

CITY OF EUNICE, LOUISIANA

Financial Report

Year Ended June 30, 2017

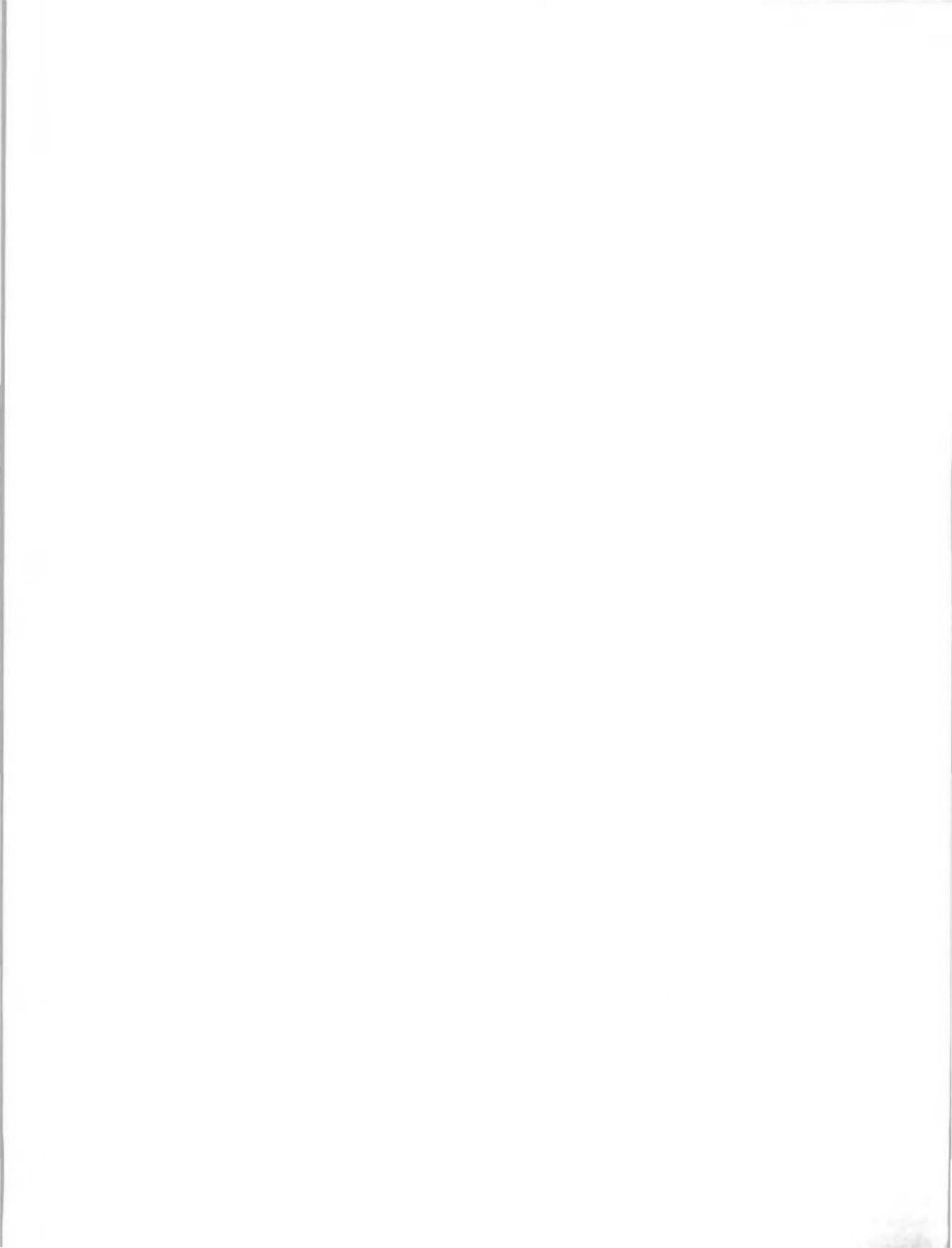


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VIGE, TUJAGUE  NOEL

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Scott Fontenot
and Members of the Council
City of Eunice, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Eunice, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eunice, Louisiana, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison and pension information listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

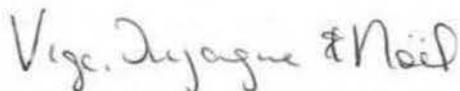
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eunice, Louisiana's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head, as listed in the table of contents, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedule of compensation, benefits, and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements

and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017, on our consideration of the City of Eunice, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Eunice, Louisiana's internal control over financial reporting and compliance.



Vige, Tujague & Noël
Eunice, Louisiana
December 7, 2017

BASIC FINANCIAL STATEMENTS

CITY OF EUNICE, LOUISIANA

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 5,927,625	\$ 74,928	\$ 6,002,553
Investments, at cost	500,000	-	500,000
Receivables (net of allowance for uncollectibles):			
Accounts	663,427	305,410	968,837
Taxes	458,022	-	458,022
Due from governmental units	156	-	156
Due from other funds	320,165	52,763	372,928
Prepaid Items	109,983	29,722	139,705
Restricted assets:			
Cash and cash equivalents	-	279,514	279,514
Capital assets:			
Depreciable (net)	10,786,649	7,307,178	18,093,827
Non-depreciable	1,312,065	-	1,312,065
Total assets	<u>20,078,092</u>	<u>8,049,515</u>	<u>28,127,607</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	<u>3,307,170</u>	<u>365,582</u>	<u>3,672,752</u>
Liabilities:			
Accounts payable	337,324	48,022	385,346
Accrued liabilities	157,655	67,074	224,729
Due to other funds	405,333	104	405,437
Compensated absences payable	56,247	17,995	74,242
Payable from restricted assets -			
Customers' deposits	-	364,235	364,235
Non-current liabilities			
Due within one year:			
Capital lease payable	94,303	-	94,303
Retirement stipend	5,753	-	5,753
Due in more than one year:			
Compensated absences	139,641	6,323	145,964
Retirement stipend	26,208	-	26,208
Net pension liability	8,810,883	1,071,573	9,882,456
Capital lease payable	51,557	-	51,557
Total liabilities:	<u>10,084,904</u>	<u>1,575,326</u>	<u>11,660,230</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	<u>860,633</u>	<u>68,406</u>	<u>929,039</u>
Net Position:			
Investment in capital, net of related debt	11,952,854	7,307,178	19,260,032
Restricted for prepaid items	109,983	-	109,983
Unrestricted	376,888	(535,813)	(158,925)
Total net position	<u>\$ 12,439,725</u>	<u>\$ 6,771,365</u>	<u>\$ 19,211,090</u>

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

CITY OF EUNICE, LOUISIANA
Statement of Activities
Year Ended June 30, 2017

Activities:	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Government activities:				
General government	\$ 2,386,742	\$ 555,531	\$ -	\$ -
Public safety:				
Police	2,649,719	44,589	6,134	-
Fire	1,433,470	-	-	-
Streets	1,259,431	-	-	-
Culture and recreation	1,028,157	72,776	-	-
Sanitation	29,169	-	-	-
Airport	129,851	-	-	276,596
Interest	2,215	-	-	-
Total government activities	<u>8,918,754</u>	<u>672,896</u>	<u>6,134</u>	<u>276,596</u>
Business type activities:				
Gas	1,238,804	1,132,042	-	136,730
Sewer	1,414,079	1,245,034	-	-
Total business-type activities	<u>2,652,883</u>	<u>2,377,076</u>	<u>-</u>	<u>136,730</u>
Total	<u>\$ 11,571,637</u>	<u>\$ 3,049,972</u>	<u>\$ 6,134</u>	<u>\$ 413,326</u>

General Revenues:

Taxes -

 Property taxes, levied for general purpose

 Sales and use taxes, levied for general purposes

 Payment in lieu of taxes

 Franchise and chain store taxes

Interest and investment earnings

Miscellaneous

Nonemployer pension contribution

Transfers

 Total general revenues and transfers

Change in net assets

Net position - June 30, 2016

Net position - June 30, 2017

Net (Expense) Revenues and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,831,211)	\$ -	\$ (1,831,211)
(2,598,996)	-	(2,598,996)
(1,433,470)	-	(1,433,470)
(1,259,431)	-	(1,259,431)
(955,381)	-	(955,381)
(29,169)	-	(29,169)
146,745	-	146,745
(2,215)	-	(2,215)
<u>(7,963,128)</u>	<u>-</u>	<u>(7,963,128)</u>
-	29,968	29,968
-	(169,045)	(169,045)
-	(139,077)	(139,077)
<u>(7,963,128)</u>	<u>(139,077)</u>	<u>(8,102,205)</u>
109,570	-	109,570
5,153,339	-	5,153,339
8,000	-	8,000
1,335,989	-	1,335,989
21,704	2,185	23,889
1,294,798	354	1,295,152
198,461	14,118	212,579
60,444	(60,444)	-
<u>8,183,759</u>	<u>(43,787)</u>	<u>8,139,972</u>
220,631	(182,864)	37,767
<u>12,219,094</u>	<u>6,954,229</u>	<u>19,173,323</u>
<u>\$ 12,439,725</u>	<u>\$ 6,771,365</u>	<u>\$ 19,211,090</u>

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

FUND FINANCIAL STATEMENTS (FFS)

