



ANNUAL FINANCIAL REPORT
For the Year Ended
December 31, 2017

CITY OF THIBODAUX
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2017
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FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Thibodaux City Council,
City of Thibodaux, Louisiana
Thibodaux, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Thibodaux, Louisiana (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the 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 an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Thibodaux Volunteer Fire Department, Inc. which represent 94%, 96%, and 71%, respectively, of the total assets, total net position, and total revenues of the City of Thibodaux, Louisiana's component units. These financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Thibodaux Volunteer Fire Department, is based solely on the report of the other auditors.

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 basic financial statements are free of 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, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison schedules for the major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Thibodaux, Louisiana's basic financial statements. The supplementary information section (combining and individual fund financial statements) and other supplementary information section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.



To the City Council
City of Thibodaux, Louisiana
Page 3

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not required part of the financial statements. The accompanying Uniform Financial Reporting Standards for Public Housing Authorities-Financial Data Schedules is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, the Schedule of Expenditures of Federal Awards, and the Uniform Financial Reporting Standards for the Public Housing Authorities-Financial Data Schedules, the Schedule of Compensation, Reimbursements, 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 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The other supplementary information in Schedule 3-Schedule of Utility Customers and Schedule 4-Schedule of Insurance in Force have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 30, 2018 on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Thibodaux, Louisiana's internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
May 30, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Thibodaux, Louisiana

For the Year Ended December 31, 2017

The Finance Department, Accounting Division is responsible for the overview and analysis of the financial activities of the City of Thibodaux, Louisiana (the City) for the year ended December 31, 2017. The narrative provided is designed to introduce the financial highlights and offer an overview of our financial statements.

Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and facts known to date. This narrative includes a government-wide financial analysis of revenues, expenses and changes in the net assets. Further detail offers our readers a financial analysis of the funds consisting of the governmental fund types and proprietary funds.

FINANCIAL HIGHLIGHTS

Assets exceeded its liabilities at the close of the most recent fiscal year by **\$46.5** million (net position). Of this amount, **\$52.5** million is the net invested in capital assets, **\$1.7** million is restricted for federal grants and debt service payments. Because of the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, the amount of net position used to meet the ongoing obligations to citizens and creditors (unrestricted) is reduced to a **negative \$7.7** million.

Total net position increased by **\$1.1 million** during 2017. The governmental net position increased by approximately **\$0.8** million and the business-type increased by approximately **\$0.3** million in 2017.

At the end of our current fiscal year, the governmental funds reported combined ending fund balances of **\$11.5** million, with an increase of approximately **\$0.3** million in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements (GWFS) reported in Statements A and B are designed to be similar to private-sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements combine governmental fund's current financial resources with capital assets and long-term obligations. Also presented in the GWFS is a column for the business-type activities of the primary government.

The Statement of Net Position reported in Statement A presents information on all the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

The GWFS distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the basic services and include the financial activities of Administration (Executive and Legislative Branches), Public Works (Government Buildings, Drainage, Roads and Streets), Public Safety (City Police and Fire), Human Resources, Finance, Parks, Recreation, Municipal Auditorium, and Legal. The business-type activities include a water production and distribution operation, natural gas distribution, a sewerage collection and treatment system and solid waste collection and disposal.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements (FFS) presentation more familiar.

The focus is now on major funds, rather than generic fund types. All the funds are reported in two categories: governmental funds and proprietary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the GWFS. The governmental major fund presentation in Statements C through F is presented on a sources and uses of resources basis. This is the manner in which the financial budget is typically developed. Unlike the GWFS, governmental FFS focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the current financing requirements. The following are major funds: General Fund, Section 8 Grant Fund and Capital Projects Fund.

All non-major governmental funds are presented in one column, titled Non-Major Funds. Combining financial statements of the non-major funds can be found in the Combining and Individual Fund Statements and Schedules that follow the basic financial statements.

Proprietary Funds report both Enterprise and Internal Service funds on the FFS illustrated in Statements G through I. *Enterprise funds* are used to account for operations financed and operated in a manner similar to private business enterprises. These Enterprise Funds are presented as major funds and consist of the Municipal Waterworks Fund, Municipal Gas and Sewerage System Fund and Garbage Collection Fund. The intent is that costs of goods or services to the general public on a continuing basis be financed primarily through user charges. The *Internal Service Fund* is used to account for the financing of goods or services provided by Risk Management (self-insurance) to other funds. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities section in the government-wide financial statements.

Capital Assets

General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure and all other tangible assets that are used in operations and that exceed the capitalization threshold explained in Note 8 accompanying the financial statements. All projects completed and acquisitions occurring in calendar year ended December 31, 2017 have been capitalized.

Other Information

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The notes to the financial statements are a required part of the basic financial statements and can be found following Statement K in this report.

Supplementary Information

The combining statements referred to earlier in connection with the non-major governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules include Schedule 2.1-3.1 of the report. Other supplementary financial information can be found in Schedules 4.1 through 4.4 of this report.

Also included in the report are the *Government Auditing Standards* and the Office of Management and Budget A-133 Uniform Guidance for federal programs, auditor reports, findings and schedules.

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Position for 2017, with comparative figures from 2016:

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|-------------|-----------------------------|-------------|-------------|-------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Assets | | | | | | |
| Current and Other | \$13.2 | \$12.5 | \$ 5.9 | \$ 5.9 | \$19.1 | \$18.4 |
| Restricted | - | - | 2.8 | 2.6 | 2.8 | 2.6 |
| Capital | 34.0 | 32.8 | 29.3 | 24.5 | 63.3 | 57.3 |
| Total Assets | 47.2 | 45.3 | 38.0 | 33.0 | 85.2 | 78.3 |
| | | | | | | |
| Deferred Outflows | 3.6 | 4.8 | 0.6 | 0.7 | 4.2 | 5.5 |
| | | | | | | |
| Liabilities | | | | | | |
| Current | 1.4 | 1.0 | 1.7 | 1.6 | 3.1 | 2.6 |
| Long-term | 24.8 | 24.9 | 13.8 | 9.3 | 38.6 | 34.2 |
| Total Liabilities | 26.2 | 25.9 | 15.5 | 10.9 | 41.7 | 36.8 |

| | | | | | | |
|-------------------------|----------------|----------------|---------------|---------------|---------------|---------------|
| Deferred Inflows | 1.1 | 1.5 | 0.1 | 0.1 | 1.2 | 1.6 |
| Net Assets | | | | | | |
| Net Invested in Capital | 34.1 | 32.8 | 18.4 | 18.0 | 52.5 | 50.8 |
| Restricted | - | - | 1.7 | 1.5 | 1.7 | 1.5 |
| Unrestricted | -10.6 | -10.1 | 2.9 | 3.2 | -7.7 | -6.9 |
| | <u>\$ 23.5</u> | <u>\$ 22.7</u> | <u>\$23.0</u> | <u>\$22.7</u> | <u>\$46.5</u> | <u>\$45.4</u> |

For more detailed information see Statement A, Statement of Net Position.

Approximately **113%** of the net position as of December 31, 2017 reflects the net invested in capital assets (land, construction in progress, buildings, infrastructure, machinery and equipment less accumulated depreciation) less any related outstanding debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Another **4%** of the total net position is subject to external restrictions as to their use. The remaining unrestricted net assets is **negative 17%**.

The table below provides a summary of the changes in net assets for the year ended December 31, 2017, with comparative figures :

| Condensed Statements of Activities (in millions) | | | | | | |
|---|--------------|-------------|---------------|------------|-------------|-------------|
| | Governmental | | Business-type | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenue | | | | | | |
| Program Revenue: | | | | | | |
| Charges for services | \$ 1.5 | \$ 1.9 | \$8.3 | \$7.8 | \$ 9.8 | \$ 9.7 |
| Operating Grants | 1.6 | 1.5 | - | - | 1.6 | 1.5 |
| Capital Grants | 0.9 | 0.2 | 0.2 | 0.7 | 1.1 | 0.9 |
| General Revenue | | | | | | |
| Property Taxes | 1.5 | 1.4 | - | - | 1.5 | 1.4 |
| Sales Taxes | 12.1 | 10.8 | - | - | 12.1 | 10.8 |
| Other Taxes | 1.2 | 1.2 | - | - | 1.2 | 1.2 |
| Unrestricted | - | - | 0.1 | - | 0.1 | - |
| Investment Earnings | | | | | | |
| Non-specific Grants | 0.3 | 0.1 | - | - | 0.3 | 0.1 |
| Other | 0.3 | 0.3 | 0.1 | 0.1 | 0.4 | 0.4 |
| Total Revenue | <u>19.4</u> | <u>17.4</u> | <u>8.7</u> | <u>8.6</u> | <u>28.1</u> | <u>26.0</u> |
| Expenses | | | | | | |
| General Government | \$3.2 | \$ 4.1 | \$ - | \$ - | \$ 3.2 | \$ 4.1 |
| Public Safety | \$8.1 | \$8.7 | - | - | \$8.1 | \$8.1 |

| | | | | | | |
|-------------------------------------|---------|---------|--------|--------|---------|---------|
| Public Works | 2.8 | 2.8 | - | - | 2.8 | 2.8 |
| Culture & Recreation | 3.3 | 3.3 | - | - | 3.3 | 3.3 |
| | | | | | 1.2 | 1.1 |
| Health & Welfare | 1.2 | 1.1 | - | - | | |
| | - | - | 2.8 | 2.6 | 2.8 | 2.6 |
| Waterworks | | | | | | |
| Gas & Sewerage | - | - | 4.2 | 3.8 | 4.2 | 3.8 |
| Garbage Collection | - | - | 1.4 | 1.3 | 1.4 | 1.3 |
| Total Expenses | 18.6 | 20.0 | 8.4 | 7.7 | 27.0 | 27.7 |
| Increase (Decrease) in Net Position | 0.8 | (2.6) | 0.3 | 0.9 | 1.1 | (1.7) |
| Net Position | | | | | | |
| Beginning | 22.7 | 25.3 | 22.7 | 21.8 | 45.4 | 47.1 |
| Ending | \$ 23.5 | \$ 22.7 | \$23.0 | \$22.7 | \$ 46.5 | \$ 45.4 |

The government's net position increased by \$1.1 million during the current fiscal year. *Governmental Activities* net position increased by \$0.8 million in 2017 and *Business-Type Activities* net position increased by \$0.3.

Financial Analysis of the Governmental Funds

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

The combined fund balance of the governmental funds was \$11.5 million, an increase of \$0.3 million as the prior year. Approximately 85% (\$9.7 million) of total fund balance was unassigned and available for spending in future periods. The restricted fund balance was \$7,868 due to restrictions by external parties. Fund balance of \$1.7 million was committed for Public Safety and Public Works. The assigned fund balance of \$16,864 represents amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

The General Fund is the chief operating fund and is always a major fund. At the end of the current fiscal year, the unassigned fund balance of the General Fund was approximately \$9.7 million, an increase of approximately \$0.8 million from the prior year. This represents 61% of total General Fund expenditures.

Other major funds include the Section 8 Housing Special Revenue Fund and Capital Project Fund. At the end of the current fiscal year, the fund balance of the Section 8

Housing Fund, all of which is restricted specifically for the Section 8 federal program was approximately **\$7,868**, an increase of approximately **\$4,566** from the prior year.

The Capital Project Fund in total decreased by **\$1,220** from the prior year. The ending fund balance of the Capital Projects fund of **\$0.2** million was included in the committed for Public Works classification of Fund Balance.

Proprietary Funds: The proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Municipal Waterworks Fund is used to account for water services to all areas of the City. This fund encompasses all assets associated with potable water production and distribution.

The Municipal Waterworks Fund had unrestricted net position of **\$2.2** million. Net Invested in Capital Assets at the end of the current fiscal year was **\$7.3** million and **\$196,114** was restricted for debt service. This fund ended the year with **\$19,484** in operating loss.

The Municipal Gas & Sewerage System Fund had unrestricted net position of **\$0.1**. This fund encompasses all assets associated with sewerage and natural gas operations, maintenance and capital improvements. The Gas System ended the year with a **\$0.2** million operating income while the Sewerage System ended with **\$18,376** in operating loss for a combined operating income at year-end of **\$0.2** million. Investment in capital assets, net of related debt at the end of the current fiscal year totaled **\$11.1** million and **\$1.5** million was restricted for debt service.

The Garbage Collection Fund had **\$0.5** million in unrestricted net assets. This fund encompasses all assets associated with garbage collection. The fund ended the year with an operating income of **\$10,171**. There was no investment in capital assets at the end of the current fiscal year.

