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

Municipal Employees' Retirement System of Louisiana:

Plan description:

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

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system and under age sixty (60) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited service, at or after age 55 with 25 years of credited service or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

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

NOTES TO FINANCIAL STATEMENTS

Funding policy:

Plan members are required to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 15.00% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended October 31, 2004, 2003 and 2002 were \$343,437, \$242,852 and \$190,995, respectively, which equal the required contributions for each year.

State of Louisiana - Municipal Police Employees' Retirement System:

Plan description:

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

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing they do not have to pay social security and providing they meet the statutory criteria. Employees who retire at or after age 50 with at least 20 years of credited service or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produces the highest average. The System also provides disability and survivor benefits. Benefits are established by state statute.

The Municipal Police Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Suite 270, Baton Rouge, Louisiana 70809-7017.

Funding policy:

Plan members are required to contribute 7.50% of their annual covered salary and the City is required to contribute 15.25% as established by state statute. The City's contributions to the System for the years ending October 31, 2004, 2003 and 2002 were \$261,943, \$234,310 and \$181,437, respectively, which equal the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

State of Louisiana - Firefighters' Retirement System:

Plan description:

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

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

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

Funding policy:

Plan members are required to contribute 8.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 21.00% of covered payroll. The contribution requirements of Plan members are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ending October 31, 2004, 2003 and 2002 were \$437,145, \$267,494 and \$138,213, respectively, which equal the required contributions for each year.

Note 14. Contingent Liabilities

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

## NOTES TO FINANCIAL STATEMENTS

The City is a defendant in various lawsuits. According to legal counsel for the City, there is adequate insurance on all cases where monetary damages are sought, and in those cases where there is an excess liability question or no coverage, the City would be adequately protected by the sovereign immunity clause of the Louisiana Constitution.

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

Attempts to negotiate a settlement have been unsuccessful. Negotiations will continue even in the event that litigation is filed. There is great uncertainty regarding the dollar amount the Department of Justice may seek in penalty for past violations. The City's management and the City's attorney believe that if the City continues its efforts toward the design and construction of the new wastewater treatment plant and successfully places it into operation an amicable resolution, without litigation, could result. Due to the uncertainty regarding the amount, a provision for violations has not been made at October 31, 2004.

In response, the City has advised the Department of Justice and the State of its plans to construct a new wastewater treatment plant. This is necessary to achieve the water discharge parameters that are required by the Department per the Federal Clean Water Act and the Louisiana Water Pollution Control Act. The City is in the process of constructing the wastewater treatment plant.

### Note 15. Sewerage Fund

Public Improvement Bonds were issued to construct and/or improve the sewer system. These bonds are payable from sales and ad valorem taxes. The total outstanding at October 31, 2004 of \$21,588,164 is reflected as a liability of the governmental activities because they are general obligation bonds as opposed to sewer revenue bonds. If these were sewer revenue bonds, the liability would be reflected as a liability of the business-type activities. In addition, the assets constructed with these bond proceeds are properly reflected in the Sewerage Fund with an equal amount recorded as capital contributions.

The debt payments for the year ended October 31, 2004 related to these bonds were \$1,714,670. This amount consists of principal payments of \$825,000 and interest payments of \$889,670. These payments are reflected in the Debt Service Fund.



NOTES TO FINANCIAL STATEMENTS

For the year ended October 31, 2004, the City received \$58,744 of loan proceeds and expended \$9,918 on capital projects. This activity is reflected in the DEQ capital projects fund.

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

Note 16. DEQ Revolving Loan Fund Advances

During the fiscal year, the City Council approved a resolution to issue \$10,000,000 of Sewer Revenue Bonds, Series 2004, to the Louisiana Department of Environmental Quality (DEQ). The City has entered into a loan and pledge agreement with DEQ which allows the City to make draws of the \$10,000,000 commitment as construction funds are expended for wastewater plant construction. During the interim loan period, interest is payable semi-annually at an effective interest rate of 2.95%. Advances on the interim loan through October 31, 2004 were \$60,517.