CITY OF EUNICE, LOUISIANA
Balance Sheet - Governmental Funds
June 30, 2017

ASSETS	General Fund	Sales Tax Fund	St. Landry & Acadia Parish Fire District	Other Governmental Funds	Total
Cash and cash equivalents	\$ 652,529	\$ 5,013,902	\$ 216,247	\$ 44,947	\$ 5,927,625
Investments, at cost	-	500,000	-	-	500,000
Receivables (net of allowance for uncollectibles):					
Accounts	234,178	218,974	210,275	-	663,427
Taxes	15,175	-	-	-	15,175
Due from governmental units	156	-	-	-	156
Due from other funds	401,269	3,001	-	1,063	405,333
Prepaid items	109,983	-	-	-	109,983
Total assets	<u>\$ 1,413,290</u>	<u>\$ 5,735,877</u>	<u>\$ 426,522</u>	<u>\$ 46,010</u>	<u>\$ 7,621,699</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Account payable	\$ 163,878	\$ 173,446	\$ -	\$ -	\$ 337,324
Accrued liabilities	213,902	-	-	-	213,902
Due to other funds	91,175	525	398,801	-	490,501
Total liabilities	<u>468,955</u>	<u>173,971</u>	<u>398,801</u>	<u>-</u>	<u>1,041,727</u>
Fund balances:					
Nonspendable for prepaid items	109,983	-	-	-	109,983
Assigned	-	5,561,906	27,721	46,010	5,635,637
Unassigned	834,352	-	-	-	834,352
Total fund balances	<u>944,335</u>	<u>5,561,906</u>	<u>27,721</u>	<u>46,010</u>	<u>6,579,972</u>
Total liabilities and fund balances	<u>\$ 1,413,290</u>	<u>\$ 5,735,877</u>	<u>\$ 426,522</u>	<u>\$ 46,010</u>	<u>\$ 7,621,699</u>

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

CITY OF EUNICE, LOUISIANA
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2017

Total fund balances for governmental funds at June 30, 2017		\$ 6,579,972
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 1,312,065	
Building and Recreation, net of \$6,620,478 accumulated depreciation	5,694,080	
Infrastructure, net of \$1,723,787 accumulated depreciation	4,138,121	
Equipment, net of \$2,372,035 accumulated depreciation	438,547	
Vehicles, net of \$1,823,826 accumulated depreciation	515,901	12,098,714
Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds		
		442,847
Elimination of interfund assets and liabilities:		
Due from other funds	(85,168)	
Due to other funds	85,168	-
Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds		
		(6,364,346)
Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Those liabilities consist of:		
Compensated absences	(139,641)	
Retirement stipend payable	(31,961)	
Capital lease obligations	(145,860)	(317,462)
Total net position of governmental activities at June 30, 2017		\$ 12,439,725

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

CITY OF EUNICE, LOUISIANA
Statement of Revenues, Expenditures, and Change in
Fund Balances - Governmental Funds
Year Ended June 30, 2017

	General Fund	Sales Tax Fund	St. Landry & Acadia Parish Fire District	Other Governmental Funds	Total
Revenues					
Taxes	\$1,445,559	\$5,165,013	\$ -	\$ -	\$ 6,610,572
Licenses and permits	555,531	-	-	-	555,531
Intergovernmental revenues	331,753	276,596	410,022	7,644	1,026,015
Fines, forfeitures and bonds	39,769	-	-	4,820	44,589
Liberty Cajun Music Show	72,776	-	-	-	72,776
Interest	3,182	17,483	1,006	33	21,704
Miscellaneous	559,512	-	1	-	559,513
Total revenues	<u>3,008,082</u>	<u>5,459,092</u>	<u>411,029</u>	<u>12,497</u>	<u>8,890,700</u>
Expenditures					
Current - general government					
Administrative	1,716,457	101,412	-	1,956	1,819,825
Public safety	3,986,400	7,971	157,817	625	4,152,813
Public works	913,342	72,447	-	-	985,789
Health and welfare	6,559	-	-	-	6,559
Culture and recreation	657,876	254,510	-	-	912,386
Other	53,163	-	-	-	53,163
Capital outlay	-	1,638,746	-	-	1,638,746
Debt service:					
Principal retirement	-	97,173	-	-	97,173
Interest and fiscal charges	-	2,215	-	-	2,215
Total expenditures	<u>7,333,797</u>	<u>2,174,474</u>	<u>157,817</u>	<u>2,581</u>	<u>9,668,669</u>
Excess (deficiency) of revenues over expenditures	<u>(4,325,715)</u>	<u>3,284,618</u>	<u>253,212</u>	<u>9,916</u>	<u>(777,969)</u>
Other financing sources (uses):					
Operating transfers in	4,478,213	-	-	-	4,478,213
Operating transfers out	(74,168)	(3,889,594)	(454,007)	-	(4,417,769)
Proceeds from capital lease	-	152,053	-	-	152,053
Proceeds from sale of capital	1,454	-	-	-	1,454
Total other financing sources (uses)	<u>4,405,499</u>	<u>(3,737,541)</u>	<u>(454,007)</u>	<u>-</u>	<u>213,951</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	79,784	(452,923)	(200,795)	9,916	(564,018)
Fund balances, beginning	864,551	6,014,829	228,516	36,094	7,143,990
Fund balances, ending	<u>\$ 944,335</u>	<u>\$5,561,906</u>	<u>\$ 27,721</u>	<u>\$ 46,010</u>	<u>\$ 6,579,972</u>

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

CITY OF EUNICE, LOUISIANA
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2017

Total net changes in fund balance at June 30, 2017 per statement
 of revenues, expenditures and changes in fund balances \$ (564,018)

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

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

Capital outlay which is considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 1,638,746	
Depreciation expense for the year ended June 30, 2017	<u>(830,931)</u>	807,815

Payments on long term debt	102,213
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(11,674)
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Net effect of pension liability recognition	(23,833)
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Net effect of prepaid items	(7,434)
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Some items 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. These activities
 consist of:

Decrease in retirement stipend	91,749	
Increase in compensated absences	(22,134)	
Proceeds from capital lease	<u>(152,053)</u>	<u>(82,438)</u>

Total changes in net position at June 30, 2017 per statement of activities	<u>\$ 220,631</u>
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The accompanying notes are an integral part of the basic financial statements.

CITY OF EUNICE, LOUISIANA
Proprietary Fund
Statement of Net Position
June 30, 2017

	<u>Business-Type Enterprise fund</u>
Assets:	
Cash and cash equivalents	\$ 354,442
Receivables (net of allowance of uncollectibles)	305,410
Due from other funds	52,763
Prepaid items	29,722
Utility, plant and equipment, at cost	18,077,124
Accumulated depreciation	<u>(10,769,946)</u>
Total assets	<u>8,049,515</u>
Deferred Outflows of Resources:	
Deferred outflows related to pensions	<u>365,582</u>
Liabilities:	
Accounts payable	48,022
Accrued liabilities	91,392
Due to other funds	104
Net pension liability	1,071,573
Payable from restricted assets - Customers' deposits	<u>364,235</u>
Total liabilities	<u>1,575,326</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	<u>68,406</u>
Net Position:	
Investment in capital assets, net of related debt	7,307,178
Unrestricted	<u>(535,813)</u>
Total net position	<u>\$ 6,771,365</u>

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

CITY OF EUNICE, LOUISIANA
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2017

	<u>Business-Type Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ 2,339,835
Other billings to customers	37,241
Total operating revenues	<u>2,377,076</u>
Operating expenses:	
Payroll and related benefits	715,376
Natural gas purchases	581,159
Supplies and materials	116,367
Repairs and maintenance	359,028
Office expenses	36,767
Professional fees	17,916
Insurance	181,327
Depreciation	394,134
Bad debts	10,378
Permits	11,884
Utilities and telephone	190,490
Miscellaneous	38,057
Total operating expenses	<u>2,652,883</u>
Operating income	<u>(275,807)</u>
Nonoperating revenue (expenses):	
Interest earned on investments	2,185
Nonemployer pension contribution	14,118
Grant proceeds	136,730
Other revenue	354
Total nonoperating revenue (expenses)	<u>153,387</u>
Operating transfers:	
Operating transfers in	974,758
Operating transfers out	(1,035,202)
Total operating transfers	<u>(60,444)</u>
Change in net position	(182,864)
Net position, beginning	<u>6,954,229</u>
Net position, ending	<u>\$ 6,771,365</u>

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

CITY OF EUNICE, LOUISIANA
Proprietary Fund
Statement of Cash Flows
Year Ended June 30, 2017

	Business-Type Activities-Enterprise Fund
	Fund
Cash flows from operating activities:	
Receipts from customers	\$ 2,376,959
Payments to supplies	(1,515,378)
Payments to employees	(678,275)
Net cash provided (used) by operating activities	183,306
Cash flows from noncapital financing activities:	
Other receipts	137,084
Nonemployer pension contribution	14,118
Transfers from other funds	974,758
Transfers to other funds	(1,035,202)
Net cash provided (used) by noncapital financing activities	90,758
Cash flows from capital and related financing activities:	
Proceeds from meter deposits	3,835
Acquisition of property, plant and equipment	(281,693)
Net cash provided (used) by capital and related financing activities	(277,858)
Cash flows from investing activities:	
Interest on investments	2,185
Net cash provided (used) by investing activities	2,185
Net increase (decrease) in cash and cash equivalents	(1,609)
Cash and cash equivalents, beginning of year	356,051
Cash and cash equivalents, end of year	\$ 354,442

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

CITY OF EUNICE, LOUISIANA
Proprietary Fund
Statement of Cash Flows
Year Ended June 30, 2017

	Business-Type Activities-Enterprise Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (275,807)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	394,134
Changes in current assets and liabilities:	
(Increase) decrease in receivables (net)	(117)
(Increase) decrease in prepaid items	15,468
Increase (decrease) in accounts payable	12,527
Increase (decrease) in accrued liabilities	18,510
Increase (decrease) in net pension liability	18,591
	\$ 183,306
Reconciliation of cash and cash equivalents per the statement of cash flows to the statement of net position:	
Cash and cash equivalents, beginning of year -	
Cash - unrestricted	\$ 80,803
Cash - restricted	275,248
Total cash and cash equivalents	356,051
Cash and cash equivalents, end of year -	
Cash - unrestricted	74,928
Cash - restricted	279,514
Total cash and cash equivalents	354,442
Net decrease	\$ (1,609)