General Fund Budgetary

The budget was amended twice during the year. The primary reason for amending the budget was to prevent compliance violations under state laws. Some of the significant unfavorable variances are listed below:

REVENUES

- **Taxes – Franchise – Entergy had an unfavorable variance of \$10,246.**
- **Taxes – Cable TV – Charter had an unfavorable variance of \$22,303.**
- **Taxes – Telephone – Bell South had an unfavorable variance of \$31,246.**
- **Intergovernmental – FEMA – Hurricane Katrina had an unfavorable variance of \$107,934.**

- **Miscellaneous – Nextel Communications had an unfavorable variance of \$24,136.**
- **Total revenues were amended by \$148,473 from \$16,318,567 to \$16,467,040. The total favorable variances for revenues were \$1,296 or 0.01% and were in compliance with the Local Budget Act.**

EXPENDITURES

- **There were no significant unfavorable variances at the end of the year.**
- **Total expenditures were amended by \$792,876 from \$17,763,767 to \$16,970,891. The total favorable variances for expenditures was \$1,118,016 or 7.0% and were in compliance with the Local Budget Act.**

Capital Asset and Debt Administration

Capital Assets: The capital assets for governmental and business-type activities was **\$63.3 million** (net of accumulated depreciation). The capital assets includes land, construction in progress, infrastructure, buildings and improvements, furnishings and equipment, gas and water utility systems, sewer system facilities, roads, highways and drainage systems. The total **increase** in capital assets (net of depreciation) for the current fiscal year was **\$5.9 million**, a **\$1.2 million increase** for governmental activities and a **\$4.7 million increase** for business-type activities.

Major capital asset additions, completions, or purchases during the current fiscal year included the following:

| | |
|--|----------------------|
| • Sealcoat and Striping Airport Runway | \$213,544 |
| • N. Sewer Plant Access Road | \$317,550 |
| • Eagle Park Bathroom | \$115,660 |
| • Misc. Road Design Overlays and Patch Work | \$988,429 |
| • Water Plant Greenleaf Filter Building | \$798,668 |
| • Water Plant Clarifier Walkways | \$128,343 |
| • Sewer Station Barbier, Parish, Oak & Gilbert | \$175,404 |
| • South Thibodaux Drainage Project | \$760,204 (Donation) |
| • Plantation Acres IV | \$745,674 (Donation) |

The amounts expended to date for current projects in progress at year-end:

| | |
|--------------------------------------|-------------|
| • Acadian West Trail | \$46,851 |
| • Geometry & Signal Study-Canal Blvd | \$56,871 |
| • Acadian Road Roundabout | \$356,378 |
| • North Wastewater Treatment Plant | \$3,478,947 |
| • 2017 Street Improvements | \$518,665 |
| • UMS Water Project | \$2,645,083 |
| • UMS Gas Project | \$896,051 |

City of Thibodaux
Capital Assets
(Net of Depreciation)
December 31, 2017 and 2016
(in millions)

| | Governmental | | Business-type | | Total | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | Activities | | Activities | | | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | \$ 4.3 | \$ 4.3 | \$ 0.4 | \$ 0.4 | \$ 4.7 | \$ 4.7 |
| Buildings & Improvements | 4.3 | 4.5 | - | - | 4.3 | 4.5 |
| Infrastructure | 22.4 | 21.5 | - | - | 22.4 | 21.5 |
| Furnishings & Equipment | 1.7 | 1.7 | - | - | 1.7 | 1.7 |
| Water Production & Distribution System | - | - | 10.7 | 10.1 | 10.7 | 10.1 |
| Sewer System & Equipment | - | - | 8.7 | 9.0 | 8.7 | 9.0 |
| Gas Distribution System | - | - | 2.4 | 2.6 | 2.4 | 2.6 |
| Construction in progress | 1.3 | 0.8 | 7.1 | 2.5 | 8.4 | 3.3 |
| Total | \$ 34.0 | \$ 32.8 | \$ 29.3 | \$ 24.6 | \$ 63.3 | \$ 57.4 |

Additional information on the City's capital assets can be found in **Note 8** of this report.

Long-term Debt: At the end of the current fiscal year, the City had total bonded debt outstanding of **\$7.62** million.

City of Thibodaux
Summary of Outstanding Debt at Year-end
December 31, 2017 and 2016
(in millions)

| | Business-type | |
|--------------------------------------|----------------|----------------|
| | Activities | |
| | 2017 | 2016 |
| Utilities Revenue Bond Series 1997 | 0.15 | 0.30 |
| Water Revenue Bonds Series 2010B | 3.52 | 3.70 |
| Utilities Revenue Bonds, Series 2013 | 3.95 | 2.60 |
| Total Outstanding | \$ 7.62 | \$ 6.60 |

The bond issues are serviced by user fees assessed for sewer collection and treatment. The revenue bond issues are backed by the full faith and credit of the City.

Economic Factors and Next Year's General Fund Budget and Rates

The proposed General Fund budget for the year ending December 31, 2018, results in an operating deficit of \$1.7 million. Highlights of next year's General Fund budget include:

| Condensed Summary of General Fund Budgeted Finances | |
|--|--------------|
| | FY 2018 |
| Anticipated revenues | \$16,044,343 |
| Transfers in (net) | 453,351 |
| Expenditures: | |
| Current | 16,881,148 |
| Capital Outlay | 1,332,300 |
| Excess of expenditures | (1,715,754) |
| Fund Balance: | |
| Beginning of the year | 9,032,035 |
| End of the year | \$7,316,281 |

In addition we call your attention to the following key assumptions made in completing next year's budget:

- The budget planning began with the assumption that some of our revenues would produce little or no growth. In the years past, these revenues have shown significant highs and lows. With this in mind, it has been the City's practice to budget no increase for these proceeds.
- Sales Tax collections support the operations of the General Fund and the Capital Projects Fund. The City experienced a 12.7% increase in growth in sales tax collections from 2016 to 2017. For prudent planning, the budget includes no increase in 2018 collections as compared to the 2017 estimated projections.
- Ad Valorem taxes are proposed at relatively no growth for 2018 as compared to 2017.

Requests for Information

This financial report is designed to provide a general overview of the City of Thibodaux's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Council Administrator, P. O. Box 5418, Thibodaux, Louisiana, 70302. General information relating to the City can be found at the City website, www.ci.thibodaux.la.us.

CITY OF THIBODAUX, LA
Statement of Net Position
December 31, 2017

Statement A

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|----------------------|----------------------|
| | Governmental Activities | Business Type Activities | Total | Total |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 5,679,496 | \$ 3,379,801 | \$ 9,059,297 | \$ 4,045,134 |
| Investments | 4,436,787 | 1,301,488 | 5,738,275 | 684,352 |
| Receivables (net) | 710,051 | 1,190,347 | 1,900,398 | 107,780 |
| Due from Other Governments | 2,361,928 | - | 2,361,928 | 29,000 |
| Prepaid expenses | - | - | - | 2,209 |
| Restricted Assets | | | | |
| Cash and cash equivalents | - | 2,002,413 | 2,002,413 | - |
| Investments | - | 795,956 | 795,956 | - |
| Capital Assets | | | | |
| Non-depreciable | 5,609,930 | 7,527,248 | 13,137,178 | 1,230,748 |
| Net Depreciable | 28,451,487 | 21,753,089 | 50,204,576 | 6,891,902 |
| Total assets | <u>47,249,679</u> | <u>37,950,342</u> | <u>85,200,021</u> | <u>12,991,125</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows - pension contributions | 862,648 | 510,312 | 1,372,960 | 7,505 |
| Deferred outflows - pension other | 2,765,975 | 124,547 | 2,890,522 | 190 |
| Total deferred outflows of resources | <u>3,628,623</u> | <u>634,859</u> | <u>4,263,482</u> | <u>7,695</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | 1,329,358 | 553,661 | 1,883,019 | 41,780 |
| Accrued interest payable | - | 20,117 | 20,117 | - |
| Other current liabilities | 42,343 | 94,001 | 136,344 | - |
| Due to Other Governmental Units | - | - | - | 11,649 |
| Liabilities payable from restricted assets | - | 1,034,189 | 1,034,189 | 1,427 |
| Non-current liabilities | | | | |
| Due within one year | 214,128 | 343,373 | 557,501 | - |
| Due in more than one year | 24,646,857 | 13,429,858 | 38,076,715 | 208,068 |
| Total liabilities | <u>26,232,686</u> | <u>15,475,199</u> | <u>41,707,885</u> | <u>262,924</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows of resources - pension | 1,161,097 | 81,286 | 1,242,383 | 13,798 |
| NET POSITION | | | | |
| Net Invested in capital assets | 34,061,417 | 18,422,066 | 52,483,483 | 105,884 |
| Restricted for: | | | | |
| Federal Grants | 7,868 | - | 7,868 | - |
| Debt Service | - | 1,744,063 | 1,744,063 | - |
| In Component Units | - | - | - | 1,832,135 |
| Unrestricted | (10,584,766) | 2,862,587 | (7,722,179) | 10,819,008 |
| Total net position | <u>\$ 23,484,519</u> | <u>\$ 23,028,716</u> | <u>\$ 46,513,235</u> | <u>\$ 12,757,027</u> |

See notes to financial statements.

CITY OF THIBODAUX
Statement of Activities
For the Year Ended December 31, 2017

Statement B

| Functions/Programs | Primary Government | | | |
|----------------------------------|----------------------|----------------------|----------------------------------|--------------------------------|
| | Expenses | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions |
| Governmental Activities: | | | | |
| General Government | \$ 3,208,576 | \$ 1,081,669 | \$ 19,702 | \$ - |
| Public Safety | 8,060,974 | 16,202 | 405,521 | - |
| Public Works | 2,850,445 | 108,828 | - | 892,095 |
| Culture and Recreation | 3,356,686 | 347,853 | - | - |
| Health and Welfare | 1,186,775 | - | 1,139,772 | - |
| Total governmental activities | <u>18,663,456</u> | <u>1,554,552</u> | <u>1,564,995</u> | <u>892,095</u> |
| Business-Type Activities: | | | | |
| Waterworks | 2,835,675 | 2,613,104 | - | 60,931 |
| Gas & Sewer | 4,165,812 | 4,300,528 | - | 131,727 |
| Garbage Collection | 1,411,587 | 1,421,758 | - | - |
| Total business-type activities | <u>8,413,074</u> | <u>8,335,390</u> | <u>-</u> | <u>192,658</u> |
| Totals | <u>\$ 27,076,530</u> | <u>\$ 9,889,942</u> | <u>\$ 1,564,995</u> | <u>\$ 1,084,753</u> |
| Component Units | <u>\$ 2,171,742</u> | <u>\$ 182,952</u> | <u>\$ 1,303,479</u> | <u>\$ 46,360</u> |

See notes to financial statements.

CITY OF THIBODAUX
Statement of Activities
For the Year Ended December 31, 2017

Statement B

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|----------------|--------------------|
| | Net (Expense) Revenue | | | |
| | Governmental Activities | Business-Type Activities | Total | Total |
| Governmental Activities: | | | | |
| General Government | \$ (2,107,205) | \$ - | \$ (2,107,205) | \$ - |
| Public Safety | (7,639,251) | - | (7,639,251) | - |
| Public Works | (1,849,522) | - | (1,849,522) | - |
| Culture and Recreation | (3,008,833) | - | (3,008,833) | - |
| Health and Welfare | (47,003) | - | (47,003) | - |
| Total governmental activities | (14,651,814) | - | (14,651,814) | - |
| Business-Type Activities: | | | | |
| Waterworks | - | (161,640) | (161,640) | - |
| Gas & Sewer | - | 266,443 | 266,443 | - |
| Garbage Collection | - | 10,171 | 10,171 | - |
| Total business-type activities | - | 114,974 | 114,974 | - |
| | (14,651,814) | 114,974 | (14,536,840) | |
| Component Units | | | | \$ (638,951) |
| General revenues | | | | |
| Taxes: | | | | |
| Ad Valorem | 1,522,734 | - | 1,522,734 | 630,095 |
| Sales | 12,082,856 | - | 12,082,856 | - |
| Franchise taxes | 592,765 | - | 592,765 | - |
| Lafourche Parish Recreation Tax | 107,000 | - | 107,000 | - |
| Other | 491,858 | - | 491,858 | 905,609 |
| Unrestricted investment earnings | - | 55,573 | 55,573 | 7,884 |
| Grants not restricted to specific programs | 272,882 | - | 272,882 | - |
| Other | 349,379 | 157,097 | 506,476 | 184,442 |
| Total general revenues | 15,419,474 | 212,670 | 15,632,144 | 1,728,030 |
| Changes in net position | 767,660 | 327,644 | 1,095,304 | 1,089,079 |
| Net position, beginning of year | 22,716,859 | 22,701,072 | 45,417,931 | 11,667,948 |
| Net position, end of year | \$ 23,484,519 | \$ 23,028,716 | \$ 46,513,235 | \$ 12,757,027 |

See notes to financial statements.