Upon the earlier of the completion of the project or aggregate interim loan draws equal to the bond commitment, the permanent loan period will commence. Since the actual repayments are not determined until the permanent loan amount is established, future payments of annual principal maturities and semi-annual interest installments are not final and are not included in the maturity schedules of Sewer Revenue Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended October 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes -				
Ad valorem	\$ 882,500	\$ 882,500	\$ 984,141	\$ 101,641
Sales and use	1,413,000	1,413,000	1,408,638	(4,362)
Franchise	1,304,200	1,304,200	1,512,203	208,003
Licenses and permits -				
Occupational and liquor licenses	1,080,000	1,080,000	1,168,711	88,711
Fees and permits	208,500	208,500	226,167	17,667
Intergovernmental -				
Federal grants	91,521	88,521	97,271	8,750
State grants	1,935,495	88,145	155,000	66,855
State shared revenues:				
Beer taxes	51,000	51,000	58,221	7,221
Horse race track fees	130,000	130,000	128,025	(1,975)
Charges for services	15,000	15,000	11,945	(3,055)
Fines and forfeitures	182,000	182,000	37,306	(144,694)
Investment income	137,500	137,500	92,603	(44,897)
Miscellaneous	107,145	102,645	159,011	56,366
 Total revenues	 \$ 7,537,861	 \$ 5,683,011	 \$ 6,039,242	 \$ 356,231
 <b>Expenditures:</b>				
Current -				
General government	\$ 1,747,121	\$ 1,814,821	\$ 1,695,347	\$ 119,474
Public safety	7,709,158	8,001,450	8,287,779	(286,329)
Public works	3,100	3,100	475	2,625
Culture and recreation	39,840	44,840	35,518	9,322
Economic development and assistance	222,369	222,369	174,269	48,100
Capital outlay	2,258,778	448,100	458,569	(10,469)
 Total expenditures	 \$11,980,366	 \$10,534,680	 \$10,651,957	 \$ (117,277)
 Deficiency of revenues over expenditures	 \$ (4,442,505)	 \$ (4,851,669)	 \$ (4,612,715)	 \$ 238,954

(continued)

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
For the Year Ended October 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other financing sources (uses):				
Transfers in	\$ 6,901,539	\$ 7,837,319	\$ 7,237,500	\$ (599,819)
Transfers out	(3,332,933)	(3,572,342)	(3,038,183)	534,159
Sale of capital assets	5,000	295,383	370,908	75,525
Total other financing sources (uses)	<u>\$ 3,573,606</u>	<u>\$ 4,560,360</u>	<u>\$ 4,570,225</u>	<u>\$ 9,865</u>
Net change in fund balance	\$ (868,899)	\$ (291,309)	\$ (42,490)	\$ 248,819
Fund balance, beginning	<u>868,899</u>	<u>291,309</u>	<u>4,033,590</u>	<u>3,742,281</u>
Fund balance, ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,991,100</u>	<u>\$3,991,100</u>

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE  
SALES TAX FUND  
For the Year Ended October 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes -				
Sales and use	\$ 7,173,000	\$ 6,767,300	\$ 7,043,189	\$ 275,889
Investment income	<u>182,000</u>	<u>182,000</u>	<u>85,008</u>	<u>(96,992)</u>
Total revenues	\$ 7,355,000	\$ 6,949,300	\$ 7,128,197	\$ 178,897
Expenditures:				
Current -				
General government	<u>61,700</u>	<u>61,700</u>	<u>58,412</u>	<u>3,288</u>
Excess of revenues over expenditures	\$ 7,293,300	\$ 6,887,600	\$ 7,069,785	\$ 182,185
Other financing uses:				
Transfers out	<u>(6,744,879)</u>	<u>(7,743,659)</u>	<u>(7,068,697)</u>	<u>674,962</u>
Net change in fund balance	<u>\$ 548,421</u>	<u>\$ (856,059)</u>	\$ 1,088	<u>\$ 857,147</u>
Fund balance, beginning			<u>5,827,330</u>	
Fund balance, ending			<u>\$ 5,828,418</u>	