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

CITY OF EUNICE, LOUISIANA
Fiduciary Fund
Payroll Fund
Statement of Net Position
June 30, 2017

ASSETS

Cash	\$ 61,888
Due from other funds	88,533
Prepaid assets	<u>18,205</u>
Total assets	<u>\$ 168,626</u>

LIABILITIES

Accrued liabilities	\$ 112,602
Due to other funds	<u>56,024</u>
Total liabilities	<u>\$ 168,626</u>

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

CITY OF EUNICE, LOUISIANA
 Fiduciary Fund
 Payroll Fund
 Statement of Changes in Net Position
 Year Ended June 30, 2017

	<u>Balance</u> <u>6/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2017</u>
ASSETS				
Cash	\$ 133,565	\$ -	\$ (71,677)	\$ 61,888
Due from other funds	74,410	14,123	-	88,533
Prepaid assets	18,205	-	-	18,205
Total assets	<u>\$ 226,180</u>	<u>\$ 14,123</u>	<u>\$ (71,677)</u>	<u>\$ 168,626</u>
LIABILITIES				
Accrued liabilities	\$ 171,723	\$ -	\$ (59,121)	\$ 112,602
Due to other funds	54,457	1,567	-	56,024
Total liabilities	<u>\$ 226,180</u>	<u>\$ 1,567</u>	<u>\$ (59,121)</u>	<u>\$ 168,626</u>

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

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Eunice was incorporated in 1909 under the Lawrason Act, and is administered under the Mayor and Board of Aldermen form of government. The accounting and reporting policies of the City of Eunice conform to United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant Financial Accounting Standards Board (FASB) pronouncements in the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

The following is a summary of the more significant accounting policies:

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion in the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based on the foregoing criteria, the following governmental organizations are not considered part of the City because they are not material in relation to the financial statement taken as a whole and are thus excluded from the accompanying financial statements for the reasons noted:

The Eunice City Court and City Marshall are operated under the directorship of the Eunice City Judge and Marshall who are elected public officials. Revenues are derived from court costs and the City cannot significantly influence operations nor does it have responsibility for fiscal management. A copy of the financial statements can be obtained from the City of Eunice, Louisiana.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

The Opelousas-Eunice Public Library is a joint venture between the cities of Opelousas and Eunice. The City of Eunice does not exercise significant influence over management or fiscal matters of the Library. A copy of the joint ventures separate financial statements can be obtained from the Opelousas-Eunice Public Library, P.O. Box 249, Opelousas, LA 70570.

The municipality's officials are also responsible for appointing the members of the board of the Housing Authority of Eunice, Louisiana. This agency is considered to be a related organization since the municipality appoints the governing board but is not financially accountable for the organization. A copy of the financial statements can be obtained from the Eunice Housing Authority, P.O. Box 224, Eunice, LA 70535.

Basis of Presentation

Government - Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

The accounts of the City of Eunice are organized on the basis of funds each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which spending activities are controlled. The various funds are grouped in the financial statements

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

in this report, into seven generic fund types and three broad fund categories. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

The major funds of the City are described below:

Governmental Funds -

General Fund

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

Special Revenue Fund – Sales Tax Fund and St. Landry & Acadia Parish Fire District

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

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Additionally, the City reports the following fund types:

Other Special Revenue Funds

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

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Fiduciary fund types are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either, a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. The City of Eunice's fiduciary fund is the payroll fund.

Proprietary Funds –

Enterprise Fund

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

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, ARB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities management may elect to apply all FASB Statement and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under control of the City will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered “measurable” when collected by the collection agency and are recognized as revenue at that time. Ad valorem taxes

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

are recognized as revenue in the year in which they are billed. Fees and non tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, and grant funds. Available means collectible within the current period or soon enough thereafter to pay current liabilities, usually 60 days. Those revenues susceptible to accrual are property taxes, grant revenues and interest revenue.

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Bad debts are written off when accounts become worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds as required by law. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds; therefore, they are not included in this report.

Encumbrances are not recorded in the financial statements.

The budget presented is as amended by the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations by more than 5% at the individual fund level.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of Indirect Expenses

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Cash and Investments

Cash includes amounts in demand deposits. Investments include certificates of deposit and time deposits. The bank balance of cash and investments is covered by federal depository insurance or by collateral in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Short-Term Interfund Receivable/Payables

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. The amounts of estimated costs are immaterial to these financial statements. Donated fixed assets are stated at their fair market value on the date donated. The City maintains a threshold level of \$2,500 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

range of estimated useful lives by type of assets is as follows:

Buildings	40 years
Equipment	7 years
Vehicles	5 years
Utility system and improvements	25-50 years

Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method. The estimated useful lives are as follows:

Gas system	67 years
Sewerage system	40-67 years
Meters & regulators	25 years
Vehicle & other equipment	4-10 years

Compensated Absences

Vested compensatory time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested compensatory time of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vacation time is allowed January 1st and lapse December 31st if not used.

Long-Term Debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the net pension liability.

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

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net position 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, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consist of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental funds report aggregate amount for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining for classifications: restricted, committed, assigned, and unassigned.

- a. Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- b. Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the city council – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the city council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- c. Assigned fund balance. This classification reflects the amounts constrained by the city's "intent"

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to be used for specific purposes, but are neither restricted nor committed. The city council and the city manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

- d. Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

Revenues, Expenditure, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Expenditures / Expenses

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

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

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

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

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Transactions that constitute reimbursements to a fund expenditure/expense initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Statement of Cash Flows

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

Subsequent Events

FASB issued SFAS No 165, Subsequent Events (ASC 855) establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We have evaluated events subsequent to the balance sheet through the date the financial statements were available to be issued.

Recently Issued and Adopted Accounting Pronouncements

For the year ended June 30, 2105, the following statements were implemented: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68*. These statements changed the accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The following GASB statement was also effective but did not impact the financial statements of the City of Eunice, Louisiana: GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.

Fund Deficit

As a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the unrestricted net position resulted in a deficit of \$535,813 for Business-Type Funds. Net

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

position was significantly affected by the recognition of the deferred outflow and inflow of resources and the net pension liability. The mayor is studying ways to increase revenues and decrease expenses to correct this deficit.

Pension Plans

The City is a participating employer in multiple pension plans as described in Note 8. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Funds, and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the Plans.

NOTE 2 LEGAL COMPLIANCE - BUDGETS

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

The City Clerk prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.

A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year end June 30, 2017.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the City had cash, book balances and interest-bearing deposits as follows:

Demand deposits/savings	<u>\$6,564,441</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balance) at June 30, 2017, are secured as follows.

Bank balances	<u>\$ 6,917,502</u>
Federal deposit insurance	250,000
Pledged securities (Category 3)	<u>7,006,501</u>
Total	<u>7,256,501</u>
Excess	<u><u>\$ 338,999</u></u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 4 RECEIVABLES

Receivables at June 30, 2017 in the fund financial statements consist of the following:

	<u>Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Taxes	\$ 15,175	\$ -	\$ 15,175
Accounts	671,014	412,700	1,083,714
Gross receivables	<u>686,189</u>	<u>412,700</u>	<u>1,098,889</u>
Less allowance for uncollectibles	<u>7,587</u>	<u>107,290</u>	<u>114,877</u>
Net total receivables	<u>\$ 678,602</u>	<u>\$ 305,410</u>	<u>\$ 984,012</u>

Accounts receivables in the Enterprise Fund consist of billed and unbilled receivables relating to gas and sewerage services. Gas accounts receivable are divided into two billing cycles. Cycle 1 is billed for meters read from the 1st through the 15th and Cycle 2 is billed for meters read the 16th through 24th. Billed receivables at June 30, 2017 were \$256,942 and unbilled receivables were \$155,758.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessors of St. Landry Parish and Acadia Parish.

For the year ended June 30, 2017 taxes of 11.46 mills were levied on property with an assessed valuation totaling \$63,758,720 and were dedicated as follows:

	<u>Millage</u>	<u>Duration</u>
General corporate tax	6.59 mills	Permanent
Street maintenance	<u>4.87 mills</u>	2012-2021
	<u>11.46</u>	

Total taxes levied were \$730,676. Taxes receivable, net of allowance for uncollectibles, at June 30, 2017 were \$7,588.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 5 FLOWS OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES

The City of Eunice levies a 2.2% sales and use tax dedicated as follows:

Proceeds of the 1% sales and use tax levied in 1978 are dedicated as follows:

Under the terms of the sales tax ordinance, all monies collected are deposited into a separate account.

Monies remaining in the sales tax fund after payment of collection expenses may be used for providing additional general fund revenues and for the construction, operations and maintenance of capital improvements.

This is a 25 year sales and use tax that was renewed for an additional 25 years and will expire on December 31, 2028.

Proceeds of the 1% sales and use tax levied in 1962 are dedicated as follows:

Opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and subsurface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment for civil defense; constructing, acquiring or improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishing for public works, buildings, improvements and facilities.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, to defray costs of operating and maintaining a public library.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, for the payment of salaries of municipal employees.

In addition to the purposes previously approved, not more than 10% of such proceeds may be used in each fiscal year for general municipal purposes in the event that unbudgeted emergency expenses are incurred by the City in that year.

The 1962 sales and use tax is a permanent sales tax.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 5 FLOWS OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES (Continued)

Proceeds of the .2% sales and use tax levied in 1988 are dedicated as follows:

Monies remaining in the sales tax fund may be used for constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities.

The 1988 sales and use tax is a permanent sales tax.