CITY OF THIBODAUX
 Balance Sheet - Governmental Funds
 December 31, 2017

Statement C

| | Major Funds | | | Non-Major Funds | Total |
|--|----------------------|----------------------|--------------------------|---------------------|----------------------|
| | 01 | 17 | 65 | | |
| | General Fund | Section 8 Housing | Capital Projects Fund | | |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 3,371,877 | \$ 14,644 | \$ 145,752 | \$ 1,747,188 | \$ 5,279,461 |
| Investments | 4,228,061 | - | - | 208,726 | 4,436,787 |
| Receivables | 393,689 | - | - | 303,600 | 697,289 |
| Due from Other Governments | 2,332,159 | - | 4,248 | 25,521 | 2,361,928 |
| TOTAL ASSETS | \$ 10,325,786 | \$ 14,644 | \$ 150,000 | \$ 2,285,035 | \$ 12,775,465 |
| LIABILITIES | | | | | |
| Accounts Payable and Accrued Expenses | \$ 308,297 | \$ 400 | \$ 1,220 | \$ 677,694 | \$ 987,611 |
| Accrued Salaries and Benefits | 265,189 | 2,576 | - | - | 267,765 |
| Prepaid Revenues | 38,543 | 3,800 | - | - | 42,343 |
| TOTAL LIABILITIES | 612,029 | 6,776 | 1,220 | 677,694 | 1,297,719 |
| FUND BALANCES | | | | | |
| Restricted: | | | | | |
| Federal and State Grant Programs | - | 7,868 | - | - | 7,868 |
| Committed: | | | | | |
| Public Safety | - | - | - | 734,809 | 734,809 |
| Public Works | - | - | 148,780 | 855,668 | 1,004,448 |
| Assigned | - | - | - | 16,864 | 16,864 |
| Unassigned | 9,713,757 | - | - | - | 9,713,757 |
| TOTAL FUND BALANCES | 9,713,757 | 7,868 | 148,780 | 1,607,341 | 11,477,746 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 10,325,786 | \$ 14,644 | \$ 150,000 | \$ 2,285,035 | \$ 12,775,465 |

See notes to financial statements.

CITY OF THIBODAUX

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position December 31, 2017

Statement D

| | | |
|---|---------------------|-----------------------------|
| Total fund balance - governmental funds | | \$ 11,477,746 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds: | | |
| Cost of non-depreciable capital assets | \$ 5,609,930 | |
| Cost of depreciable capital assets | 64,264,097 | |
| Accumulated Depreciation | <u>(35,812,610)</u> | |
| | | 34,061,417 |
| The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position | | 338,815 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Other postemployment benefit obligations | | |
| Due in more than one year | <u>(8,130,196)</u> | (8,130,196) |
| Compensated absences: | | |
| Due within one year | (214,128) | |
| Due in more than one year | <u>(313,719)</u> | |
| | | <u>(527,847)</u> |
| Net Pension Liability | | |
| Due in more than one year | <u>(16,202,942)</u> | (16,202,942) |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds | | |
| Deferred outflows - contributions | 862,648 | |
| Deferred outflows - other | 2,765,975 | |
| Deferred inflows - proportionate share | <u>(1,161,097)</u> | |
| | | 2,467,526 |
| Net assets - governmental activities | | <u><u>\$ 23,484,519</u></u> |

See notes to financial statements.

CITY OF THIBODAUX

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2017

Statement E

| | Major Funds | | | | Total |
|--|---------------------|----------------------|--------------------------|---------------------|----------------------|
| | 01 | 17 | 65 | | |
| REVENUES | General Fund | Section 8 Housing | Capital Projects Fund | Non-Major Funds | |
| Taxes | \$ 13,683,954 | \$ - | \$ - | \$ 1,006,259 | \$ 14,690,213 |
| Licenses and permits | 971,002 | - | - | - | 971,002 |
| Intergovernmental from: | | | | | |
| Federal Government | 105,949 | 1,104,603 | 777,984 | 120,923 | 2,109,459 |
| State Government | 423,048 | - | - | 133,308 | 556,356 |
| Local Government | 371,250 | - | - | - | 371,250 |
| Charges for Services | 467,882 | - | - | - | 467,882 |
| Fines and Forfeitures | 110,667 | - | - | 5,001 | 115,668 |
| Miscellaneous | 334,584 | 31,009 | 606 | 11,537 | 377,736 |
| Total Revenues | <u>16,468,336</u> | <u>1,135,612</u> | <u>778,590</u> | <u>1,277,028</u> | <u>19,659,566</u> |
| EXPENDITURES | | | | | |
| Current : | | | | | |
| General Government | 3,569,735 | - | - | - | 3,569,735 |
| Public Safety | 6,625,587 | - | - | 5,157 | 6,630,744 |
| Public Works | 2,279,697 | - | 8,250 | 314,209 | 2,602,156 |
| Culture and Recreation | 2,578,940 | - | - | - | 2,578,940 |
| Health and Welfare | - | 1,166,778 | - | 6,812 | 1,173,590 |
| Capital Outlay | 798,916 | - | 983,679 | 856,949 | 2,639,544 |
| Total Expenditures | <u>15,852,875</u> | <u>1,166,778</u> | <u>991,929</u> | <u>1,183,127</u> | <u>19,194,709</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 615,461 | (31,166) | (213,339) | 93,901 | 464,857 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 630,095 | 35,732 | 212,119 | - | 877,946 |
| Transfers Out | (415,891) | - | - | (630,095) | (1,045,986) |
| Total other financing sources (uses) | <u>214,204</u> | <u>35,732</u> | <u>212,119</u> | <u>(630,095)</u> | <u>(168,040)</u> |
| NET CHANGE IN FUND BALANCE | 829,665 | 4,566 | (1,220) | (536,194) | 296,817 |
| FUND BALANCES - | | | | | |
| Beginning of Year | 8,884,092 | 3,302 | 150,000 | 2,143,535 | 11,180,929 |
| End of Year | <u>\$ 9,713,757</u> | <u>\$ 7,868</u> | <u>\$ 148,780</u> | <u>\$ 1,607,341</u> | <u>\$ 11,477,746</u> |

See notes to financial statements.

CITY OF THIBODAUX

Reconciliation of the Statement of Revenues, Expenditures, and Changes in fund Balance to the Statement of Activities For the Year Ended December 31, 2017

Statement F

| | | |
|--|------------------|-------------------|
| Net changes in fund balances - governmental funds | | \$ 296,817 |
| Amounts reported for <i>governmental activities</i> in the statement of activities different because: | | |
| Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. | | |
| Capital outlay as per financial statements | 2,639,544 | |
| Current year depreciation included in: | | |
| General Government | (538,966) | |
| Public Works | (1,356,598) | |
| Public Safety | (12,620) | |
| Culture & Recreation | <u>(564,816)</u> | |
| | (2,473,000) | |
| Other asset adjustments/reclassifications to assets: | <u>1,095,631</u> | 1,262,175 |
| Some expenses reported in the statement of activities do not require current financial resources and therefore are not reported as expenditures in governmental funds: | | |
| (Increase) Decrease in compensated absences | 21,008 | |
| (Increase) Decrease in other postemployment benefits | <u>(895,697)</u> | (874,689) |
| Changes in the pension components for the current year are not reported in the governmental funds but are reported in the Statement of Activities | | |
| (Increase) Decrease in Pension Liability | 903,101 | |
| Change in Deferred Outflows for Contributions | 31,050 | |
| Change in Deferred Outflows for Other | (1,196,523) | |
| Change in Deferred Inflows | <u>337,446</u> | 75,074 |
| The change in net position of the internal service fund is included in governmental activities in the statement of net assets. | | |
| | | <u>8,283</u> |
| Change in net assets of governmental activities | | <u>\$ 767,660</u> |

See notes to financial statements.

CITY OF THIBODAUX

Statement of Net Position

Proprietary Funds

December 31, 2017

Statement G

| | Business-type Activities - Enterprise Funds | | | | Governmental |
|---|---|--|-------------------------------|----------------------|--------------------------|
| | 41 | 43 | 15 | Total | 46 |
| | Municipal Waterworks Fund | Municipal Gas & Sewerage System Fund | Garbage Collection Fund | Enterprise Funds | Internal Service Fund |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 1,931,799 | \$ 972,519 | \$ 475,483 | \$ 3,379,801 | \$ 400,035 |
| Investments | 1,301,488 | - | - | 1,301,488 | - |
| Receivables: | | | | | |
| Unbilled service charges | 143,282 | 409,186 | 90,580 | 643,048 | - |
| Customers | 140,038 | 302,470 | 76,421 | 518,929 | - |
| Accrued interest | 5,815 | 930 | - | 6,745 | - |
| Other | 18,983 | 2,642 | - | 21,625 | 12,762 |
| Total current assets | <u>3,541,405</u> | <u>1,687,747</u> | <u>642,484</u> | <u>5,871,636</u> | <u>412,797</u> |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 468,744 | 1,533,669 | - | 2,002,413 | - |
| Investments | 210,791 | 585,165 | - | 795,956 | - |
| Total Restricted Assets | <u>679,535</u> | <u>2,118,834</u> | <u>-</u> | <u>2,798,369</u> | <u>-</u> |
| Noncurrent assets: | | | | | |
| Capital Assets | | | | | |
| Non-Depreciable | 2,676,979 | 4,850,269 | - | 7,527,248 | - |
| Depreciable, Net | 19,500,417 | 29,162,496 | - | 48,662,913 | - |
| Accumulated Depreciation | (8,931,244) | (17,978,580) | - | (26,909,824) | - |
| Total Capital Assets | <u>13,246,152</u> | <u>16,034,185</u> | <u>-</u> | <u>29,280,337</u> | <u>-</u> |
| Total assets | <u>\$ 17,467,092</u> | <u>\$ 19,840,766</u> | <u>\$ 642,484</u> | <u>\$ 37,950,342</u> | <u>\$ 412,797</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred Outflows - pension other | 263,190 | 247,122 | - | 510,312 | - |
| Deferred Outflows - pension contributions | 65,660 | 58,887 | - | 124,547 | - |
| | <u>328,850</u> | <u>306,009</u> | <u>-</u> | <u>634,859</u> | <u>-</u> |
| LIABILITIES | | | | | |
| Current liabilities - Payable from current assets: | | | | | |
| Accounts Payable and Accrued Expenses | \$ 67,246 | \$ 330,853 | \$ 112,158 | \$ 510,257 | \$ 73,982 |
| Accrued salaries & benefits | 24,387 | 19,017 | - | 43,404 | - |
| Contracts and Retainages Payable | 7,388 | 86,613 | - | 94,001 | - |
| Obligation under Capital Lease | 218,608 | 78,954 | - | 297,562 | - |
| Compensated Absences Payable | 27,004 | 18,807 | - | 45,811 | - |
| Total payable from current assets | <u>344,633</u> | <u>534,244</u> | <u>112,158</u> | <u>991,035</u> | <u>73,982</u> |
| Current liabilities - Payable from restricted assets: | | | | | |
| Revenue Bonds Payable | 234,000 | 422,000 | - | 656,000 | - |
| Accrued Interest on Bonds | 10,132 | 9,985 | - | 20,117 | - |
| Customers meter deposits | 239,289 | 138,900 | - | 378,189 | - |
| Total payable from restricted assets | <u>483,421</u> | <u>570,885</u> | <u>-</u> | <u>1,054,306</u> | <u>-</u> |
| Noncurrent liabilities: | | | | | |
| Revenue Bonds Payable | 3,290,276 | 3,676,524 | - | 6,966,800 | - |
| Compensated Absences Payable | 27,793 | 16,930 | - | 44,723 | - |
| Obligation under Capital Lease | 2,204,879 | 733,030 | - | 2,937,909 | - |
| Other Postemployment Benefits | 482,965 | 654,239 | - | 1,137,204 | - |
| Net Pension Liability | 1,215,324 | 1,127,898 | - | 2,343,222 | - |
| Total noncurrent liabilities | <u>7,221,237</u> | <u>6,208,621</u> | <u>-</u> | <u>13,429,858</u> | <u>-</u> |
| Total liabilities | <u>8,049,291</u> | <u>7,313,750</u> | <u>112,158</u> | <u>15,475,199</u> | <u>73,982</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows of Resources | 34,651 | 46,635 | - | 81,286 | - |
| NET POSITION | | | | | |
| Net Invested in capital assets | 7,298,389 | 11,123,677 | - | 18,422,066 | - |
| Restricted for debt service | 196,114 | 1,547,949 | - | 1,744,063 | - |
| Unrestricted (deficit) | 2,217,497 | 114,764 | 530,326 | 2,862,587 | 338,815 |
| Total Net Position | <u>\$ 9,712,000</u> | <u>\$ 12,786,390</u> | <u>\$ 530,326</u> | <u>\$ 23,028,716</u> | <u>\$ 338,815</u> |

See notes to financial statements.