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE  
GARBAGE FUND  
For the Year Ended October 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Taxes -				
Sales and use	\$ 2,826,000	\$ 2,707,000	\$2,817,276	\$ 110,276
Investment income	40,500	40,500	23,429	(17,071)
Miscellaneous	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Total revenues	<u>\$ 2,911,500</u>	<u>\$ 2,792,500</u>	<u>\$2,885,705</u>	<u>\$ 93,205</u>
<b>Expenditures:</b>				
Current -				
General government	\$ 24,700	\$ 24,700	\$ 23,409	\$ 1,291
Public works	<u>2,509,297</u>	<u>2,509,297</u>	<u>2,542,097</u>	<u>(32,800)</u>
Total expenditures	<u>\$ 2,533,997</u>	<u>\$ 2,533,997</u>	<u>\$2,565,506</u>	<u>\$ (31,509)</u>
Excess of revenues over expenditures	\$ 377,503	\$ 258,503	\$ 320,199	\$ 61,696
<b>Other financing uses:</b>				
Transfers out	<u>(254,100)</u>	<u>(254,100)</u>	<u>(254,100)</u>	<u>-</u>
Net change in fund balance	<u>\$ 123,403</u>	<u>\$ 4,403</u>	\$ 66,099	<u>\$ 61,696</u>
Fund balance, beginning			<u>369,639</u>	
Fund balance, ending			<u>\$ 435,738</u>	

CITY OF NEW IBERIA, LOUISIANA  
NEW IBERIA, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES

Budgetary data:

Budgeting policy -

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

1. At least 60 days prior to the beginning of each fiscal year, the Mayor is required to submit to the City Council a proposed budget in the form required by the Charter.
2. A public hearing is required to be conducted to obtain taxpayer comments and notice thereof is published in the official journal at least 10 days prior to such hearing. The notification is to include the time and place of the public hearing in addition to a general summary of the proposed budget.
3. Final adoption of the budget is required to be not later than October 31 of the fiscal year for the ensuing fiscal year.
4. Formal budgetary integration is employed as a management control device during the year for all funds. No payment can be made or obligated against any appropriation unless the Mayor or her designee first certifies that sufficient unencumbered funds are or will be available to meet the obligation when it becomes due and payable. In practice, this has generally been interpreted (due to the flexibility for intra departmental transfer of line item appropriations) to mean control at the departmental/fund level.
5. Those budgets which the City adopts are on a basis consistent with generally accepted accounting principles as applied to governmental units.
6. All appropriations, except for capital outlays, lapse at the close of the fiscal year to the extent that they have not been expended or encumbered. Appropriations for capital outlays lapse after completion of the project.

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

Excess of expenditures over appropriations in individual funds:

The following funds had an excess of expenditures over appropriations:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 10,534,680	\$ 10,651,957	\$117,277
Garbage Fund	\$ 2,533,997	\$ 2,565,506	\$ 31,509



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OTHER SUPPLEMENTARY INFORMATION

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
October 31, 2004

ASSETS	Special Revenue			
	Parks and Recreation	Public Works	Section 8 Housing Voucher Program	Disaster Relief
Cash	\$ 71,073	\$ 150,250	\$ 9,118	\$ 171,615
Investments	-	-	-	244,923
Due from other funds	20,776	14,932	-	-
Due from other governmental agencies	1,195	-	32,919	-
Total assets	\$ 93,044	\$ 165,182	\$ 42,037	\$ 416,538
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	69,225	131,814	821	-
Retainage payable	-	-	-	-
Accrued expenses	23,819	33,368	3,105	-
Due to other funds	-	-	-	8,069
Due to other governmental agencies	-	-	7,151	12,900
Total liabilities	\$ 93,044	\$ 165,182	\$ 11,077	\$ 20,969
Fund balances:				
Reserved for -				
Debt service	\$ -	\$ -	\$ -	\$ -
Unreserved -				
Designated for capital projects	-	-	-	-
Undesignated	-	-	30,960	395,569
Total fund balances	\$ -0-	\$ -0-	\$ 30,960	\$ 395,569
Total liabilities and fund balances	\$ 93,044	\$ 165,182	\$ 42,037	\$ 416,538