NOTE 6 LONG-TERM DEBT

The following is a summary of debt transactions of the City of Eunice for the year ended June 30, 2017:

	6/30/2016	Additions	Retirements	6/30/2017
Compensated absences payable	\$ 124,117	\$ 21,847	\$ -	\$ 145,964
Capital lease payable	96,020	152,053	102,213	145,860
Retirement stipend	123,710		91,749	31,961
Net pension liability	7,977,884	1,904,572	-	9,882,456
	<u>\$ 8,321,731</u>	<u>\$ 2,078,472</u>	<u>\$ 193,962</u>	<u>\$ 10,206,241</u>

The City entered into a capital lease with Ford Motor Credit Company on October 20, 2015, in the amount of \$139,389, at 5.80% interest, for the purchase of police vehicles. Future lease payments as of June 30, 2017 are as follows:

Date	Principal	Interest	Total
2018	\$ 44,517	\$ 1,946	\$ 46,463

The City entered into a capital lease with AmeriCredit Financial Services, Inc., d/b/a GM Financial, on October 28, 2016, in the amount of \$152,053, at 3.527% interest, for the purchase of five police vehicles. Future lease payments as of June 30, 2017 are as follows:

Date	Principal	Interest	Total
2018	\$ 49,786	\$ 3,139	\$ 52,925
2019	51,557	1,368	52,925

Total future lease payments as of June 30, 2017 are as follows:

Date	Principal	Interest	Total
2018	\$ 94,303	\$ 5,085	\$ 99,388
2019	51,557	1,368	52,925
	<u>\$ 145,860</u>	<u>\$ 6,453</u>	<u>\$ 152,313</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,312,065	\$ -	\$ -	\$ 1,312,065
Other capital assets:				
Buildings & recreation	12,007,486	307,072	-	12,314,558
Infrastructure	4,866,433	995,475	-	5,861,908
Equipment	2,698,047	119,914	7,379	2,810,582
Vehicles	2,163,890	216,285	40,448	2,339,727
Total capital assets	<u>23,047,921</u>	<u>1,638,746</u>	<u>47,827</u>	<u>24,638,840</u>
Less accumulated depreciation				
Buildings & recreation	6,316,001	304,477		6,620,478
Infrastructure	1,471,995	251,792	-	1,723,787
Equipment	2,233,285	146,129	7,379	2,372,035
Vehicles	1,735,741	128,533	40,448	1,823,826
Total accumulated depreciation	<u>11,757,022</u>	<u>830,931</u>	<u>47,827</u>	<u>12,540,126</u>
Governmental activities, capital assets, net	<u>\$ 11,290,899</u>	<u>\$ 807,815</u>	<u>\$ -</u>	<u>\$ 12,098,714</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Other capital assets:				
Gas system	5,688,651	281,693	-	5,970,344
Sewer system	11,529,260	-	-	11,529,260
Vehicles	106,343	-	-	106,343
Equipment	471,177	-	-	471,177
Total capital assets	<u>17,795,431</u>	<u>281,693</u>	<u>-</u>	<u>18,077,124</u>
Less accumulated depreciation				
Gas system	3,124,333	92,613	-	3,216,946
Sewer system	6,715,236	294,586	-	7,009,822
Vehicles	106,343	-	-	106,343
Equipment	429,900	6,935	-	436,835
Total accumulated depreciation	<u>10,375,812</u>	<u>394,134</u>	<u>-</u>	<u>10,769,946</u>
Business type activities, capital assets, net	<u>\$ 7,419,619</u>	<u>\$ (112,441)</u>	<u>\$ -</u>	<u>\$ 7,307,178</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS

STATE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

Substantially all city employees, except firemen, policemen and the judge are members of the Municipal Employees' Retirement System of Louisiana (MERS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All members participate in Plan A.

All permanent employees working at least 35 hours per week and elected city officials are eligible to participate in the system. Under the MERS, a member who retires at or after age 60 with at least 10 years of creditable service, at or after age 55 with 25 years of creditable service, or at any age with at least 30 years of creditable service is entitled to a retirement benefit, payable monthly for life, equal to 3 percent of the member's final compensation multiplied by his years of creditable service.

Final compensation is a member's average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted. A member who withdraws from active service prior to retirement eligibility is entitled to receive benefits beginning on the normal retirement date, assuming completion of ten years of creditable service and no prior refund of contributions. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy - State statute requires covered employees to contribute 9.5 percent of their salaries to the System. As provided by Louisiana Revised Statute 11:756 – 11:1785, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The current actuarially determined rate is 22.75 percent of annual covered payroll. The City's contributions to the System under Plan A for the years ending June 30, 2017 and 2016 were \$398,626 and \$349,677, respectively, equal to the required contributions for each year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported a liability of \$4,017,392 for its proportionate share of the net pension liability for the MERS plan. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 0.980160%, which was an increase of 0.196% from its proportion measured as of June 30, 2015.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

For the year ended June 30, 2017, the City recognized net pension expense of \$536,223 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$606.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue. The City recognized \$59,390 of non-employer contribution revenue.

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (126,991)
Changes in assumptions	146,242	-
Net difference between projected and actual earnings on pension plan investments	917,465	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,247	(53,486)
Employer contributions subsequent to measurement date	398,626	-
Total	<u>\$ 1,489,580</u>	<u>\$ (180,477)</u>

The City reported a total of \$398,626 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016, which will be recognized as a reduction in net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30:	MERS
2018	\$ 300,480
2019	223,275
2020	289,679
2021	142,476
Total	<u>\$ 955,910</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Actuarial Methods and Assumptions

The components of the net pension liability of the City as of June 30, 2016 are as follows:

	2016 <u>PLAN A</u>	2015 <u>PLAN A</u>
Total Pension Liability	\$ 10,618,431	\$ 10,211,108
Plan Fiduciary Net Position	<u>(6,601,039)</u>	<u>(6,757,626)</u>
Total Net Pension Liability	<u>\$ 4,017,392</u>	<u>\$ 3,453,482</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follow:

Valuation date	June 30, 2016		
Actuarial cost method	Entry Age Normal		
Actual Assumptions:			
Investment rate of return	7.5%, net of investment expense		
Projected salary increases	5.0% (2.875% inflation, 2.125% merit)		
Mortality Rates	RP-2000 Employee Table for active members (set back 2 years for males and females) RP-2000 Healthy Annuitant Table for healthy annuitants (set forward 2 years for males and 1 year for females) RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 years for females)		
Expected Remaining		<u>Plan A</u>	<u>Plan B</u>
Service Lives	2016	3 years	4 years
	2015	3 years	4 years
Cost of living adjustments	The present value of future retirement benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.		

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.875% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.5% for the year ended June 30, 2016.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.60%
Public fixed income	35%	1.80%
Alternatives	<u>15%</u>	<u>0.80%</u>
Totals	100%	5.20%
Inflation		<u>2.50%</u>
Expected Arithmetic Nominal Return		<u>7.60%</u>

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2016:

	Changes in Discount Rate		
	Plan A		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.50%	7.50%	8.50%
Net Pension Liability	\$ 5,106,853	\$ 4,017,392	\$ 3,087,748

Changes in Pension Liability

The changes in the net pension liability for the year ended June 30, 2016 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension benefit using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflows of resources as of June 30, 2016 in the amount of \$126,991.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources as of June 30, 2016 in the amount of \$917,465.

Changes in Proportion:

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Municipal Police Employees' Retirement System

Plan Description

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System 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 arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:221111:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Membership Commencing January 1, 2013(Continued)

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Funding Policy – State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The City is required to contribute 31.5 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the evaluation for the prior fiscal year.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

The City's contributions to the System for the years ending June 30, 2017 and 2016 were \$362,912 and \$294,230, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Baton Rouge, Louisiana 70809-7017, or by calling (225)929-7411.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported a liability of \$3,679,768 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 0.392600%, which was an increase of 0.051825% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$410,066 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$30,531.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue. The City recognized \$73,043 of non-employer contribution revenue.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 566,219	\$ (58,536)
Changes in assumptions	178,912	(222)
Net difference between projected and actual earnings on pension plan investments	-	(19,945)
Changes in proportion and differences between employer contributions and proportionate share of contributions	332,962	(358,603)
Employer contributions subsequent to measurement date	362,912	-
Total	<u>\$ 1,441,005</u>	<u>\$ (437,306)</u>

The City reported a total of \$362,912 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in net pension liability in the year ended June 30, 2018.

Other amortizable amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30:	<u>MPERS</u>
2018	\$ 112,287
2019	83,293
2020	321,332
2021	143,820
Total	<u>\$ 660,732</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

The components of the net pension liability of the City as of June 30, 2016 are as follows:

	<u>2016</u>	<u>2015</u>
Total Pension Liability	\$ 10,836,310	\$ 9,120,760
Plan Fiduciary Net Position	<u>(7,156,542)</u>	<u>(6,451,144)</u>
Total Collective Net Pension Liability	<u>\$ 3,679,768</u>	<u>\$ 2,669,616</u>

The actuarial assumptions used in the June 30, 2016 valuation were based on the assumptions used in the June 30, 2016 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

	MPERS	
Valuation date	June 30, 2016	
Actuarial cost method	Entry Age Normal Cost	
Expected remaining service lives	2016 - 4 years 2015 - 4 years 2014 - 4 years	
Investment rate of return	7.5%, net of investment expense	
Inflation rate	2.88%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2016 are summarized in the following table:

Asset Class	June 30, 2016	
	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	53.00%	3.69%
Fixed Income	21.00%	0.49%
Alternative	20.00%	1.11%
Other	6.00%	0.21%
Totals	100.00%	5.50%
Inflation		2.75%
Expected Nominal Return		8.25%

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate as of June 30, 2016.

	Changes in Discount Rate		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 4,905,447	\$ 3,679,768	\$ 2,650,699

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2016 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in deferred inflows of resources as of June 30, 2016 in the amount of \$58,536.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources as of June 30, 2016, in the amount of \$19,945.