CITY OF THIBODAUX
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2017

Statement H

| | Business-type Activities - Enterprise Funds | | | Total Enterprise Funds | Governmental Activities |
|---|---|--|-------------------------------|------------------------------|----------------------------|
| | 41 | 43 | 15 | | 46 |
| | Municipal Waterworks Fund | Municipal Gas & Sewerage System Fund | Garbage Collection Fund | | Internal Service Fund |
| OPERATING REVENUES | | | | | |
| Charges for Services | \$ 2,613,104 | \$ 4,300,528 | \$ 1,421,758 | \$ 8,335,390 | \$ - |
| OPERATING EXPENSES | | | | | |
| Gas purchased | - | 1,178,202 | - | 1,178,202 | - |
| Contractual service | - | - | 1,399,904 | 1,399,904 | - |
| Personal services | 921,422 | 877,111 | - | 1,798,533 | - |
| Operating supplies | 424,278 | 230,809 | 8,157 | 663,244 | - |
| Equipment expenses | 130,585 | 392,144 | - | 522,729 | - |
| Building expenses | 217,082 | 221,194 | - | 438,276 | - |
| Outside services | 46,964 | 132,225 | - | 179,189 | - |
| General operating | 254,366 | 207,237 | 3,526 | 465,129 | 161,183 |
| General administrative | 18,884 | 17,100 | - | 35,984 | - |
| Depreciation | 619,007 | 849,785 | - | 1,468,792 | - |
| Total expenses | <u>2,632,588</u> | <u>4,105,807</u> | <u>1,411,587</u> | <u>8,149,982</u> | <u>161,183</u> |
| Operating Income (Loss) | <u>(19,484)</u> | <u>194,721</u> | <u>10,171</u> | <u>185,408</u> | <u>(161,183)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Investment Income (loss) | 34,652 | 18,948 | 1,973 | 55,573 | 1,426 |
| Other non-operating revenues | 78,028 | 41,431 | 3,303 | 122,762 | - |
| Interest and fiscal charges | (203,087) | (60,005) | - | (263,092) | - |
| Revenue from Non-Employer Contributing Entities | 18,101 | 16,234 | - | 34,335 | - |
| Total Non-Operating Revenues | <u>(72,306)</u> | <u>16,608</u> | <u>5,276</u> | <u>(50,422)</u> | <u>1,426</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(91,790)</u> | <u>211,329</u> | <u>15,447</u> | <u>134,986</u> | <u>(159,757)</u> |
| Transfers From Other Funds | | | | | |
| 01 General | - | - | - | - | 168,040 |
| Total Transfers | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>168,040</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | <u>(91,790)</u> | <u>211,329</u> | <u>15,447</u> | <u>134,986</u> | <u>8,283</u> |
| Capital Contributions | 60,931 | 131,727 | - | 192,658 | - |
| CHANGE IN NET POSITION | <u>(30,859)</u> | <u>343,056</u> | <u>15,447</u> | <u>327,644</u> | <u>8,283</u> |
| NET POSITION: | | | | | |
| BEGINNING OF YEAR | <u>9,742,859</u> | <u>12,443,334</u> | <u>514,879</u> | <u>22,701,072</u> | <u>330,532</u> |
| END OF YEAR | <u>\$ 9,712,000</u> | <u>\$ 12,786,390</u> | <u>\$ 530,326</u> | <u>\$ 23,028,716</u> | <u>\$ 338,815</u> |

See notes to financial statements.

CITY OF THIBODAUX
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

Statement I

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|---|-------------------------------|------------------------------|----------------------------|
| | 41 | 43 | 15 | Total Enterprise Funds | 46 |
| | Municipal Waterworks Fund | Municipal Gas & Sewerage System Fund | Garbage Collection Fund | | Internal Service Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash Received from Customers & Users | \$ 2,930,012 | \$ 4,789,882 | \$ 1,413,509 | \$ 9,133,403 | \$ - |
| Cash Payments to suppliers/claims expense | (1,178,427) | (2,230,767) | (1,410,220) | (4,819,414) | (209,551) |
| Cash Payments to Employees | (869,089) | (790,643) | - | (1,659,732) | - |
| Net Cash Provided by (Used in) Operating Activities | <u>882,496</u> | <u>1,768,472</u> | <u>3,289</u> | <u>2,654,257</u> | <u>(209,551)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers from (to) other funds Intergovernmental | - | - | - | - | 168,040 |
| Net Cash Provided by (Used in) Non-capital Financing Activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>168,040</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition and construction of capital assets | (1,907,966) | (3,230,065) | - | (5,138,031) | - |
| Proceeds from capital lease | 2,645,083 | 896,051 | - | 3,541,134 | - |
| Principal paid on outstanding debt | (228,000) | (413,000) | - | (641,000) | - |
| Interest paid on outstanding debt | (202,159) | (59,293) | - | (261,452) | - |
| Net Cash Provided by (Used in) Operating Activities | <u>306,958</u> | <u>(2,806,307)</u> | <u>-</u> | <u>(2,499,349)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchases and Maturities of Investments | (1,512,937) | 1,695,582 | 1,517 | 184,162 | 75,667 |
| Investment Income | 34,652 | 18,948 | 1,973 | 55,573 | 1,426 |
| Other revenue | 78,028 | 41,431 | 3,303 | 122,762 | - |
| Net Cash Provided (Used) by Investing Activities | <u>(1,400,257)</u> | <u>1,755,961</u> | <u>6,793</u> | <u>362,497</u> | <u>77,093</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(210,803)</u> | <u>718,126</u> | <u>10,082</u> | <u>517,405</u> | <u>35,582</u> |
| CASH AND CASH EQUIVALENTS: | | | | | |
| BEGINNING OF YEAR | <u>2,611,346</u> | <u>1,698,062</u> | <u>465,401</u> | <u>4,774,809</u> | <u>364,453</u> |
| END OF YEAR | <u>\$ 2,400,543</u> | <u>\$ 2,416,188</u> | <u>\$ 475,483</u> | <u>\$ 5,292,214</u> | <u>\$ 400,035</u> |

See notes to financial statements.

CITY OF THIBODAUX
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

Statement I

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR CONSISTS OF:

| | | | | | |
|--|---------------------|---------------------|-------------------|---------------------|-------------------|
| Cash | \$ 1,931,799 | \$ 972,519 | \$ 475,483 | \$ 3,379,801 | \$ 400,035 |
| Restricted Cash | <u>468,744</u> | <u>1,533,669</u> | <u>-</u> | <u>2,002,413</u> | <u>-</u> |
| Net Cash Provided (Used) by Investing Activities | <u>\$ 2,400,543</u> | <u>\$ 2,506,188</u> | <u>\$ 475,483</u> | <u>\$ 5,382,214</u> | <u>\$ 400,035</u> |

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:

| | | | | | |
|---|-------------------|---------------------|-----------------|---------------------|---------------------|
| Operating Income (Loss) | \$ (19,484) | \$ 194,721 | \$ 10,171 | \$ 185,408 | \$ (161,183) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | | |
| Depreciation and Amortization | 619,007 | 849,785 | - | 1,468,792 | - |
| (Increase) Decrease in Assets: | | | | | |
| Receivables | 316,852 | 488,125 | (8,249) | 796,728 | - |
| Due from Other Governments | - | - | - | - | - |
| Increase (Decrease) in Liabilities: | | | | | |
| Accounts Payable and Accrued Expenses | (86,268) | 148,144 | 1,367 | 63,243 | (48,368) |
| Meter Deposits | 56 | 1,229 | - | 1,285 | - |
| Compensated absences payable | (29,708) | (2,362) | - | (32,070) | - |
| Postemployment benefit obligations | 57,521 | 64,905 | - | 122,426 | - |
| Net Pension Liability & related deferrals | <u>24,520</u> | <u>23,925</u> | <u>-</u> | <u>48,445</u> | <u>-</u> |
| Net Cash Provided by (Used In) Operating Activities | <u>\$ 882,496</u> | <u>\$ 1,768,472</u> | <u>\$ 3,289</u> | <u>\$ 2,654,257</u> | <u>\$ (209,551)</u> |

See notes to financial statements.

CITY OF THIBODAUX, LA
 Combining Statement of Net Position
 Discretely Presented Component Units
 December 31, 2017 and November 30, 2017

Statement J

| | City Court of Thibodaux | Thibodaux Volunteer Fire Department, Inc. | Total |
|---------------------------------------|------------------------------------|--|---------------|
| | 12/31/2017 | 11/30/2017 | |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 511,527 | \$ 3,533,607 | \$ 4,045,134 |
| Investments-CDs | - | 684,352 | 684,352 |
| Receivables (net) | 104,180 | 3,600 | 107,780 |
| Advances to Fire Companies | - | 29,000 | 29,000 |
| Prepaid expense | - | 2,209 | 2,209 |
| Capital Assets | | | |
| Non-depreciable | - | 1,230,748 | 1,230,748 |
| Net Depreciable | 105,884 | 6,786,018 | 6,891,902 |
| Total assets | 721,591 | 12,269,534 | 12,991,125 |
| DEFERRED OUTFLOWS OF RESOURCES | 42,624 | | 42,624 |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 149 | 41,631 | 41,780 |
| Due to Other Governmental Units | 11,649 | - | 11,649 |
| Bonds and other deposits | 1,427 | - | 1,427 |
| Noncurrent - Net Pension liability | 208,068 | - | 208,068 |
| Total liabilities | 221,293 | 41,631 | 54,856 |
| DEFERRED INFLOWS OF RESOURCES | 13,798 | | 13,798 |
| NET POSITION | | | |
| Net Invested in capital assets | 105,884 | - | 105,884 |
| Restricted for: | | | |
| Temporarily Restricted | - | 1,648,885 | 1,648,885 |
| Restricted for Marshal Fund | 183,250 | - | 183,250 |
| Unrestricted | 239,990 | 10,579,018 | 10,819,008 |
| Total net position | \$ 529,124 | \$ 12,227,903 | \$ 12,757,027 |

See notes to financial statements.

CITY OF THIBODAUX

Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended December 31, 2017 and November 30, 2017 Statement K

| | City Court of Thibodaux <u>12/31/2017</u> | Thibodaux Volunteer Fire Department, Inc. <u>11/30/2017</u> | <u>Total</u> |
|--|--|--|----------------------|
| EXPENSES | \$ 809,011 | \$ 1,362,731 | \$ 2,171,742 |
| PROGRAM REVENUES | | | |
| Charges for services | 172,261 | 10,691 | 182,952 |
| Operating grants and contributions | 729,765 | 573,714 | 1,303,479 |
| Capital grants and contributions | 46,360 | - | 46,360 |
| Total program revenues | <u>948,386</u> | <u>584,405</u> | <u>1,532,791</u> |
| NET (EXPENSE) REVENUE | 139,375 | (778,326) | (638,951) |
| GENERAL REVENUES | | | |
| Firemen's Fair | - | 905,609 | 905,609 |
| Taxes: | | | |
| Ad valorem taxes | - | 630,095 | 630,095 |
| Interest and investment earnings | 2,278 | 5,606 | 7,884 |
| Miscellaneous | - | 184,442 | 184,442 |
| Total general revenues | <u>2,278</u> | <u>1,725,752</u> | <u>1,728,030</u> |
| CHANGES IN NET POSITION | <u>141,653</u> | <u>947,426</u> | <u>1,089,079</u> |
| NET POSITION BEGINNING OF YEAR, *restated | <u>387,471</u> | <u>11,280,477</u> | <u>11,667,948</u> |
| NET POSITION END OF YEAR | <u>\$ 529,124</u> | <u>\$ 12,227,903</u> | <u>\$ 12,757,027</u> |

See notes to financial statements.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

INTRODUCTION

The City of Thibodaux, Louisiana (the City) was incorporated under Special Charter effective December 9, 1974. Currently, the City operates under a revised Home Rule Charter effective January 1, 2002. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: general government, public safety, public works, culture and recreation, health and welfare, and utilities.

The more significant of the City's accounting policies are described in these notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the City have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In the government-wide financial statements (GWFS) and the fund financial statements (FFS) for proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB Pronouncements, in which case, GASB prevails.

For enterprise funds, GASB Statements Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements.

B. REPORTING ENTITY

The reporting entity consists of (a) the primary government, (b) organizations for which the City of Thibodaux is financially accountable and (c) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents;
2. The primary government is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization;

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. REPORTING ENTITY (continued)

3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Blended component units, although legally separate entities are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component units is reported in a separate column in the government wide financial statements to emphasize that it is legally separate from the primary government.

Based on the previous criteria, the City has determined that the following component units are part of the reporting entity and are presented as discretely presented component units:

City Court of Thibodaux, Louisiana - The City Court of Thibodaux, Louisiana is fiscally dependent on the City for office space and courtrooms. The City Court Judge and City Marshal are independently elected officials, whose office operations are both accounted for in the City Court of Thibodaux, Louisiana's financial statements. The substance of the relationship between City Court of Thibodaux, Louisiana and the City is that the City has approval authority over its capital budget. The City Court's fiscal year ends December 31.