Debt Service	Capital Projects			
		1983 Bond Issue		
Debt Service	City Hall Improvements	1000M Sewerage	500M Drainage	500M Street
\$ 773,134	\$ -	\$ -	\$ 767,317	\$ 342
-	-	258,987	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 773,134</u>	<u>\$ -0-</u>	<u>\$ 258,987</u>	<u>\$ 767,317</u>	<u>\$ 342</u>
\$ -	\$ -	\$ 6,296	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
156,595	-	-	-	-
-	-	-	-	-
<u>\$ 156,595</u>	<u>\$ -0-</u>	<u>\$ 6,296</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ 616,539	\$ -	\$ -	\$ -	\$ -
-	-	252,691	767,317	342
-	-	-	-	-
<u>\$ 616,539</u>	<u>\$ -0-</u>	<u>\$ 252,691</u>	<u>\$ 767,317</u>	<u>\$ 342</u>
<u>\$ 773,134</u>	<u>\$ -0-</u>	<u>\$ 258,987</u>	<u>\$ 767,317</u>	<u>\$ 342</u>

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CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
October 31, 2004

ASSETS	<u>DEQ</u>	<u>CDBG</u>	<u>Total</u>
Cash	\$ 12,697	\$ -	\$1,955,546
Investments	-	-	503,910
Due from other funds	-	-	35,708
Due from other governmental agencies	-	-	<u>34,114</u>
Total assets	<u>\$ 12,697</u>	<u>\$ -0-</u>	<u>\$2,529,278</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Cash overdraft	\$ -	\$ -	\$ 6,296
Accounts payable	5,972	-	207,832
Retainage payable	9,918	-	9,918
Accrued expenses	-	-	60,292
Due to other funds	56,882	-	221,546
Due to other governmental agencies	-	-	<u>20,051</u>
Total liabilities	<u>\$ 72,772</u>	<u>\$ -0-</u>	<u>\$ 525,935</u>
Fund balances:			
Reserved for -			
Debt Service	\$ -	\$ -	\$ 616,539
Unreserved -			
Designated for capital projects	-	-	1,020,350
Undesignated	<u>(60,075)</u>	<u>-</u>	<u>366,454</u>
Total fund balances	<u>\$(60,075)</u>	<u>\$ -0-</u>	<u>\$2,003,343</u>
Total liabilities and fund balances	<u>\$ 12,697</u>	<u>\$ -0-</u>	<u>\$2,529,278</u>

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CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended October 31, 2004

	Special Revenue			
	Parks and Recreation	Public Works	Section 8 Housing Voucher Program	Disaster Relief
Revenues:				
Taxes -				
Ad valorem	\$ 410,408	\$ 478,392	\$ -	\$ -
Intergovernmental -				
Federal grants	-	-	1,215,266	-
State grants	1,892	-	-	-
Other	-	6,588	600	-
Charges for services	223,670	-	-	-
Investment income	-	-	2,754	5,643
Miscellaneous	20,850	2,493	-	-
Total revenues	\$ 656,820	\$ 487,473	\$ 1,218,620	\$ 5,643
Expenditures:				
Current -				
General government	\$ -	\$ -	\$ -	\$ -
Public works	-	2,147,280	-	2,591
Culture and recreation	1,292,993	-	-	-
Urban redevelopment and housing	-	-	1,175,343	-
Debt service -				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	202,148	451,590	-	-
Total expenditures	\$ 1,495,141	\$ 2,598,870	\$ 1,175,343	\$ 2,591
Excess (deficiency) of revenues over expenditures	\$ (838,321)	\$ (2,111,397)	\$ 43,277	\$ 3,052
Other financing sources (uses):				
Transfers in	\$ 838,321	\$ 2,111,397	\$ -	\$ -
Transfers out	-	-	(26,830)	-
Proceeds from issuance of debt	-	-	-	-
Total other financing sources (uses)	\$ 838,321	\$ 2,111,397	\$ (26,830)	\$ -0-
Net change in fund balances	\$ -0-	\$ -0-	\$ 16,447	\$ 3,052
Fund balances, beginning	-	-	14,513	392,517
Fund balances, ending	\$ -0-	\$ -0-	\$ 30,960	\$ 395,569