Changes of Assumptions or Other Inputs:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources and deferred inflows of resources as of June 30, 2016 in the amounts of:

	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>
2016	\$ 178,912	\$ (222)

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Firefighters' Retirement System

Plan Description

The Firefighters' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment.

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Deferred Retirement Option Plan

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Funding Policy - State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The City is required to contribute 25.25 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contribution to the System for the years ending June 30, 2017 and 2016 were \$200,937 and \$198,359, respectively, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809-1752, or by calling (225) 925-4060.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported a liability of \$2,111,639 for its proportionate share of the net pension liability for the FRS plan. The net pension liability was measured as of June 30, 2016 and the total pension

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the FRS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 0.322836%, which was a decrease of 0.008754% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$270,913 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$13,946.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue. The City recognized \$80,146 of non-employer contribution revenue.

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (83,587)
Changes in assumptions	18,198	(588)
Net difference between projected and actual earnings on pension plan investments	507,498	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(226,933)
Employer contributions subsequent to measurement date	200,937	-
Total	<u>\$ 726,633</u>	<u>\$ (311,108)</u>

The City reported a total of \$200,937 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016, which will be recognized as a reduction in net pension liability in the year ended June 30, 2018.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30:	FRS
2017	\$ 79,013
2018	79,319
2019	97,117
2020	26,315
2021	(15,013)
2022	(9,287)
Total	<u>\$ 257,464</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the City as of June 30, 2016 are as follows:

	<u>2016</u>	<u>2015</u>
Total Pension Liability	\$ 6,630,995	\$ 6,495,350
Plan Fiduciary Net Position	<u>(4,519,356)</u>	<u>(4,705,722)</u>
Total Collective Net Pension Liability	<u>\$ 2,111,639</u>	<u>\$ 1,789,628</u>

The actuarial assumptions used in the June 30, 2016 valuation were based on the assumptions used in the June 30, 2016 actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal Cost
Expected remaining service lives	2016 - 7 years 2015 - 7 years 2014 - 7 years
Investment rate of return	7.5% per annum
Inflation rate	2.875% per annum
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of living adjustments	Only those previously granted.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 8.34% as of June 30, 2016. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2016 are summarized in the following table:

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Fixed Income	24.00%	1.85%
Equity	58.00%	6.77%
Alternatives	8.00%	6.67%
Other	10.00%	4.30%
Totals	<u>100.00%</u>	<u>5.24%</u>
	Inflation	<u>3.00%</u>
	Expected Arithmetic Nominal Return	<u><u>8.24%</u></u>

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in the Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate as of June 30, 2016.

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease 6.50%</u>	<u>Current Discount 7.50%</u>	<u>1% Increase 8.50%</u>
Net Pension Liability	<u>\$ 2,878,938</u>	<u>\$ 2,111,639</u>	<u>\$ 1,468,037</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2016 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in deferred inflows of resources as of June 30, 2016 in the amount of \$83,587.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources as of June 30, 2016 in the amount of \$507,498.

Changes of Assumptions:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources and deferred inflows of resources as of June 30, 2016 in the amount of \$18,198 and \$588, respectively.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Retirement System Audit Report

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Louisiana State Employees' Retirement System

Plan Description

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of our rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions.

The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

Deferred Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Funding Policy - State statute requires covered employees to contribute 13.00 percent of their salaries to the system. The City is required to contribute 36.7 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contribution to the plan for the years ending June 30, 2017 and 2016 were \$6,317 and \$6,835, respectively, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System, 3401 United Plaza Blvd., Baton Rouge, Louisiana 70809, or by calling (225) 922-0600.

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a liability of \$73,657 for its proportionate share of the net pension liability for the LASERS plan. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the LASERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 0.00094%, which was a decrease in the proportion measured as of June 30, 2015 in the amount of 0.00002%.

For the year ended June 30, 2016, the City recognized pension expense of \$6,589 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$295.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue. The City recognized \$0 of non-employer contribution revenue.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

	Changes in Discount Rate		
		Current	
	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
2017 Employer Net Pension Liability	\$ 90,494	\$ 73,657	\$ 59,350

Change in Net Pension Liability

The changes in net pension liability for the year ended June 30, 2016 were recognized as pension expense or benefit in the current reporting period except as follows:

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources in the amount of \$43 for the year ended June 30, 2016.

Difference between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. Deferred inflows resulting from this difference recorded in prior years was \$683.

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43	\$ (683)
Changes in assumptions	-	535
Net difference between projected and actual earnings on pension plan investments	9,174	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to measurement date	6,317	-
Total	\$ 15,534	\$ (148)

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

The City reported a total of \$6,317 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016, which will be recognized as a reduction in net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30:	<u>LASERS</u>
2018	\$ 7,314
2019	7,498
2020	19,343
2021	11,778
Total	<u>\$ 45,933</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the System's employers as of June 30, 2016 are as follows:

	<u>2016</u>	<u>2015</u>
Total Pension Liability	\$ 174,616	\$ 174,880
Plan Fiduciary Net Position	<u>(100,959)</u>	<u>(109,722)</u>
Employers' Net Pension Liability	<u>\$ 73,657</u>	<u>\$ 65,158</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 57.70%	 62.70%

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 is as follows:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	7.75% per annum
Inflation rate	3% per annum
Mortality	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Salary increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

	Lower	Upper
<u>Member Type</u>	<u>Range</u>	<u>Range</u>
Regular	4.0%	13.0%
Judges	3.0%	5.5%
Corrections	3.6%	14.5%
Hazardous Duty	3.6%	14.5%
Wildlife	3.6%	14.5%

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.66% for 2016. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 are summarized in the following table:

Expected Long Term Real Rates of Return	
Asset Class	2016
Cash	-0.24%
Domestic Equity	4.31%
International Equity	5.48%
Domestic Fixed Income	1.63%
International Fixed Income	2.47%
Alternative Investments	7.42%
Global Tactical Asset Allocation	2.92%
Total Fund	5.30%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	Changes in Discount Rate		
		Current	
	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
2017 Employer Net Pension Liability	\$ 90,494	\$ 73,657	\$ 59,350

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2017 were recognized as pension expense or benefit in the current reporting period except as follows:

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources in the amount of \$43 for the year ended June 30, 2017. Remaining deferred inflows resulting from this difference recorded in prior years was \$683 as of June 30, 2017.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$0 for the year ended June 30, 2017.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Contributions - Proportionate Share/Change in Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date are recognized in employer's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Estimates

The process of preparing the schedules of employer allocations and schedules of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, actual results may differ from estimated amounts.

Retirement System Audit Reports

The Louisiana State Employees' Retirement System has issued stand-alone audit reports on their financial statements for the years ended June 30, 2016 and 2015. Access to the reports can be found on the Louisiana Legislative Auditor's website, www.la.gov and the System's website, <http://www.lasersonline.org/site.php>.

Pension Summary

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System	\$ 4,017,392	\$ 1,489,580	\$ (180,477)
Municipal Police Employees' Retirement System	3,679,768	1,441,005	(437,306)
Firefighters' Retirement System	2,111,639	726,633	(311,108)
Louisiana State Employees' Retirement System	73,657	15,534	(148)
Total	9,882,456	3,672,752	(929,039)
Portion Applicable to Business Type Activities	1,071,573	365,582	(68,406)
Portion Applicable to Governmental Type Activities	\$ 8,810,883	\$ 3,307,170	\$ (860,633)

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 9 RESTRICTED ASSETS

Proprietary Fund Type:

Restricted assets applicable to customers' deposits at June 30, 2017 are as follows:

Customers' deposits:

Cash	\$ 279,514
	<u>\$ 279,514</u>

NOTE 10 DUE FROM/TO OTHER FUNDS

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 401,269	\$ 91,175
Special Revenue Funds -		
Sales Tax Fund	3,001	525
St. Landry & Acadia Parish Fire District	-	398,801
Court Witness Fees Fund	1,063	-
Enterprise Fund -		
Utility Fund	52,763	104
Fiduciary Fund -		
Payroll Fund	88,533	56,024
	<u>\$ 546,629</u>	<u>\$ 546,629</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 11 ENTERPRISE FUND OPERATIONS

Operations of the City of Eunice Utility System consist of a gas distribution system and sewer utility system. Operating results of the individual utilities for the year ended June 30, 2017 are as follows:

	<u>Gas Department</u>	<u>Sewer Department</u>
Operating Revenues	\$ 1,132,042	\$ 1,245,034
Operating Expenses	<u>1,238,804</u>	<u>1,414,079</u>
Operating Income (loss)	<u>\$ (106,762)</u>	<u>\$ (169,045)</u>

Operating expenses above include costs which cannot be directly associated with a single department; thus these expenses have been allocated on the basis of gross utility sales. For the fiscal year ended June 30, 2017, the Gas and Sewer Utilities provided services to 4,113 and 5,682 customers, respectively.

NOTE 12 LEASE

The St. Landry Parish Solid Waste Disposal District entered into a lease with the City of Eunice for various equipment. The original cost of the equipment totaled \$303,025. The lease terms are for a five year period at a cost of \$100 per year beginning November 1, 2010.

NOTE 13 ACTUARIAL VALUATION OF CERTAIN MONTHLY STIPENDS PAYABLE TO POLICE

The City of Eunice maintains a “pay-as-you-go” informal retirement program in which it pays monthly stipends to two (2) police retirees and three (3) beneficiaries of former police retirees. The total monthly benefits amount to \$ 429.02 and the actuarial present value of those benefits is \$31,961 as of the end of the Fiscal Year, June 30, 2017, based on the RP-2000 Sex-Distinct Annuitants' Mortality Table at an assumed annual investment return of 4% compounded annually.