Thibodaux Volunteer Fire Department Inc. (the Fire Department) - The Fire Department is a separate, independent non-profit corporation. Management of the Fire Department is by a Board of Directors made up of volunteer firemen who have been elected by the membership of the various fire companies. After being elected by the fire companies' membership, the board members of the Fire Department are approved by the City Council. The Mayor of the City is an ex-officio member of the Board of Directors of the Fire Department. Fiscal dependency exists since the City provides insurance, utilities and various other expenses. The Fire Department also receives financial support from the City in the form of property taxes assessed at a rate of 5.91 mills. The Thibodaux Volunteer Fire Department, Inc.'s fiscal year end is November 30.

Complete separate financial statements for all component units may be obtained online from the Louisiana Legislative Auditor's website: <http://www.lla.state.la.us>.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements (GWFS)

The GWFS (the Statement of Net Position and the Statement of Activities) report information on all of activities of the primary government and its component units. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. Business-type activities are reported separately and primarily rely on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Program revenue includes:

- Charges for services to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and
- Grants and contributions that is restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues. This includes internally dedicated resources such as a property tax, sales taxes, franchise taxes and grants not restricted for a specific purpose.

Fund Financial Statements (FFS)

Financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund or meets the following criteria:

1. 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
2. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the governmental activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term debt. Major governmental funds include:

1. **01 - General Fund** - the general operating fund of the City and accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is always a major fund.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. **GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

2. Special revenue funds - account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds reported the following funds as major funds:

17 – Section 8 Housing Fund – is a special revenue fund that accounts for the Section 8 Housing Program – a federally funded programs that supplements the rental payments of extremely low and very low income families. Rental assistance payments are made to the property owner by the City on behalf of the family. The program is funded by the Department of Housing and Urban Development.

3. Debt service funds account for the accumulation of resources for and the payment of principal and interest on long-term debt and related costs. There are no debt service funds reported as a major fund.

4. Capital projects funds--account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds. The capital project fund reported as a major fund is:

65 – Capital Projects Fund – Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by Proprietary Funds).

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise funds--account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise Funds reported as major funds in the FFS are as follows:

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

- **Municipal Waterworks Fund** - accounts for providing water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.
- **Municipal Gas & Sewerage System Fund** - accounts for providing gas and sewerage services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to; administration, operations, maintenance, financing and related debt service, billing and collection.
- **Garbage Collection Fund** - accounts for operations of the garbage system. Financing is provided by service charges assessed by the City and other fund transfers when necessary. Waste disposal service companies under contract with the City provide collection and disposal services.

Internal Service Fund - accounts for activity that provides goods or services to other funds, departments or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. The Internal Service Fund accounts for risk management services, including auto liability, general liability, police liability and public officials' liability. The Internal Service Fund totals are presented as part of the Proprietary Fund financial statements. Since the Internal Service Fund is used for City governmental activities, financial statements of the Internal Service Fund are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for Enterprise Funds and the Internal Service Fund include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide Financial Statements (GWFS)

The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes and the related state revenue sharing are recognized in the year for which they are levied. Ad valorem tax adjustments and deductions are recognized as expenses for the year in which the related property tax revenue is recognized. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The effect of interfund activity has been eliminated from the GWFS.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

Fund Financial Statements (FFS)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenues are recorded when both measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Charges for services, fines and forfeitures, and most miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available.

Non-exchange transactions, in which the City receives value without directly giving value in return, included sales tax, property tax, special assessments, grants, entitlements, and donations.

Sales and use tax revenue are considered "measurable" when the underlying transaction occurs and meets the availability criteria.

Ad valorem taxes are recognized as revenue of the period in which levied, thus the property taxes levied in November 2017 are recorded as revenue for the current year.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose of project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements.

These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Interest income on investments is recorded when earned. At the time of levy, a special assessment receivable is recognized and is offset by deferred revenues. As the assessment becomes measurable and available, deferred revenues are reduced and the revenue is recognized. In addition, interest earned on special assessments is accrued when due, rather than when earned, because it approximately offsets the related interest expenditures that is also recognized when due. Substantially all other revenues are recorded when they become available.

Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS (continued)

All proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The enterprise funds follow all pronouncements of the GASB, and have elected not to follow FASB guidance issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

E. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all government funds. Annual appropriated budgets are adopted by the City for the following governmental funds: general, special revenue and capital projects. All annual appropriations lapse at year-end.

The City does not employ encumbrance accounting; under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Formal budgeting integration is employed as a management control device during the year. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) The Mayor submits to the City Council a proposed operating budget for the next fiscal year at the first regular meeting of the Council each November. The operating budget includes proposed expenditures and the means of financing them.
- (2) A public hearing is conducted to obtain taxpayer comments.
- (3) On or before December 7th of each year, the budget is legally enacted through the passage of an ordinance by the City Council.
- (4) The Mayor is authorized to transfer budgeted amounts among programs within a department, office or agency; however, any revisions that alter the total expenditures budgeted for any department, office, agency or fund must be approved by the City Council
- (5) The Council by ordinance may make supplemental appropriations for the year up to the amount of such excess of estimated revenues in the budget in the same manner required for adoption of the budget.
- (6) The City Council may make emergency appropriations to meet a public emergency affecting life, health, property or the public peace.
- (7) The budget was amended during the year.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. DEPOSITS AND INVESTMENTS

Cash includes amounts in petty cash, demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955, bond covenants and the City's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments are stated at fair value as established by the open market. Investment policies are governed by state statutes. The Louisiana Asset Management Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is approximately the same as the fair value of the pool shares.

Securities traded in a national or international exchange and are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at an estimated fair value. Realized gains and losses on investments recorded at fair value are included in investment income. Interest earnings on the investment pool account are distributed to various funds based on their respective monthly balances.

G. ACCOUNTS RECEIVABLE

All trade receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 33 days comprise the trade accounts receivable allowance for uncollectible. The accounts receivable are written off every 6 months.

Uncollectible receivables due for ad valorem taxes and other governmental activities are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

An allowance based upon past experience has been established for business type activities for customers' utility billings and garbage fees. Uncollectible amounts due for ad valorem taxes, special assessments and other receivables are recognized as bad debts every 6 months which would indicate the uncollectibility of the particular receivable.

H. INTERFUND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables. In the financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and are not expected to be paid back. For reporting purposes, all interfund transactions between individual governmental funds have been eliminated in the GWFS. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the GWFS as "internal balances". All interfund transfers are reported as operating transfers.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both GWFS and FFS. These items are reported in the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered non-spendable in an amount equal to the carrying value of the asset on the fund financial statements.

J. CAPITAL ASSETS

Capital assets are reported in the applicable governmental or business-type activities columns in the GWFS, which include land, buildings and improvements, equipment, and infrastructure assets (streets, roads, bridges, canals, and sewer and drainage systems). Capital assets are defined by the government as assets with an estimated useful life in excess of one year and initial, individual costs as follows:

| Threshold for Capitalization | Dollar Amount |
|------------------------------|---------------|
| Land | \$1 |
| Land Improvements | \$25,000 |
| Buildings & Improvements | \$50,000 |
| Furnishing & Equipment | \$5,000 |
| Vehicles | \$5,000 |
| Infrastructure | \$250,000 |

Useful lives of assets are determined as follows:

| TYPE OF ASSET | YEARS |
|------------------------------|-------|
| Buildings & Improvements | 10-50 |
| Plant & Distribution Systems | 5-50 |
| Land Improvements | 10-20 |
| Furnishings & Equipment | 5-20 |
| Vehicles | 5 |
| Infrastructure | 20-30 |

All infrastructure assets purchased are recorded at historical cost as capital assets and depreciated accordingly. All donated infrastructure accepted into the City's maintenance program are capitalized and depreciated in accordance with the above capitalization policy.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. CAPITAL ASSETS (continued)

The cost of a capital asset includes ancillary charges necessary to place the asset into its intended location and condition for use. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Improvements are capitalized over the remaining useful life of the asset. Major outlays for capital assets and improvements are capitalized as projects at completion of construction.

At this point the project costs are moved out of construction-in-progress and capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. The City did not capitalize any interest costs during the period.

K. COMPENSATED ABSENCES

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

Employees of the City may accumulate and vest up to a maximum of 36 days of vacation time. Employees are not limited in the accumulation of sick leave. However, as of August 1, 1995, only the sick leave of employees eligible for retirement shall vest. The calculation of accrued sick leave that is payable is based on the number of service years for that employee. The amount of sick leave that an employee is eligible for is their accumulated sick leave balance times a percentage based on the number of years of service up to a predetermined maximum balance that is also based on the number of years of service.

Accumulated unpaid vacation and sick pay is accrued and charged to operations in the GWFS when incurred. Sick pay is charged to the FFS when paid. In the government-wide financial statements and the proprietary fund type statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis.

L. OTHER POSTEMPLOYMENT BENEFITS

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees' retirement.

In the government-wide financial statements and the proprietary fund type statements, the other postemployment benefits liability is recorded as an expense, allocated on a functional basis, and long-term obligation.

In the government fund type financial statements other postemployment benefit expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable as of the end of the year.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. LONG-TERM DEBT

In the GWFS long term debt and other long-term obligations to be repaid from governmental and business-type resources are reported as liabilities.

Long-term obligations for governmental funds are not reported as liabilities in the FFS. Debt proceeds are reported as other financing sources and payment of principal, interest and other long-term benefits are reported as expenditures. The accounting in proprietary funds is the same as it is in the GWFS.

For the GWFS and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refunding are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

N. EQUITY CLASSIFICATIONS

Net Position - GWFS

Net position represents the difference between assets and liabilities. Equity is classified as net assets and displayed in three components:

- Net invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.
- Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.
- Unrestricted net assets are all other net assets that do not meet the definition of the other two categories.

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

Fund Balances - FFS

In accordance with GASB No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund balances are classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Council through approval of resolutions. Committed fund balance can be assigned for other uses only by similar action of the Council. Assigned fund balances is a limitation imposed by a designee of the Council. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Proprietary fund net assets are classified the same as in the government-wide statements.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. EQUITY CLASSIFICATIONS (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

O. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary fund and the GWFS during the reporting period. Actual results could differ from these estimates.

P. PENSIONS

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 Municipal Employees Retirement System (MERS), the Municipal Police Employees Retirement System (MPERS), and Louisiana State Employees' Retirement System (LASERS) - the Plans, and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

2. AD VALOREM TAXES

Ad valorem taxes are levied each November on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the City. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by LA law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2017. Taxes are due and payable on the day they are levied with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is June 1, 2017 (the lien date). Properties for which the taxes have not been paid are sold for the amount of the taxes. The assessed value, upon which the 2017 levy was based, was \$107,639,990.

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%, and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of Lafourche Parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to the review and certification by the Louisiana Tax Commission.

Under Article VI, Section 27 of the Louisiana Constitution, municipalities are granted the authority to levy an ad valorem tax for general purposes not to exceed 7 mills. Any additional millage must be approved by the voters. This general purpose millage is subject to adjustment after reassessment to assure that the same amount of revenue is produced. The combined tax rate to finance general governmental services for the year ended December 31, 2017, was 4.81 mills.

Additionally, millages were authorized and levied for 2.62 mills for special improvement streets and 6.75 mills for the fire department. Tax collections on the 2017 tax levy at December 31, 2017 were 70 percent.

3. SALES TAXES

2.0 % EFFECTIVE MARCH 1, 1981

A sales and use tax of one (1%) per cent created by Ordinance No. 667 by a special election held on May 2, 1967 went into effect on May 9, 1967, authorized the levying of a sales and use tax within the City of Thibodaux; and an additional tax of one (1%) per cent by Ordinance No. 1127 by virtue of a special election held on January 17, 1981 made effective on March 1, 1981. Such proceeds may be used for paying principal and interest on any bonded debt or funded indebtedness; constructing and acquiring extensions and improvements to the sewer and waterworks systems; constructing and improving streets, sidewalks, bridges, drains, drainage canals, subsurface drainage and parkway beautification; constructing and acquiring garbage incinerator facilities and purchasing garbage disposal and health sanitation equipment and facilities; purchasing constructing and improving public parks and recreational facilities and acquiring any necessary equipment and furnishings therefore; constructing and purchasing police department equipment and facilities; constructing and improving public buildings; purchasing equipment for civil defense; constructing, acquiring or improving any work or permanent public improvement; purchasing and acquiring all sites, equipment and furnishings for the public works, building improvements facilities of the City, and for the purpose of paying salaries of employees and the general operation of the City.