<u>Debt Service</u>	<u>Capital Projects</u>				
	<u>City Hall Improvements</u>	<u>1983 Bond Issue</u>		<u>500M Street</u>	
<u>Debt Service</u>		<u>1000M Sewerage</u>	<u>500M Drainage</u>		
\$ 1,446,372	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	424,974	-	
12,208	-	4,736	3,893	342	C
-	-	-	-	-	
<u>\$ 1,458,580</u>	<u>\$ -0-</u>	<u>\$ 4,736</u>	<u>\$ 428,867</u>	<u>\$ 342</u>	O
					N
\$ -	\$ 5,906	\$ -	\$ -	\$ -	T
-	-	-	52,560	-	I
-	-	-	-	-	N
-	-	-	-	-	
2,142,879	-	-	-	-	U
1,101,300	-	-	-	-	
-	-	-	-	-	D
<u>\$ 3,244,179</u>	<u>\$ 5,906</u>	<u>\$ -0-</u>	<u>\$ 52,560</u>	<u>\$ -0-</u>	
\$ (1,785,599)	\$ (5,906)	\$ 4,736	\$ 376,307	\$ 342	
\$ 1,024,855	\$ 5,906	\$ -	\$ -	\$ -	
-	-	-	(200,000)	-	
-	-	-	-	-	
<u>\$ 1,024,855</u>	<u>\$ 5,906</u>	<u>\$ -0-</u>	<u>\$ (200,000)</u>	<u>\$ -0-</u>	
\$ (760,744)	\$ -0-	\$ 4,736	\$ 176,307	\$ 342	
1,377,283	-	247,955	591,010	-	
<u>\$ 616,539</u>	<u>\$ -0-</u>	<u>\$ 252,691</u>	<u>\$ 767,317</u>	<u>\$ 342</u>	



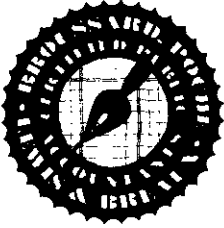
CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended October 31, 2004

	<u>DEQ</u>	<u>CDBG</u>	<u>Total</u>
<b>Revenues:</b>			
Taxes -			
Ad valorem	\$ -	\$ -	\$ 2,335,172
Intergovernmental -			
Federal grants	-	303,606	1,518,872
State grants	-	-	1,892
Other	-	-	432,162
Charges for services	-	-	223,670
Investment income	-	-	29,576
Miscellaneous	-	-	23,343
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total revenues	\$ -0-	\$303,606	\$ 4,564,687
<b>Expenditures:</b>			
Current -			
General government	\$ -	\$ -	\$ 5,906
Public works	9,918	48,555	2,260,904
Culture and recreation	-	-	1,292,993
Urban redevelopment and housing	-	-	1,175,343
Debt service -			
Principal retirement	-	-	2,142,879
Interest and fiscal charges	-	-	1,101,300
Capital outlay	-	292,376	946,114
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total expenditures	\$ 9,918	\$340,931	\$ 8,925,439
Excess (deficiency) of revenues over expenditures	\$ (9,918)	\$ (37,325)	\$ (4,360,752)
<b>Other financing sources (uses):</b>			
Transfers in	\$ -	\$ 37,325	\$ 4,017,804
Transfers out	-	-	(226,830)
Proceeds from issuance of debt	58,744	-	58,744
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total other financing sources (uses)	\$ 58,744	\$ 37,325	\$ 3,849,718
Net change in fund balances	\$ 48,826	\$ -0-	\$ (511,034)
Fund balances, beginning	(108,901)	-	2,514,377
Fund balances, ending	\$ (60,075)	\$ -0-	\$ 2,003,343

COMPLIANCE AND OTHER GRANT INFORMATION

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

CERTIFIED PUBLIC ACCOUNTANTS

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(337) 783-0650

Church Point, LA  
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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

To the City of New Iberia  
New Iberia, Louisiana

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

### **Retired:**

Sidney L. Broussard, CPA\* 1980  
Leon K. Poché, CPA 1984  
James H. Breaux, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberly, CPA\* 1995  
Rodney L. Savoy, CPA\* 1996  
Larry G. Broussard, CPA\* 1997  
Lawrence A. Cramer, CPA\* 1999  
Michael P. Crochet, CPA\* 1999  
Ralph Friend, CPA 2002  
Eugene C. Gilder, CPA\* 2004

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of New Iberia as of and for the year ended October 31, 2004, which collectively comprise the basic financial statements of the City and have issued our report thereon dated February 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Compliance**

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

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered City of New Iberia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we

consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of New Iberia's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item #2004-1.