NOTE 16 PENDING LITIGATION

The City of Eunice is a defendant in a law suit in the matter entitled *Michael Dunn et al v. City of Eunice*, which is a petition for overtime and holiday pay of certain Eunice Police Department personnel. This litigation is ongoing, but no trial date has been set.

The City of Eunice is a defendant in a law suit in the matter entitled *Charles Nugent v. City of Eunice*, which is a civil rights suit by Nugent and his company seeking an injunction and damages for alleged violation of First and Fourth Amendment rights. The City's liability insurance provider would be responsible for any financial compensation and/or defense costs associated with this matter above the deductible amount.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EUNICE, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,635,000	\$ 1,590,000	\$ 1,445,559	\$ (144,441)
Licenses and permits	587,000	305,000	555,531	250,531
Intergovernmental revenues	365,000	441,275	331,753	(109,522)
Fines and forfeitures	3,500	35,000	39,769	4,769
Liberty Cajun Music Show	64,725	83,260	72,776	(10,484)
Interest	3,015	1,525	3,182	1,657
Miscellaneous	638,820	572,900	559,512	(13,388)
Total revenues	<u>3,297,060</u>	<u>3,028,960</u>	<u>3,008,082</u>	<u>(20,878)</u>
Expenditures				
Current -				
General government	1,685,470	1,682,935	1,716,457	(33,522)
Public safety	3,735,000	3,891,852	3,986,400	(94,548)
Public works	1,019,200	924,596	913,342	11,254
Health and welfare	13,000	14,000	6,559	7,441
Culture and recreation	727,990	715,948	657,876	58,072
Other	53,900	50,000	53,163	(3,163)
Total expenditures	<u>7,234,560</u>	<u>7,279,331</u>	<u>7,333,797</u>	<u>(54,466)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,937,500)</u>	<u>(4,250,371)</u>	<u>(4,325,715)</u>	<u>(75,344)</u>
Other financing sources (uses):				
Operating transfers in	3,937,500	4,077,500	4,478,213	400,713
Operating transfers out	-	-	(74,168)	(74,168)
Proceeds from sale of capital assets	-	-	1,454	1,454
Total other financing sources (uses)	<u>3,937,500</u>	<u>4,077,500</u>	<u>4,405,499</u>	<u>327,999</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(172,871)	79,784	252,655
Fund balances, beginning	<u>1,077,305</u>	<u>804,472</u>	<u>864,551</u>	<u>60,079</u>
Fund balances, ending	<u>\$ 1,077,305</u>	<u>\$ 631,601</u>	<u>\$ 944,335</u>	<u>\$ 312,734</u>

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA
Sales Tax Fund
Budgetary Comparison Schedule
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 5,060,000	\$ 5,060,000	\$ 5,165,013	\$ 105,013
Intergovernmental revenues	150,000	150,000	276,596	126,596
Interest	5,000	5,000	17,483	12,483
Total revenues	<u>5,215,000</u>	<u>5,215,000</u>	<u>5,459,092</u>	<u>244,092</u>
Expenditures:				
Current -				
General government	67,850	86,100	101,412	(15,312)
Culture and recreation	271,500	234,484	254,510	(20,026)
Public safety	-	-	7,971	(7,971)
Public works	-	-	72,447	(72,447)
Capital outlay	1,244,000	2,067,776	1,638,746	429,030
Debt service -				
Principal retirement	-	-	97,173	(97,173)
Interest	-	-	2,215	(2,215)
Total expenditures	<u>1,583,350</u>	<u>2,388,360</u>	<u>2,174,474</u>	<u>213,886</u>
Excess of revenues over expenditures	<u>3,631,650</u>	<u>2,826,640</u>	<u>3,284,618</u>	<u>457,978</u>
Other financing sources (uses):				
Capital lease proceeds	-	-	152,053	152,053
Operating transfers out	(3,172,500)	(3,480,000)	(3,889,594)	(409,594)
Total other financing sources (uses)	<u>(3,172,500)</u>	<u>(3,480,000)</u>	<u>(3,737,541)</u>	<u>(257,541)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	459,150	(653,360)	(452,923)	200,437
Fund balances, beginning	4,334,024	6,014,829	6,014,829	-
Fund balances, ending	<u>\$ 4,793,174</u>	<u>\$ 5,361,469</u>	<u>\$ 5,561,906</u>	<u>\$ 200,437</u>

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA
 St. Landry & Acadia Parish Fire District
 Budgetary Comparison Schedule
 Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Intergovernmental revenues	\$ 425,000	\$ 436,249	\$ 410,022	\$ (26,227)
Interest	500	399	1,006	607
Total revenues	<u>425,500</u>	<u>436,648</u>	<u>411,029</u>	<u>(25,619)</u>
Expenditures				
Current -				
General government	-	-	-	-
Public safety	112,780	109,780	157,817	(48,037)
Total expenditures	<u>112,780</u>	<u>109,780</u>	<u>157,817</u>	<u>(48,037)</u>
Excess (deficiency) of revenues over expenditures	<u>312,720</u>	<u>326,868</u>	<u>253,212</u>	<u>22,418</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(300,000)	(300,000)	(454,007)	(154,007)
Total other financing uses	<u>(300,000)</u>	<u>(300,000)</u>	<u>(454,007)</u>	<u>(154,007)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	12,720	26,868	(200,795)	(227,663)
Fund balances, beginning	<u>416,131</u>	<u>289,915</u>	<u>228,516</u>	<u>61,399</u>
Fund balances, ending	<u>\$ 428,851</u>	<u>\$ 316,783</u>	<u>\$ 27,721</u>	<u>\$ (166,264)</u>

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2017

	Fiscal Year	Employer Proportionate of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of It's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
MERS	2015	0.965991%	\$ 2,479,162	\$1,537,227	161.30%	76.94%
	2016	0.966778%	3,453,482	1,765,280	195.63%	66.18%
	2017	0.980160%	4,017,392	1,751,763	229.33%	62.17%
MPERS	2015	0.432919%	2,708,377	1,115,181	242.86%	75.10%
	2016	0.340775%	2,669,616	996,046	268.02%	70.73%
	2017	0.392600%	3,679,768	1,143,297	321.85%	66.42%
FRS	2015	0.332973%	1,481,701	726,902	203.84%	76.02%
	2016	0.331590%	1,789,628	727,923	245.85%	72.45%
	2017	0.322836%	2,111,639	795,794	265.35%	68.16%
LASERS	2015	0.000880%	55,213	17,212	320.80%	73.99%
	2016	0.000960%	65,158	17,212	378.56%	62.67%
	2017	0.000940%	73,657	17,212	427.94%	57.70%

This schedule will contain ten years of historical information once such information becomes available.

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA
 Schedule of Employer's Proportionate Share of Net Pension Liability
 For the Year Ended June 30, 2017

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percent of Covered Employee Payroll
MERS	2015	\$ 294,884	\$ 294,884	\$ -	\$1,537,227	19.18%
	2016	349,677	349,677	-	1,765,280	19.80%
	2017	398,626	398,626	-	1,751,763	22.75%
MPERS	2015	345,796	345,796	-	1,115,181	31.00%
	2016	294,230	294,230	-	996,046	29.53%
	2017	362,912	362,912	-	1,143,297	31.75%
FRS	2015	212,619	212,619	-	726,902	29.25%
	2016	198,359	198,359	-	727,923	29.25%
	2017	200,937	200,937	-	795,794	25.25%
LASERS	2015	7,143	7,143	-	17,212	41.50%
	2016	6,835	6,835	-	17,212	39.71%
	2017	6,317	6,317	-	17,212	36.70%

This schedule will contain ten years of historical information once such information becomes available.

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA

Notes to Required Supplementary Information

NOTE 1 LEGAL COMPLIANCE - BUDGETS

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

The City Clerk prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.

A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year end June 30, 2017.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations in Individual Funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$7,279,331	\$7,333,797	\$(54,466)
St. Landry & Acadia Parish Fire District	\$109,780	\$157,817	\$(48,037)

NOTE 3 PENSION PLAN

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

CITY OF EUNICE, LOUISIANA
 Nonmajor Governmental Funds
 Balance Sheet
 June 30, 2017

	Special Revenue Funds	Totals
ASSETS		
Cash and cash equivalents	\$ 44,947	\$ 44,947
Due from other funds	1,063	1,063
Total assets	\$ 46,010	\$ 46,010
LIABILITIES AND FUNDEQUITY		
Liabilities:		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Total liabilities	-	-
Fund balances:		
Restricted for debt service	-	-
Assigned	46,010	46,010
Total fund balances	46,010	46,010
Total liabilities and fund balances	\$ 46,010	\$ 46,010

CITY OF EUNICE, LOUISIANA
 Nonmajor Governmental Funds
 Statement of Revenues, Expenditures, and Changes in
 Fund Balances
 Year Ended June 30, 2017

	<u>Special Revenue Funds</u>	<u>Totals</u>
Revenues:		
Intergovernmental revenues	\$ 7,644	\$ 7,644
Fines, forfeitures and bonds	4,820	4,820
Interest	33	33
Total revenues:	<u>12,497</u>	<u>12,497</u>
 Expenditures:		
Current -		
General government	1,956	1,956
Public safety	625	625
Other	-	-
Total expenditures	<u>2,581</u>	<u>2,581</u>
 Excess (deficiency) of revenues over expenditures	 <u>9,916</u>	 <u>9,916</u>
 Other financing sources:		
Operating transfers in	-	-
Operating transfers out	-	-
Total other financing sources	<u>-</u>	<u>-</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 9,916	 9,916
 Fund balances, beginning	 <u>36,094</u>	 <u>36,094</u>
 Fund balances, ending	 <u>\$ 46,010</u>	 <u>\$ 46,010</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purpose.

PUBLIC SAFETY TESTING FUND

To account for receipts and expenditures associated with court fees collected in connection with drug and alcohol related driving offenses.