1/2% EFFECTIVE JULY 1, 2016

The City was authorized by a special election on March 5, 2016 to levy and collect a tax of one half of one percent (.05%) in perpetuity, from and after July 1, 2016, so that such proceeds may be used for providing municipal services including, but not limited to, constructing, acquiring, improving, extending, maintaining or operating public roads, public safety, parks and recreational facilities and other public improvements and facilities of the City. The tax shall remain in effect without limit as to term or duration.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

4. DEPOSITS AND INVESTMENTS

A. DEPOSITS

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is included on the Statement of Net Position and Governmental Funds Balance Sheet in "cash and cash equivalents" and "investments". The interest earned on these cash and investments is divided pro-rata between the participating funds.

Under state law, deposits (or the resulting bank balances) of all political subdivisions must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank at all times. 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.

Obligations of the United States, the State of LA, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

The year-end balances of deposits are as follows:

| | Bank Balances | Reported Amount |
|-------------------------------|----------------------|------------------------|
| From: | | |
| Governmental Funds | | \$5,279,461 |
| Enterprise Funds | | 3,379,801 |
| Enterprise Funds – Restricted | | 2,002,413 |
| Internal Service Fund | | 400,035 |
| TOTALS | \$ 11,541,322 | \$ 11,061,710 |

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned. The City has no formal policy relating to custodial credit risk. The City has a written policy for custodial credit risk which is based on the above described state law. As of December 31, \$11,258,341 of the bank balance was exposed to custodial credit risk. These deposits were uninsured but adequately collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. There were adequate securities pledged to cover those deposits at year-end.

At December 31, cash and cash equivalents in excess of FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the depositors. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, 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 depositor that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

4. DEPOSITS AND INVESTMENTS (continued)

B. INVESTMENTS

State statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; guaranteed investment contracts and investment grade (A-I/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool. The City had the following investments and maturities:

| Investment Type | Reported & Fair Value | Matures in less than 1 year | Matures in 1-5 years |
|-----------------|-----------------------------|--------------------------------------|-------------------------|
| FFCB | \$4,069,428 | \$- | \$4,069,428 |
| FNMA | 1,314,803 | - | 1,314,803 |
| FHLMC | 1,150,000 | - | 1,150,000 |
| TOTALS | \$6,534,231 | \$- | \$6,534,231 |

As a means of limiting its exposure to fair value losses arising from interest rates, the City's investment policy emphasizes maintaining liquidity to match specific cash flows. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity period of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the entity will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City's investment policy requires the application of the prudent-person rule. The policy states, In general, the City of Thibodaux shall operate under the "Prudent Person" rule, exercising judgment and care, under the circumstances prevailing, which people of ordinary prudence would employ in the management of their own affairs - not in regard to speculation, but as to the permanent disposition of their own funds, considering both safety of capital and income. The City's investment policy limits investments to those discussed earlier in this note. All of the City's investments were rated AA+ by Standard & Poor's and AAA by Moody's Investors Service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

| | |
|--|---------------------|
| Reported amount of deposits | \$11,061,710 |
| Reported amount of investments | 6,634,231 |
| Total | \$17,595,941 |
| Cash and cash equivalents | \$9,059,297 |
| Cash and cash equivalents – restricted | 2,002,413 |
| Investments | 5,738,275 |
| Investments – restricted | 795,956 |
| Total | \$17,595,941 |

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

5. FRANCHISE FEE REVENUES AND RECEIVABLES

Electric

On October 21, 2003, the City entered into a new agreement with Entergy, that granted, by ordinance, to Entergy a franchise, right and privilege for a period of thirty-three (33) years from the date of adoption to distribute, deliver, sell and supply, in such a manner as it chooses, electric service throughout the City. The City is to receive a sum of two percent (2%) of the gross receipts from the sale of electric service at retail for residential and commercial purposes within the corporate limits of the City. The City earned and reported in the General Fund \$289,754 of franchise fee revenue of which \$70,620 was receivable for the year ended December 31, 2017.

Cable TV

On June 18, 2004, the City granted to Renaissance Media L.L.C. doing business as Charter Communications, a new franchise to supply cable service within the city limits for 15 years. The City receives five percent (5%) of revenues received from subscribers in the City as franchise fee for television service, not including installation revenues. The City earned and reported in the General Fund \$92,364 of Cable TV franchise fee revenue for the year ended December 31, 2017.

Telephone

On August 21, 1998, the City granted to BellSouth Telecommunications, Inc. (currently AT&T) a franchise to use and occupy the streets, alleys, public ways and thoroughfares of the City for the purpose of constructing, maintaining and operating its poles, wires, conduits, cables, anchors, towers, transmission lines, manholes, piers, abutments and other structures and facilities used in or incidental to the provisions of telephone or telegraph services to the public. In consideration, AT&T agrees to pay five percent (5%) of the gross receipts from local exchange telephone service provided within the corporate limits. The agreement is on a year-to-year basis unless canceled by either party upon at least sixty days' notice prior to the expiration of the initial term or any extension thereof. The City earned and reported in the General Fund \$100,338 of telephone franchise fee revenue of which \$19,476 was receivable for the year ended December 31, 2017.

Wireless Phone

The City collects fees from various wireless phone carriers. On May 23, 2014, the City entered into a lease for a perpetual easement and a grant of servitude for two pieces of property in the City limits. The City will be compensated for granting the servitude for the use of a portion of the properties and a perpetual right-of-way for ingress and egress, with the right to install, replace and maintain utility wires, poles, cables, conduits, and pipes. The lease further grants and assigns a non-exclusive construction and maintenance servitude over any portion of the property for any construction, repair, maintenance, replacement, demolition and removal.

The perpetual servitudes can be terminated by written notice within a reasonable time to be able to remove its building(s), tower and above ground property and restore the surface to its original condition, reasonable, wear and tear excepted. Wireless Tower revenue recorded for Nextel Communications totaling \$15,840 for the year ending December 31, 2017.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

6. DUE FROM OTHER GOVERNMENTS

The following is a summary:

| Revenue Type | Governmental Activities |
|---|-------------------------|
| Federal Grants- Bullet Proof Vest Grant | \$ 4,048 |
| State Grants | 137,502 |
| School Board – Sales Taxes | 2,116,736 |
| Other | 103,642 |
| | \$ 2,361,928 |

7. RESTRICTED ASSETS

Restricted assets in the enterprise funds consists of \$377,889 of customer deposits and \$2,420,480 in specific assets required to be segregated as to use pursuant to restrictions arising from the Utilities and Water Revenue Bond Issues, see Note 9.

8. CAPITAL ASSETS

Capital asset activity for the year was as follows:

Governmental Funds:

| Cost of Capital Assets: | Balance 12/31/16 | Additions | Deletions & Adjustments | Balance 12/31/17 |
|---|---------------------|------------------|----------------------------|---------------------|
| Land | \$ 4,313,616 | \$ - | \$ - | \$4,313,616 |
| Construction in Progress | 776,206 | 1,841,641 | (1,321,533) | 1,296,314 |
| Capital Assets Non-depreciable | 5,089,822 | 1,841,641 | (1,321,533) | 5,609,930 |
| Infrastructure | 41,095,454 | 2,451,816 | - | 43,547,270 |
| Buildings and improvements | 13,785,185 | 299,754 | - | 14,084,939 |
| Equipment & Furniture | 6,447,312 | 466,150 | (281,574) | 6,631,888 |
| Total Capital Assets - Depreciable | 61,327,951 | 3,217,720 | (281,574) | 64,264,097 |
| Total Cost of Capital Assets | \$66,417,773 | | | \$68,874,027 |

| Less Accumulated Depreciation: | Beginning Accumulated | Depreciation Expense | Ending Accumulated |
|---------------------------------------|--------------------------|-------------------------|-----------------------------|
| Infrastructure | \$19,574,451 | \$ 1,511,210 | \$ 21,085,661 |
| Buildings and improvements | 9,260,102 | 555,021 | 9,815,123 |
| Equipment & Furniture | 4,783,977 | 406,769 | (278,920) 4,911,826 |
| Total accumulated depreciation | 33,618,530 | 2,473,000 | (278,920) 35,812,610 |
| Net Depreciable Capital Assets | 27,709,421 | | 28,451,487 |
| Net Capital Assets | \$32,799,243 | | \$34,061,417 |

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

8. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental activities functions as follows:

| | |
|----------------------|-------------|
| General Government | \$ 538,966 |
| Public Safety | 12,620 |
| Public Works | 1,356,598 |
| Culture & Recreation | 564,816 |
| | \$2,473,000 |

| Enterprise Funds: | Balance 12/31/16 | Additions | Deletions | Balance 12/31/17 |
|---|---------------------|---------------------|--------------------|---------------------|
| Land | \$ 403,334 | \$ - | \$ - | \$403,334 |
| Construction in progress | 2,527,495 | 5,698,834 | (1,102,415) | 7,123,914 |
| Total capital assets not depreciated | 2,930,829 | 5,698,834 | (1,102,415) | 7,527,248 |
| Water production & distribution | 18,488,749 | 1,056,618 | (44,950) | 19,500,417 |
| Sewerage system plant and equipment | 19,713,451 | 505,930 | - | 20,219,381 |
| Gas distribution system | 8,907,433 | 35,682 | - | 8,943,115 |
| Total capital assets being depreciated | 47,109,633 | 1,598,230 | (44,950) | 48,662,913 |
| Total cost of capital assets | 50,040,462 | 7,297,064 | (1,147,365) | 56,190,161 |
| | Beginning | Depreciation | | Ending |
| Less Accumulated Depreciation: | Accumulated | Expense | | Accumulated |
| Water production & distribution | 8,350,072 | 619,007 | (37,835) | 8,931,244 |
| Sewerage system plant and equipment | 10,798,532 | 683,871 | - | 11,482,403 |
| Gas distribution system | 6,330,263 | 165,914 | - | 6,496,177 |
| Total accumulated depreciation | 25,478,867 | 1,468,792 | (37,835) | 26,909,824 |
| Net Depreciable Capital Assets | 21,630,766 | | | 21,753,089 |
| Net Capital Assets | \$24,561,595 | | | \$29,280,337 |

Depreciation expense was charged to business-type activities functions as follows:

| | |
|-----------------|-------------|
| Waterworks | \$ 619,007 |
| Sewerage System | 683,871 |
| Gas System | 165,914 |
| | \$1,468,792 |

The City is engaged in various construction and capital projects at year-end. Various commitments with contractors are as follows:

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

8. CAPITAL ASSETS (continued)

| PROJECT DESCRIPTION | EXPENDITURES TO 12/31/2017 | REMAINING COMMITMENT |
|--------------------------------|-------------------------------|-------------------------|
| GOVERNMENTAL ACTIVITIES | | |
| N. Sewer Plant Access Road | \$317,550 | \$- (retainage only) |
| 2017 Street Improvements | \$518,664 | \$338,645 |
| Geometry & Signal Study | \$56,871 | \$17,283 |
| Acadian Road Roundabout | \$356,378 | \$554,394 |
| | \$1,249,463 | \$910,322 |

| PROJECT DESCRIPTION | EXPENDITURES TO 12/31/2017 | REMAINING COMMITMENT |
|----------------------------------|-------------------------------|-------------------------|
| BUSINESS TYPE ACTIVITIES | | |
| North Wastewater Treatment Plant | \$3,582,780 | \$443,644 |
| | \$3,582,780 | \$443,644 |

9. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities consisted of the following:

| | General | Section 8 | Capital Projects | Non-Major | Internal Service |
|--|-----------------|------------------|---------------------|----------------|---------------------|
| Governmental Activities: | | | | | |
| Vendors | \$308,297 | \$400 | \$1,220 | \$677,697 | \$ - |
| Salaries & Benefits | 265,189 | 2,576 | - | - | - |
| Claims & Judgments | - | - | - | - | 73,982 |
| Total Accounts Payable and Accrued Expenditures | 573,486 | 2,976 | 1,220 | 677,697 | 73,982 |
| | | | | | |
| | Waterworks | Gas & Sewer | Garbage | | |
| Business-type Activities: | | | | | |
| Vendors | \$67,246 | \$330,853 | \$112,158 | | |
| Salaries & Benefits | 24,387 | 19,017 | - | | |
| Total Accounts Payable and Accrued Expenditures | 91,633 | 349,870 | 112,158 | | |
| Contracts & Retainages | 7,388 | 86,613 | - | | |
| Total | \$99,021 | \$436,483 | \$112,158 | | |

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

10. LONG-TERM DEBT

A summary of changes in long-term debt is as follows:

| Governmental Activities: | Balance 12/31/16 | Obligations Retired | Additions | Balance 12/31/17 | due within one year |
|---|---------------------|------------------------|--------------------|---------------------|------------------------|
| Compensated Absences | \$548,855 | (\$ 630,185) | \$609,177 | \$527,847 | \$214,128 |
| Postemployment Benefits | 7,234,500 | (233,636) | 1,129,333 | 8,130,196 | - |
| Net Pension Liability (see Note 16 & 19) | 17,106,043 | (2,364,995) | 1,461,894 | 16,202,942 | - |
| Totals: | \$24,889,398 | (\$3,228,816) | \$3,200,404 | \$24,860,985 | \$214,128 |

For governmental activities, compensated absences, postemployment benefits, net pension liability will be liquidated by the fund and department by which the employee's salary is incurred.

| Business-type Activities: | Balance 12/31/16 | Obligations Retired | Additions | Balance 12/31/17 | due within one year |
|---|---------------------|------------------------|--------------------|---------------------|------------------------|
| Utilities Revenue Bonds Series 1997 | \$285,000 | (\$140,000) | \$ - | \$145,000 | \$145,000 |
| Taxable Water Revenue Bond Series 2010B | 3,752,276 | (228,000) | - | 3,524,276 | 234,000 |
| Utilities Revenue Bonds Series 2013 | 2,565,460 | (273,000) | 1,661,063 | 3,953,523 | 277,000 |
| Lease Purchase UMS | - | (305,663) | 3,541,134 | 3,235,471 | 297,562 |
| Compensated Absences | 122,604 | (119,631) | 87,560 | 90,534 | 45,811 |
| Postemployment Benefits | 1,014,778 | (89,312) | 211,737 | 1,137,203 | - |
| Net Pension Liability | 2,294,777 | (278,249) | 326,694 | 2,343,222 | - |
| Totals: | \$10,034,895 | (\$1,433,855) | \$5,828,188 | \$14,429,229 | \$999,373 |

Utilities Revenue Bonds Series 1997

The City issued Utilities Revenue Bonds Series 1997 in the amount of \$2,283,827 in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) to construct sewer improvements constituting the wastewater treatment project. DEQ is holding the bonds as payment for the loan. Revenue bonds outstanding are \$145,000 repayable through 2018 at an interest rate of 2.45% plus a .5% annual administration fee.