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

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

*Broussard, Poche, Lewis + Bureau, L.L.P.*  
New Iberia, Louisiana  
February 2, 2005



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

CERTIFIED PUBLIC ACCOUNTANTS

146 W. Main St. • P. O. Box 9631 • New Iberia, Louisiana 70562-9631

phone: (337) 364-4554 • fax: (337) 364-6664 • www.bplb.com

### Other Offices:

Lafayette, LA  
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Opelousas, LA  
(337) 942-5217

Abbeville, LA  
(337) 898-1497

Crowley, LA  
(337) 783-0650

Church Point, LA  
(337) 684-2855

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

To the City of New Iberia  
New Iberia, Louisiana

### Compliance

We have audited the compliance of City of New Iberia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended October 31, 2004. City of New Iberia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of New Iberia's management. Our responsibility is to express an opinion on City of New Iberia's compliance based on our audit.

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

In our opinion, City of New Iberia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 2004.

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

### Retired:

Sidney L. Broussard, CPA\* 1980  
Leon K. Poché, CPA 1984  
James H. Breaux, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberly, CPA\* 1995  
Rodney L. Savoy, CPA\* 1996  
Larry G. Broussard, CPA\* 1997  
Lawrence A. Cramer, CPA\* 1999  
Michael P. Crochet, CPA\* 1999  
Ralph Friend, CPA 2002  
Eugene C. Gilder, CPA\* 2004

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

### Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect City of New Iberia's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item #2004-2.

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

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

*Broussard, Poche, Lewis & Breau, L.L.P.*

New Iberia, Louisiana  
February 2, 2005

## CITY OF NEW IBERIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended October 31, 2004

## Section I. Summary of Auditors' Results

*Financial Statements*

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

## Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

Yes  No

*Federal Awards*

## Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

Yes  No

## Identification of major programs:

CFDA Number

14.228

Name of Federal ProgramCommunity Development  
Block Grant - States  
Program

14.871

Section 8 Housing Choice  
Voucher Program



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

Auditee qualified as low-risk auditee?       Yes       No

Section II.      Financial Statement Findings

**#2004-1 Cash Collections**

Finding:      Based on our review of cash collections, additional procedures should be implemented to strengthen internal controls in the Parks and Recreation Department. Cashiers are responsible for collecting, preparing of deposit tickets and depositing of funds. Because one individual could handle a transaction from start to finish, this results in a weakness in controls.

Recommendation:      Because of problems which occurred during the year, controls were strengthened by requiring Parks and Recreation personnel to copy supporting documentation for cash collections and to submit that to accounting along with the deposit slip stamped by the bank. This information is used by accounting to reconcile to the bank statement deposits. However, because the collection function is not segregated from the deposit function, there still exists a weakness in controls. Additional controls should be implemented to segregate these functions.

Section III.      Federal Award Findings and Questioned Costs

**#2004-2 Section 8 Report**

Finding:      In testing Form HUD-52681, Voucher for Payment of Annual Contributions and Operating Statement, we were unable to agree the amounts reported on the form for several of the items to the City's general ledger balances.

Recommendation:      In the future, a procedure should be established requiring that there be a reconciliation between the amounts reported on the form to the amounts recorded in the general ledger.

CITY OF NEW IBERIA  
NEW IBERIA, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended October 31, 2004

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

**#2003-1 Cash Collections**

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

Current Status: Although controls were strengthened, a weakness still exists as reported at #2004-1.

Section II. Internal Control and Compliance Material to Federal Awards

**#2003-2 Section 8**

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

Current Status: A similar finding is reported in the current year at #2004-2.

Section III. Management Letter

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

CITY OF NEW IBERIA

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended October 31, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Assistance I.D. Number</u>	<u>Pass- Through Grantor's Number</u>
DIRECT PROGRAMS:			
U.S. Department of Housing and Urban Development - EDI Special Grant Section 8 Housing Assistance	14.246  14.871	B-02-SP-LA-0259  LA-165VO	N/A  N/A
U.S. Department of Justice - Local Law Enforcement Block Grants Program	16.592	2003-LB-BX-1691	N/A
U.S. Department of Environmental Protection Agency - Surveys, Studies, Investigations Special	66.606	XP-98695201-1	N/A
PASS-THROUGH PROGRAMS:			
U.S. Department of Environmental Protection Agency - State of Louisiana Department of Environmental Quality: Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	CS-22-1099-02
U.S. Department of Housing and Urban Development - Louisiana Division of Administration Community Development Block Grant Division: Block Grant-States Program	14.228	N/A	CFMS-588719
State Department of Social Services: Emergency Shelter Grant	14.231	N/A	CFMS-598097