COURT APPEARANCE BOND FUND

To account for receipts and expenditures associated with the receipt of appearance bonds collected on arrests and traffic citations.

WITNESS FEES FUND

To account for receipts and expenditures associated with witness fees collected by City Court.

CITY OF EUNICE, LOUISIANA
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 June 30, 2017

	Public Safety Testing Fund	Court Appearance Bond Fund	Witness Fees Fund	Totals
ASSETS				
Cash	\$ 14,073	\$ 19,800	\$ 11,074	\$ 44,947
Due from other funds	-	-	1,063	1,063
Total assets	\$ 14,073	\$ 19,800	\$ 12,137	\$ 46,010
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Assigned	14,073	19,800	12,137	46,010
Total fund balances	14,073	19,800	12,137	46,010
Total liabilities and fund balances	\$ 14,073	\$ 19,800	\$ 12,137	\$ 46,010

CITY OF EUNICE, LOUISIANA
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 2017

	Public Safety Testing Fund	Court Appearance Bond Fund	Witness Fees Fund	Totals
Revenues:				
Intergovernmental revenues	\$ 998	\$ -	\$ 6,646	\$ 7,644
Fine, forfeitures and bonds	-	4,820	-	4,820
Interest	11	15	7	33
Total revenues	<u>1,009</u>	<u>4,835</u>	<u>6,653</u>	<u>12,497</u>
Expenditures				
Current -				
General government	-	-	1,956	1,956
Public safety	-	625	-	625
Total expenditures	<u>-</u>	<u>625</u>	<u>1,956</u>	<u>2,581</u>
Excess (deficiency) of revenues over expenditures	<u>1,009</u>	<u>4,210</u>	<u>4,697</u>	<u>9,916</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,009	4,210	4,697	9,916
Fund balances, beginning	<u>13,064</u>	<u>15,590</u>	<u>7,440</u>	<u>36,094</u>
Fund balances, ending	<u>\$ 14,073</u>	<u>\$ 19,800</u>	<u>\$ 12,137</u>	<u>\$ 46,010</u>

ENTERPRISE FUNDS

UTILITY FUND

The fund is to account for the city's operation of the gas and sewer departments.

CITY OF EUNICE, LOUISIANA
 Enterprise Fund
 Utility Fund
 Statement of Revenues, Expenditures and Changes in Net Position
 Year Ended June 30, 2017

	Gas Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 1,109,871	\$ 1,229,964	\$ 2,339,835
Other billings to customers	22,171	15,070	37,241
Total operating revenues	1,132,042	1,245,034	2,377,076
Operating expenses			
Payroll and related benefits	283,474	431,902	715,376
Natural gas purchases	581,159	-	581,159
Supplies and materials	30,249	86,118	116,367
Repairs and maintenance	60,675	298,353	359,028
Office expenses	28,425	8,342	36,767
Professional fees	8,958	8,958	17,916
Insurance - general	59,569	34,514	94,083
Depreciation	99,548	294,586	394,134
Group insurance	42,282	44,962	87,244
Bad debts	10,378	-	10,378
Permits	-	11,884	11,884
Utilities and telephone	3,980	186,510	190,490
Miscellaneous	30,107	7,950	38,057
Total operating expenses	1,238,804	1,414,079	2,652,883
Operating income (loss)	\$ (106,762)	\$ (169,045)	(275,807)
Nonoperating income (loss):			
Interest earned on investments			2,185
Nonemployer pension contribution			14,118
Grant proceeds			136,730
Other revenue			354
Total nonoperating income			153,387
Income before operating transfers			(122,420)
Operating transfers:			
Operating transfers in			974,758
Operating transfers out			(1,035,202)
Total operating transfers			(60,444)
Change in net position			(182,864)
Net position, beginning			6,954,229
Net position, ending			\$ 6,771,365

INTERNAL CONTROL
AND
COMPLIANCE

VIGE, TUJAGUE & NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.

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337-457-8743

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

The Honorable Mayor Scott Fontenot
and Members of the Council
City of Eunice, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Eunice, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Eunice, Louisiana's basic financial statements and have issued our report thereon dated December 7, 2017.

Internal Control over Financial Reporting

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

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

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

did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items #2017-001 through #2017-004, which we consider to be significant deficiencies.

Compliance and Other Matters

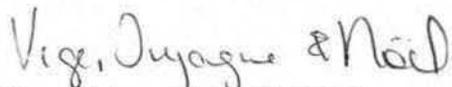
As part of obtaining reasonable assurance about whether City of Eunice, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items #2017-001 through #2017-004.

City of Eunice, Louisiana's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Vige, Tujague & Noël, CPA's
December 7, 2017

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Responses
Year Ended June 30, 2017

We have audited the financial statements of City of Eunice, Louisiana as of and for the year ended June 30, 2017, and have issued our report thereon dated December 7, 2017. 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. Our audit of the financial statements as of June 30, 2017, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

- a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ Yes X No Significant Deficiencies X Yes ___ No

Compliance

Noncompliance Material to Financial Statement ___ Yes X No

- b. Federal Awards

Not applicable

Section II. Financial Statement Findings

#2017-001 Segregation of Accounting Functions

Condition: The City of Eunice did not have adequate segregation of functions within the accounting system.

Criteria: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU314.43 defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT501.03 states:

“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Responses (continued)
Year Ended June 30, 2017

Cause: The cause of the condition is the fact that the City does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

Effect: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

Recommendation: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: It is not cost effective to achieve complete segregation of duties within the accounting function. No corrective action is considered necessary.

#2017-002 Budget Variance

Condition: The City's actual expenditures in the St. Landry & Acadia Fire District Fund exceeded budgeted expenditures by greater than 5% and budgeted revenues in the General Fund exceeded actual revenues by greater than 5%.

Criteria: When total actual expenditures exceed total budgeted expenditures by 5% or more and/or when total revenues fail to meet total budgeted revenues by 5% or more or there has been a change in operation upon which the original adopted budget was developed, the City shall adopt a budget amendment in an open meeting to reflect such a change.

Cause: The cause of the condition is that the City did not make the necessary amendments to the budget prior to the year end.

Effect: Failure to properly amend the budget results in variances beyond the 5% of budgeted revenues and expenses and results in noncompliance with budget laws.

Recommendation: We recommend that the City make the necessary amendments to the budget prior to year end for changes in revenues and expenditures incurred.

Response: The City will make the necessary amendments to the budget prior to year end for changes in estimated expenses.

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Responses (continued)
Year Ended June 30, 2017

#2017-003 Sales Tax Payable

Condition: Sales tax reports have not been filed with the Louisiana Department of Revenue for the 2016 and 2017 fiscal years. The City of Eunice owes sales tax collected on the sale of gas in the amount of \$20,113.

Criteria: The City of Eunice collects sales tax on gas purchased by certain customers as required by law. Monthly sales tax reports should be filed with the Louisiana Department of Revenue and the sales tax collected should be remitted to the state.

Cause: The clerk was unaware that it was her duty to file the sales tax reports and remit the payment.

Effect: The City of Eunice owes sales tax collected on the sale of gas to Louisiana Department of Revenue in the amount of \$20,113.

Recommendation: We recommend that the City file all sales tax reports in a timely manner and remit the proper amount to the Louisiana Department of Revenue.

Response: The City clerk has contacted a sales tax representative at the Louisiana Department of Revenue. The City is in the process of working out a payment plan for prior sales tax owed. The clerk will file current reports in a timely manner and remit sales tax collected to the state.

#2017-004 Donations

Condition: The City used public funds to make donations for funeral flowers in the amount of \$539.

Criteria: Article 7, Section 14 of the Louisiana Constitution of 1974 provides that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Cause: The Chief of Police was unaware that the purchase of funeral flowers was not an allowable expense.

Effect: The City is in violation of Article 7, Section 14 of the LA Constitution which expressly prohibits the use of public funds for donations or private use.

Recommendation: We recommend that the City no longer use public funds for donations.

Response: The City will not use public funds for donations in the future.

CITY OF EUNICE, LOUISIANA

Status of Prior Years Findings and Questioned Costs
Year Ended June 30, 2017

#2016-001 Segregation of Accounting Functions

Condition: The City of Eunice did not have adequate segregation of functions within the accounting system.

Criteria: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU314.43 defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT501.03 states:

“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

Cause: The cause of the condition is the fact that the City does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

Effect: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

Recommendation: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: It is not cost effective to achieve complete segregation of duties within the accounting function. No corrective action is considered necessary.

Status: This finding is repeated.

#2016-002 Budget Variance

Condition: The City’s actual expenditures in the St. Landry & Acadia Fire District Fund exceeded budgeted expenditures by greater than 5%.

CITY OF EUNICE, LOUISIANA

Status of Prior Years Findings and Questioned Costs (Continued)
Year Ended June 30, 2017

- Criteria: When total actual expenditures exceed total budgeted expenditures by 5% or more and/or when total revenues fail to meet total budgeted revenues by 5% or more or there has been a change in operation upon which the original adopted budget was developed, the City shall adopt a budget amendment in an open meeting to reflect such a change.
- Cause: The cause of the condition is that the City did not make the necessary amendments to the budget prior to the year end.
- Effect: Failure to properly amend the budget results in variances beyond the 5% of budgeted expenses and results in noncompliance with budget laws.
- Recommendation: We recommend that the City make the necessary amendments to the budget prior to year end for changes in expenditures incurred.
- Response: The City will make the necessary amendments to the budget prior to year end for changes in estimated expenses.
- Status: This finding is repeated.