Bond Requirements and Covenants - Utility Revenue Bonds Series 1997

Under the terms of the bond indenture outstanding, principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operation of the Sewer and the Gas Systems (the Systems). All revenues must be deposited in the Municipal Gas and Sewer System Fund and required transfers made to the following funds on a monthly basis after the payment of operating expenses:

a) Utilities Revenue Bond Sinking Funds

Monthly transfers are required to these funds in an amount necessary to make the principal and interest payments as they become due. These funds are restricted for this purpose and the transfers made amount to \$149,132.48 for Series 1997 bond issues (total restricted cash for sinking fund for the 1997 and 2013 bonds is \$398,497).

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

10. LONG-TERM DEBT (continued)

b) Utilities Revenue Bond Reserve Fund

Monies in the amount of \$149,000 have been deposited into this fund. This amount represents the highest amount of principal and interest due on each bond issue in future years. The fund is restricted to the payment of principal and interest in case of default on either bond issue.

c) Capital Additions and Contingency Fund

Monthly transfers of 5% of gross revenues of the Systems for the preceding month are required. The fund is restricted to payments for extensions, additions, improvement, renewals and replacements necessary to properly operate the Systems. It will also be used to pay principal and interest if there are not sufficient funds in the Revenue Bond Sinking Fund and Bond Reserve Fund. However, this fund must contain a minimum of \$50,000 at all times. The account had a balance of \$1,194,234 and transfers made to this fund for 2016 were \$205,398.

d) Bond Requirements

The accounting requirements of the bond resolutions, as stated in a) through c) above, have been complied with for the year ended December 31, 2017.

The annual requirements to amortize Utilities Revenue Bonds Series 1997 bonds outstanding are as follows:

| | Total Principal | Total Interest | Total Payments |
|-------------|-----------------|----------------|----------------|
| 2018 | 145,000 | 1,776 | 146,776 |

Taxable Water Revenue Bonds Series 2010A and Series 2010B

On February 8, 2010, the City issued \$1,000,000 in Water Revenue Bonds Series 2010A and \$5,400,000 in Water Revenue Bonds Series 2010B for the purpose of constructing and acquiring improvements and extensions to the City's waterworks system. The bonds were issued in the form of a single bond, which was purchased by the Louisiana Department of Health and Hospitals. In accordance with federal law mandate, the \$1,000,000 in Series 2010A Bonds shall immediately and irrevocably be deemed forgiven and no interest shall accrue on the principal amount that is so forgiven. The \$5,400,000 of Series 2010B bonds shall bear interest at the rate of 2.95% plus a .5% annual administrative fee repayable through 2030.

The Series 2010B bonds outstanding are \$3,524,276, which represents the total drawdown of these bonds, less payments made. Principal and interest are payable semiannually from June 2011 through June 2030.

Bond Requirements and Covenants - Taxable Water Revenue Bonds Series 2010B

Under the terms of the bond indenture outstanding, principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operation of the Waterworks System (the System). All revenues must be deposited in the Waterworks, Electric, and Power Plant System Fund and required transfers made to the following funds on a monthly basis after the payment of operating expenses:

a) Water Revenue Bond Sinking Funds

Monthly transfers are required to these funds in an amount necessary to make the principal and interest payments as they become due. These funds are restricted for this purpose and transfers made for 2017 totaled \$351,105 and the ending balance in the account at December 31, 2017 is \$149,372 for Series 2010B bond issues.

b) Water Revenue Bond Reserve Fund

Annual transfers are required to this fund for the sole purpose of paying principal and interest. Within five years from the delivery date of the bond, this fund should equal the highest amount of principal and interest due on the bond issue in future years. This fund is restricted for the payment of principal and interest in case of default on the bond issue.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

10. LONG-TERM DEBT (continued)

c) Capital Additions and Contingency Fund

Monthly transfers of 5% of gross revenues of the Systems for the preceding month are required. The fund is restricted to payments for extensions, additions, improvement, renewals and replacements necessary to properly operate the System. It will also be used to pay principal and interest if there are not sufficient funds in the Revenue Bond Sinking Fund and Bond Reserve Fund. Such transfers will continue until such a time that there has been \$100,000 accumulated in this fund, when such payments can cease until the fund is reduced below the sum of \$100,000. At December 31, 2017, the account had a balance of \$104,474.

d) Bond Requirements

The accounting requirements of the bond resolutions, as stated in a) through c) above, have been complied with for the year ended December 31, 2017.

The annual requirements to amortize Water Revenue Bonds Series 2010B bonds outstanding are as follows:

| | Total Principal | Total Interest | Total Payments |
|------------------|--------------------|------------------|--------------------|
| 2018 | \$234,000 | \$100,515 | \$334,515 |
| 2019 | 240,000 | 93,523 | 333,523 |
| 2020 | 245,000 | 86,369 | 331,369 |
| 2021 | 251,000 | 79,053 | 330,053 |
| 2022 | 257,000 | 71,560 | 328,560 |
| 2023-2027 | 1,384,000 | 238,696 | 1,622,696 |
| 2028-2030 | 913,276 | 40,863 | 954,139 |
| | \$3,524,276 | \$710,580 | \$4,234,856 |

Utilities Revenue Bonds Series 2013

The City issued Utilities Revenue Bonds Series 2013 in the amount of \$8,640,000 in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) in parity with the Series 1997 Bonds for the same purpose - to construct sewer improvements constituting the wastewater treatment project. DEQ is holding the bonds as payment for the loan. Revenue bonds outstanding are \$3,953,523, which represents the total drawdown of these bonds to date

Bond Requirements and Covenants - Utility Revenue Bonds Series 2013

Under the terms of the bond indenture outstanding, principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operation of the Sewer and the Gas Systems (the Systems). All revenues must be deposited in the Municipal Gas and Sewer System Fund and required transfers made to the following funds on a monthly basis after the payment of operating expenses:

a) Utilities Revenue Bond Sinking Funds

Monthly transfers are required to these funds in an amount necessary to make the principal and interest payments as they become due. These funds are restricted for this purpose and transfers made for 2017 totaled \$304,433 and the balance in the restricted cash account for the 2013 and 1997 bond issues is \$249,548.

b) Utilities Revenue Bond Reserve Fund

Monies in the amount of \$149,000 have been deposited into this fund. This amount represents the highest amount of principal and interest due on each bond issue in future years. The fund is restricted to the payment of principal and interest in case of default on either bond issue.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

10. LONG-TERM DEBT (continued)

c) Capital Additions and Contingency Fund

Monthly transfers of 5% of gross revenues of the Systems for the preceding month are required. The fund is restricted to payments for extensions, additions, improvement, renewals and replacements necessary to properly operate the Systems. It will also be used to pay principal and interest if there are not sufficient funds in the Revenue Bond Sinking Fund and Bond Reserve Fund. However, this fund must contain a minimum of \$50,000 at all times. The account had a balance of \$1,194,234 and transfers made to this fund for 2017 were \$186,150.

d) Bond Requirements

The accounting requirements of the bond resolutions, as stated in a) through c) above, have been complied with for the year ended December 31, 2017. The annual requirements to amortize Utilities Revenue Bonds Series 2013 bonds outstanding are as follows:

| | Total Principal | Total Interest | Total Payments |
|------------------|-----------------|----------------|----------------|
| 2018 | \$277,000 | \$35,250 | \$312,250 |
| 2019 | 420,000 | 33,681 | 453,681 |
| 2020 | 424,000 | 31,782 | 455,782 |
| 2021 | 428,000 | 29,865 | 457,865 |
| 2022 | 432,000 | 27,930 | 459,930 |
| 2021-2027 | 2,200,000 | 109,997 | 2,329,997 |
| 2028-2032 | 2,325,000 | 58,884 | 2,383,884 |
| 2033-2035 | 1,445,755 | 9,794 | 1,455,549 |
| | \$7,971,755 | \$337,184 | \$8,308,939 |

11. MASTER EQUIPMENT LEASE PURCHASE AGREEMENT

The City entered into a Master Lease/Purchase Agreement with TCF Equipment Finance in October 2016 in order to acquire the equipment necessary to implement a new metering system for gas and water services in the City through UMS. An amendment to the Master Lease/Purchase Agreement was executed in September of 2017 due to a change in the scope of the project. The City decided to acquire additional equipment to be leased as part of the contract, which requires additional funds to be deposited in the escrow account. Due to the change in project costs, the semi-annual payments over the remaining nine (9) years also had to be adjusted. The total project cost is now \$3,677,484.00 to be leased over the remaining 9 years at a rate of 3.25% payable in 19 payments of \$217,882.92 beginning October 2017. The first payment was made on April 4, 2017 and will continue until October 2026.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

11. MASTER EQUIPMENT LEASE PURCHASE AGREEMENT (continued)

The annual requirements to pay out the outstanding debt is as follows:

| | Total Principal | Total Interest | Total Payments |
|------------------|-----------------|----------------|----------------|
| 2018 | \$297,562 | \$107,098 | \$404,660 |
| 2019 | 339,437 | 96,330 | 435,766 |
| 2020 | 350,558 | 85,208 | 435,766 |
| 2021 | 362,044 | 73,772 | 435,766 |
| 2022 | 373,906 | 61,860 | 435,766 |
| 2023-2026 | 1,511,964 | 120,804 | 1,632,768 |
| | \$3,235,471 | \$545,072 | \$3,780,543 |

12. INTERFUND BALANCES

A reconciliation of transfers to and from follows:

| Transfer in to: | | Transfers out from - purpose: |
|------------------------------------|--------------|---|
| General Fund | \$ 630,095 | Fire Department Fund – Ad valorem taxes collected for Fire Protection |
| Section 8 Housing – Choice Voucher | 35,732 | General Fund – to cover operating deficit |
| Loss Fund | 168,040 | General Fund – to cover operating deficit |
| Streets & Drainage | 212,119 | General Fund – to cover operating deficit |
| | \$ 1,045,986 | |

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

The interfund receivables and payables are amounts in the pooled cash and investment accounts and have been eliminated and are shown as cash in the correct funds.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

13. LEASE COMMITMENTS

The City has various operating leases. The operating leases are for property and fleet vehicles.

Airport Lease - The City is under contract for a lease expiring in the year 2053 for property for the Thibodaux Municipal Airport. Rental expenses for the property totaled approximately \$27,300. The minimum annual commitments under this non-cancelable operating leases is as follows:

| YE 12/31 | Airport |
|--------------|---------------------|
| 2018 | \$ 26,238 |
| 2019 | 26,763 |
| 2020 | 27,298 |
| 2021 | 27,844 |
| 2022 | 28,401 |
| After 2022 | 1,201,195 |
| Total | \$ 1,337,739 |

14. RISK MANAGEMENT

The City is subject to various risks of loss related to theft of, damage to, and destruction of assets; error and omissions; injuries to employees; natural disasters; and worker's compensation claims. The City has purchased commercial liability insurance to cover risks of loss related to torts or negligence by employees and council members. Commercial insurance has also been obtained to cover risk of damages to or theft of computer equipment, boilers and other machinery, employee's health insurance, and general liability claims. Claims have not exceeded insurance coverage in any of the past three years.