<u>Total Current Year Expenditures</u>	<u>Total Amount Provided to Subrecipients</u>
\$ <u>49,576</u>	\$ <u>-0-</u>
\$ <u>1,215,266</u>	\$ <u>-0-</u>
\$ <u>13,634</u>	\$ <u>-0-</u>
\$ <u>205,855</u>	\$ <u>-0-</u>
\$ <u>58,744</u>	\$ <u>-0-</u>
\$ <u>303,606</u>	\$ <u>-0-</u>
\$ <u>5,580</u>	\$ <u>5,580</u>

(continued)

CITY OF NEW IBERIA

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 Year Ended October 31, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Assistance I.D. Number</u>	<u>Pass- Through Grantor's Number</u>
PASS-THROUGH PROGRAMS (CONTINUED):			
U.S. Department of Justice -			
Louisiana Commission of Law			
Enforcement and Administration			
of Criminal Justice:			
Probation Program to			
Reduce Recidivism	16.523	N/A	A02-8-052
Electronic Equipment	16.	N/A	P03-4-006
Multi-Jurisdictional			
Task Force	16.579	N/A	B03-4-004

<u>Total</u> <u>Current Year</u> <u>Expenditures</u>	<u>Total Amount</u> <u>Provided to</u> <u>Subrecipients</u>
\$ 8,585	\$ -0-
\$ 2,044	\$ -0-
\$ 17,852	\$ -0-
<u>\$ 1,880,742</u>	<u>\$ 5,580</u>

## CITY OF NEW IBERIA

NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
As of and For the Year Ended October 31, 2004

## Note 1. General

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

## Note 2. Relationship to Financial Statements

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

	<u>Federal Sources</u>
Major Governmental Fund:	
General Fund	\$ 97,271
Construction Fund	205,855
Other Governmental Funds:	
Section 8 Housing Voucher Program	1,215,266
CDBG	<u>303,606</u>
	<u>\$1,821,998</u>

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

Other Governmental Funds:	
DEQ	<u>\$ 58,744</u>

## Note 3. Relationship to Federal Financial Reports

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

## Note 4. Major Federal Awards

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

## CITY OF NEW IBERIA

SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS  
Year Ended October 31, 2004

Louis Brown	\$ 3,338
Georgiana Brown	7,768
Hilda Daigre Curry	11,400
Dan Doerle	11,400
Peggy Gerac	11,400
Nolan Pellerin, Jr.	13,200
Rocky Romero	11,400
Robert Suire	<u>11,400</u>
	<u>\$ 81,306</u>



*Hilda D. Curry*  
Mayor



April 28, 2005

Steve J. Theriot, CPA  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: City of New Iberia's Corrective Action Plan  
Fiscal Year Ending October 31, 2004

Dear Mr. Theriot,

The following is the City of New Iberia's corrective action plan in reference to the findings that were contained in the audit report for the City of New Iberia for the fiscal year ending October 31, 2004:

**2004-1 Cash Collections**

Procedures have been established in the Parks and Recreation Department requiring all monies to be deposited daily. Additional procedures have been implemented to strengthen internal controls by requiring supervisory involvement daily. Cashiers are responsible for collecting and preparing deposit tickets in duplicate. A supervisor is then required to verify the deposit and sign the deposit ticket. It is then placed in a tamper-proof deposit bag by the supervisor. The cashier then takes the deposit to the bank daily. Duplicate deposit slips, along with all supporting documentation is forwarded to the Finance Department daily and reconciled with the deposit receipt received from the bank. Checks will be issued for all refunds.

**2004-2 Section 8 Report**

Form HUD-52861, Voucher for Payment of Annual Contributions and Operating Statement, was incorrectly prepared by the Housing Grant Specialist. The City will have the Housing Grant Specialist review the year-end settlement statements and submit revised statement to HUD. In the future, the City Treasurer and Housing Grant Specialist will work together on preparing the report in insure the accuracy of its content.

Please advise if further information is needed.

Yours very truly,

*Hilda D. Curry*  
Hilda D. Curry  
Mayor

*The City of New Iberia*