CITY OF EUNICE, LOUISIANA

Schedule of Compensation Paid to Members of the Council
Year Ended June 30, 2017

Mayor, Scott Fontenot	\$ 46,410
I. Jackson Burson	14,842
Germain Simpson	7,120
Marion Sattler	7,119
Dolwin Soileau	7,120
Jason Bertrand	7,119
	<u>7,119</u>
	<u>\$ 89,730</u>

CITY OF EUNICE, LOUISIANA

Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
Year Ended June 30, 2017

Scott Fontenot, Mayor
Period: 12 Months

Salary	46,410
Benefits - retirement	10,558
Benefits - insurance	5,581
Conference travel	1,793

VIGE, TUJAGUE & NOEL, CPA'S
P. O. BOX 1006
EUNICE, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the City's Audited Financial Statement as of June 30, 2017.

2017-001 Segregation of Accounting Functions

A complete segregation of duties is not feasible due to the cost/benefit of hiring additional personnel and the size of the City's operations.

2017-002 Budget Variance

The City will make the necessary amendments to the budget prior to year end for changes in estimated expenses.

2017-003 Sales Tax Payable

The City Clerk has contacted a sales tax representative at the Louisiana Department of Revenue. The City is in the process of working out a payment plan for prior sales tax owed. The clerk will file current reports in a timely manner and remit sales tax collected to the state.

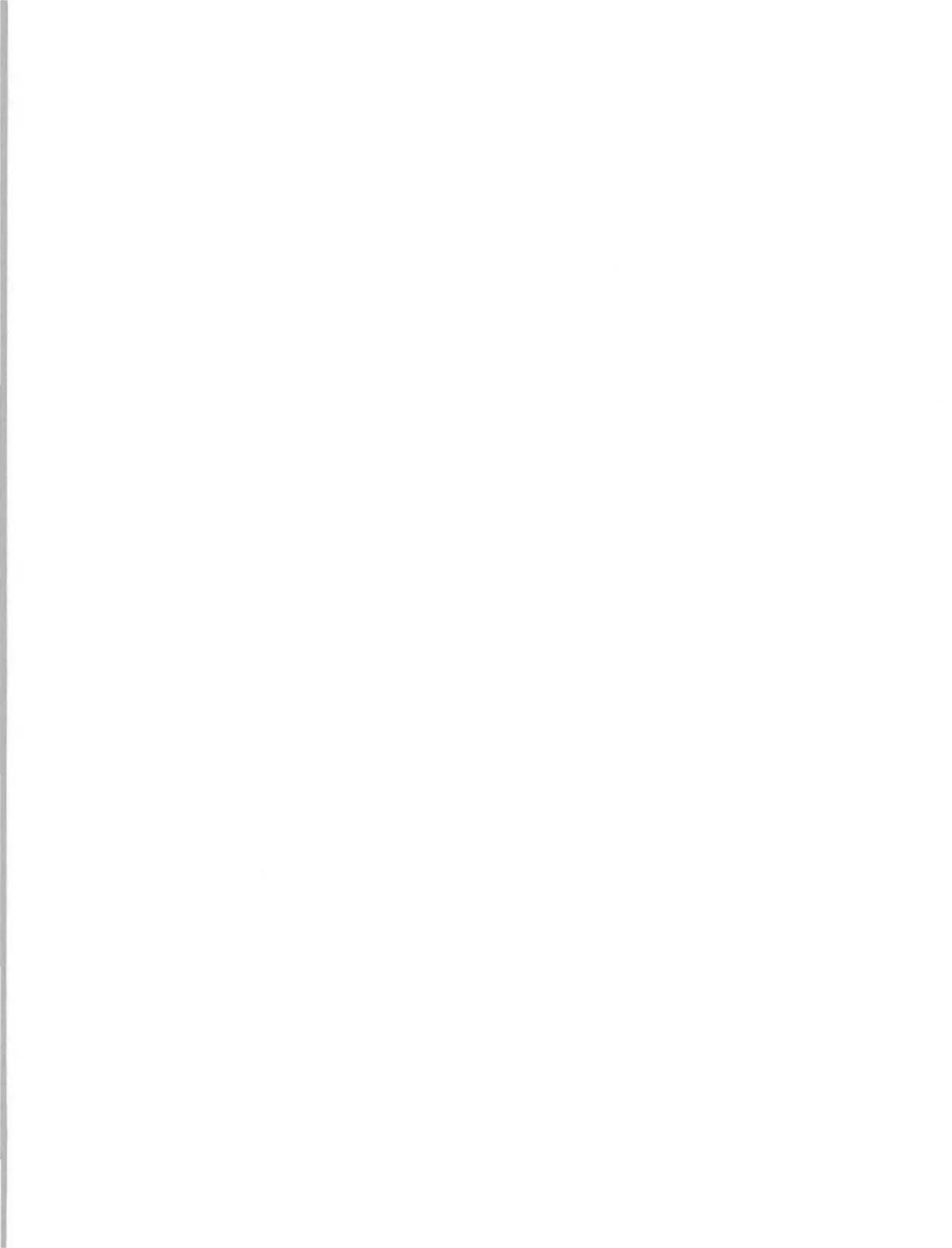
2017-004 Donations

The City will not use public funds for donations in the future.



Mayor Scott Fontenot

CITY OF EUNICE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES REPORT
YEAR ENDED JUNE 30, 2017



VIGE, TUJAGUE & NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Management and Board of Aldermen of the City of Eunice, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by City of Eunice, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The City of Eunice, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
Written policies were obtained and address the functions noted above.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase

orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies were obtained and address the functions noted above.

- c) **Disbursements**, including processing, reviewing, and approving

Written policies were obtained and address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits

Written policies were obtained and address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies were obtained and address the functions noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Written policies were obtained and address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Written policies were obtained and address the functions noted above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Written policies were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies were obtained and address the functions noted above.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies were obtained and address the functions noted above.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes included monthly budget-to-actual comparisons for the major funds.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

There was no deficit spending noted.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Obtained and reviewed the minutes of the managing board for the fiscal period noting that non-budgetary financial information was referenced.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained a listing of cash collection locations and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliations prepared for all accounts examined did not have evidence of management review.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Obtained bank statements and reconciliations for all months in the fiscal period noting management's documentation of research for items that have been outstanding for more than 6 months.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained a listing of cash collection locations and management's representation that the listing is complete.

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Written documentation was obtained and addresses the functions note above; however, some of the employees responsible for collecting cash are also responsible for depositing the cash, recording the related transaction, and reconciling the bank account, and shares a cash drawer with another employee. Also, some employees responsible for collecting cash are not included in the bond policy.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Written documentation was obtained and addresses the functions noted above.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within

one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collection documentation was obtained and deposits were made within one or two days of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections are supported by collection documentation, with the exception of three out of 22 items.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Written policies and procedures were obtained and address the functions noted above; however, the person who collects cash also determines completeness.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Examined supporting documentation for each of the 25 disbursements selected and found that purchases are initiated using a requisition or purchase order system; however, the initiation and approval functions are not always separate.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Examined supporting documentation for each of the 25 disbursements selected and found that purchases are initiated using a requisition or purchase order system; however, the initiation and approval functions are not always separate.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements and found that payments were processed with proper approval, receiving report and approved invoice, with few exceptions.

- 10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The person responsible for processing payments can also add vendors.

- 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The person with signatory authority also can initiate and record purchases.

- 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Checks are electronically printed on blank check stock and a report is automatically sent to a printer in the treasurer's office. The persons with signatory authority have system access to print checks.

- 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Checks are electronically printed with two electronic signatures included.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of active credit cards and management's representation that the listing is complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Monthly statements were obtained and supporting documentation was reviewed and approved by someone other than the cardholder, with the exception of the card held by the mayor.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges on the monthly statement selected.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Each transaction was supported by an itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Each transaction was supported by an itemized receipt including the business/public purpose.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We compared the transaction detail to the entity's purchasing/disbursement policies and the Louisiana Public Bid Law and noted no exceptions.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We compared the entity's documentation for each transaction and noted no exceptions to the requirements of Article 7, Section 14.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Obtained a listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Prescribed forms for expense reimbursement were obtained. No amounts listed exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Expenses were paid in accordance with policy with the exception of a mileage reimbursement that was miscalculated.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Expenses are approved in writing by the same person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Obtained a listing of contracts in effect during the fiscal year and management's representation that the listing is complete was obtained.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There is a formal/written contract that supports the service arrangement and amounts paid for each contract.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

The entity complied with all legal requirements.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

One contract was adjusted to reflect the cost of reconstruction rather than overlaying specific areas in the street improvement project. The contract provided for such an amendment.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No noncompliance noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Proper approval noted.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Changes were approved in writing and in accordance with written policy.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

We obtained written documentation that supervisors approved, in writing, the attendance and leave of the selected employees, with the exception of employees working in the museum and city court.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We obtained written documentation of the entities written leave records on selected employees.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

A listing of employees/officials terminated during the fiscal year and management's representation that the listing is complete was obtained. Termination payments were made in strict accordance with policy and approved by management.

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

The entity did not comply with the mandatory ethics training requirements.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

There was no debt issuance during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The City has no tax millages relating to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required notice was posted on the entity's premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Vige, Tujague & Noel

Vige, Tujague & Noel

Eunice, Louisiana

December 7, 2017

CITY OF EUNICE, LOUISIANA

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2017

Management Response to Item:

- 4b A member of management or a board member with no involvement in the transactions associated with the bank account will review each monthly reconciliation.
- 6a, 7, 9a, 9b,
10, 11, 12, 13
15a, 19d Efforts will be made to segregate duties in these areas as much as possible with the limited number of employees involved. All employees responsible for collecting cash have been added to the bond policy.
- 6c Collection documentation will be maintained and available for all daily cash collections.
- 9c The mayor will approve all invoices or disbursements in writing.
- 23b The payroll clerk will obtain written documentation of approval for attendance and leave for employees in the museum and city court.
- 26 All employees will comply with the mandatory ethics training requirements and documentation will be maintained in personnel files.



Scott Fontenot, Mayor