The City maintains a limited risk management program in the Internal Service Fund for auto, general, police and public officials' liability claims. The City is named as a defendant in various legal claims arising in the ordinary course of operations. In accordance with Financial Accounting Standards Board Accounting Standards Codification 450, Contingencies, the City's Internal Service Fund has provided for, in its financial statements, estimated losses from the aforementioned pending suits and claims based on the estimated ultimate cost of settling the claims, considering the effects of inflation, recent claim settlement trends and other social and economic factors, including the effects of specific incremental claim adjustment expenses, salvage and subrogation. The City believes the ultimate settlement costs will not materially exceed the amounts provided for the claims.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for claims and judgments is reported in the Internal Service Fund.

Transfers from the participating funds to the Internal Service Fund are made as necessary. Claims in excess of the self-insured retention amounts are recovered through commercial limited-coverage insurance policies. The City is self-insured for the first \$100,000 for each claim and is insured with excess coverage as follows:

- Auto liability, general liability and police liability with a \$1,000,000 per occurrence limit (\$3,000,000 policy combined aggregate)
- Public officials' employment practices \$2,000,000 per occurrence (\$4,000,000 policy combined aggregate)

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

14. RISK MANAGEMENT (continued)

Settled claims have not exceeded the insurance coverage for the excess liability in any of the past three years. At December 31, 2017, the amount of liability for unpaid claims was \$122,350. These liabilities are the City's best estimate based on available information. Changes in the reported liabilities during the past three years are as follows:

| YEAR | BEGINNING BALANCE | CLAIMS AND CHANGES IN ESTIMATE | PAYMENTS | ENDING BALANCE |
|------|----------------------|--------------------------------------|-----------|-------------------|
| 2017 | \$122,350 | \$63,102 | \$111,470 | \$73,982 |
| 2016 | \$100,374 | \$169,352 | \$147,376 | \$122,350 |
| 2015 | \$166,827 | \$72,940 | \$139,393 | \$100,374 |

15. COMMITMENTS AND CONTINGENCIES

The City receives funding under grants from various Federal and State agencies. These grants specify the purpose that the monies are to be used and such grants are subject to audit by the granting agency or its representative. If the grant monies received are not expended, the City may be required to reimburse the granting agency.

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (OPEB)

Plan Description

The City administers a single employer defined benefit health care plan (the Plan). The Plan provides hospitalization, dental and life insurance premiums for retired employees as approved by the City Council. The City will fund the entire premium for all employees retiring with at least twenty-five years of service provided to the City of Thibodaux. A retired employee may provide dependent hospitalization coverage if they had dependent coverage at the time of retirement at the applicable dependent coverage rate. The City of Thibodaux will continue payment of premium benefits for retired employees on a pro-rated basis beginning with 40% of premiums paid after completing 10 years or 120 months of service.

The percentage of premium paid benefit will increase by 4% for each additional year or 12-month period of service through 25 years or 300 months of service when 100% of premiums shall be paid. The city does not issue a public available financial report on the Plan.

Funding Policy

The City funds required premiums based on pay-as-you-go financing requirements. The cost of providing these benefits are recognized as expenses/expenditures as premiums are payable. The City contributed \$322,948 - \$ 233,636 for governmental activities and \$89,312 for business-type activities.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation

The City recognized a net other post-employment benefit (OPEB) obligation for covered post-employment healthcare benefits in accordance with the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (GASB 45).

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the current year, and related information.

| | <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Total</i> |
|-------------------------------|------------------------------------|-------------------------------------|--------------------|
| ARC | \$1,117,275 | \$210,046 | \$1,327,321 |
| Interest on net OPEB | 253,208 | 35,517 | 288,725 |
| Adjustments to ARC | (241,150) | (33,826) | (274,976) |
| Annual OPEB cost | 1,129,333 | 211,737 | 1,341,070 |
| Contributions made | (233,636) | (89,312) | (322,948) |
| Increase in obligation | 895,697 | 122,425 | 1,018,122 |
| Net OPEB obligation: | | | |
| Beginning of year | 7,234,499 | 1,014,778 | 8,249,277 |
| End of year | \$8,130,196 | \$1,137,203 | \$9,267,399 |

The City's annual OPEB cost, the percentage of annual OPEB premiums paid and the net OPEB obligation for this year and the three preceding years are as follows:

| <i>Year Ended:</i> | <i>Annual OPEB Cost</i> | <i>% of Annual OPEB Premiums Paid</i> | <i>Net OPEB Obligation</i> |
|--------------------|-----------------------------|---|--------------------------------|
| 12/31/2017 | \$1,129,333 | 20.7% | \$8,130,196 |
| 12/31/2016 | \$1,339,371 | 23.8% | \$8,249,278 |
| 12/31/2015 | \$1,492,335 | 19.6% | \$7,229,549 |
| 12/31/2014 | \$1,490,295 | 17.9% | \$6,029,061 |

Funded Status and Funding Progress

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (OPEB) (continued)

| <i>Actuarial Valuation Date</i> | <i>Actuarial Value of Assets (a)</i> | <i>Actuarial Accrued Liability (AAL) (b)</i> | <i>Unfunded AAL (UAAL) (b-a)</i> | <i>Funded Ratio (a/b)</i> | <i>Covered Payroll (c)</i> | <i>UAAL as % of Covered payroll ((b-a)/c)</i> |
|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|---|
| 1/1/2012 | - | \$ 14,014,702 | \$ 14,014,702 | 0.00% | \$ 6,553,485 | 213.9% |
| 1/1/2014 | - | \$ 19,565,080 | \$ 19,565,080 | 0.00% | \$ 6,996,835 | 279.6% |
| 1/1/2016 | - | \$19,162,894 | 19,162,894 | 0.00% | \$6,702,486 | 285.9% |

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and eligible employees and retirees) and include the types of benefits provided at the time of each valuation and on the historical pattern of sharing benefit costs between the employer and eligible employees and retirees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

In the January 1, 2016 actuarial valuation, the following actuarial methods and significant assumptions used to determine the ARC:

- The entry age-normal actuarial cost method was used.
- As of the valuation date, the City only pays required insurance premiums directly from City resources, accordingly there are no plan assets, hence no need for an actuarial value of assets.
- The UAAL is being amortized over an open 30 year period using the level percent of payroll method with an assumption that payroll increases by 3.5% per year.
- The actuarial assumptions included a 3.5% investment rate of return (discount rate).
- The expected increase in payroll is 3.5%.
- The medical cost trend rate is 5.0% and the annual dental cost trend was 3.0%.
- Zero trend was assumed for valuing life insurance.
- Other assumptions include (1) expenses are included in the premium rate charged, (2) 85% of employees will choose to participate in medical coverage and 95% of employees will chose to participate in dental coverage of the plan at retirement, and (3) male spouses are three years older than females. The remaining amortization period at January 1, 2016 was 25 years.

17. PENSION PLANS

The City adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. That Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

The employees are provided with benefits through the following multiple-employer cost-sharing plans:

- Municipal Employees Retirement System (Plan A) ("MERS") provides retirement benefits to employees of all incorporated villages, towns and cities within the state which did not have their own retirement system and which elected to become members of the system. Employees of the City (except for police and the City Judge) are members of the Municipal Employees' Retirement System of Louisiana.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

17. PENSION PLANS (continued)

- Municipal Police Employees Retirement System ("MPERS") provides retirement benefits to full-time municipal police officers who are not participating in the Federal Social Security System.
- Louisiana State Employees' Retirement System (LASERS) provides eligible state officers, employees, and their beneficiaries. The City Judge is a member of the LASERS system.

General information about the Plans:

Municipal Employees' Retirement System

Plan Description – The City contributes to Plan A of the Municipal Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. Act 356 of the 1954 Louisiana Legislative Session established the plan. Act 569 of the 1968 Louisiana Legislative Session provided an optional method for municipalities to cancel Social Security and come under supplementary benefits in the System, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are known as "Plan A" and "Plan B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only original plan. The System is governed by Louisiana Revised Statutes 11:1731 through 11:1884, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that can be obtained at www.mersla.com.

Eligibility Requirements - MERS membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for members, with exceptions outlined in the Louisiana Revised Statutes. The City participates in Plan A and provides retirement benefits to any member of Plan A who was hired before January 1, 2013 meeting one of the following criteria:

- Any age with 25 or more years of creditable service
- Age 60 with a minimum of 10 years creditable service
- Any age with 5 years of creditable service for disability benefits
- Survivor's benefits require 5 years of creditable service at death of member
- Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

For members hired after January 1, 2013, benefits are provided to any member of Plan A meeting one of the following criteria:

- Age 67 with 7 or more years of creditable service
- Age 62 with 10 or more years of creditable service
- Age 55 with 30 or more years of creditable service
- Any age with 25 years of service, exclusive of military service and unused leave, with an actuarially reduced early benefit.

Benefit Formula - Generally, the monthly retirement allowance for any member of Plan A consists of an amount equal to 3% of the member's monthly average final compensation times years of creditable service. Survivor, death and disability benefits are also provided under the plan.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

17. PENSION PLANS (continued)

Municipal Employees' Retirement System (continued)

Deferred Retirement Option Program (DROP) - In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund.

Interest is earned when the member has completed DROP participation, based on the actual rate of return on the investments identified as DROP funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

Cost of Living Increases – The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living (COLA) increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Contributions – According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2017 (the plan measurement date), the actual employer contribution rate was 22.75% and employee contribution rate was 9.5%, and the combined actuarially required contribution rate was 32.25%. The actual rate differs from the actuarially determined rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

Employer contributions to the pension plan totaled \$1,109,483, for the year ended December 31, 2017 (employer contribution rate of 22.75% for July 1, 2017 to December 31, 2017).

The plan receives ad valorem and state revenue sharing funds as employer contributions and those amounts are considered support from non-employer contributing entities, but are not considered as special funding situations.

Municipal Police Employees' Retirement System

Plan Description – The City contributes to the Municipal Police Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustment to plan members and beneficiaries. Act 189 of the 1973 Louisiana Legislative Session established the plan.

The System is governed by Louisiana Revised Statutes 11:2211 through 11:2234, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that can be obtained at www.lampers.org.

Benefits Provided - MPERS membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided that the officer is not required to pay Social Security, and otherwise meets statutory criteria. For members hired before January 1, 2013, the plan provides retirement benefits to any member who has:

- o 25 years of creditable service, or
- o 20 years of creditable service who has attained age 50, or
- o 12 years of service who has attained age 55, or
- o 20 years of creditable service at any age with an actuarially reduced benefit.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

17. PENSION PLANS (continued)

Municipal Police Employees' Retirement System (continued)

Benefit rates are 3 1/3 % of average final compensation (average monthly earnings during the highest 36 consecutive months) times the number of years' service, not to exceed 100% of final salary. The plan also provides survivor, death and disability benefits.

For members hired after January 1, 2013, benefits are based on the Hazardous Duty sub-plan or the Nonhazardous Duty sub-plan. Under the Hazardous Duty sub-plan, a member is eligible for benefits after:

- o 25 years of creditable service at any age, or
- o 12 years of creditable service at age 55.

Under the Nonhazardous Duty sub-plan, a member is eligible for benefits after:

- o 30 years of creditable service at any age, or
- o 25 years of creditable service at age 55, or
- o 10 years of creditable service at age 60.

Under both sub-plans, a member is eligible for early retirement after 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3% and 2 ½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months) times the number of years of creditable service, not to exceed 100% of final salary.

Deferred Retirement Option Program (DROP) – 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 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 the date of application. The duration of participation 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 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.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

17. PENSION PLANS (continued)

Municipal Police Employees' Retirement System (continued)

Cost of Living Increases – The Board or 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. 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.

Contributions - Contributions by employers are actuarially determined by law, but cannot be less than 9% of compensation excluding overtime, but including state supplemental pay. For the year ended June 30, 2017 (plan measurement date), employee and employer contributions were 10% and 31.75%, respectively, for employees hired prior to January 1, 2013 and for Hazardous Duty employees hired after January 1, 2013. For Nonhazardous duty employees hired after January 1, 2013, employer contributions were 33.75% and employee rates were 8%. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.25% and 7.5%, respectively. The actuarial required employer and employee combined contribution for June 30, 2017 was 41.75%.

The plan also receives insurance premium tax monies appropriated by the state legislature as additional employer contributions and is considered support from a non-employer contributing entity, but not considered a special funding situation. Non-employer contributions are recognized as revenue during the year ended June 30, 2017 (the plan measurement date) and excluded from pension expense.

Employer contributions to the pension plan totaled \$826,713, for the year ended December 31, 2017 (employer contribution rate of 31.75% and 34% for one employee whose compensation is less than or equal to the poverty guidelines).

Louisiana State Employees' State System

Plan Description – The City contributes to the Louisiana State Employees' State System (the System), a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) to provide retirement allowances and other benefits to eligible state officers, employees and their beneficiaries, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and permanent benefit increases and cost of living adjustments to plan members and beneficiaries.

The System is governed by Louisiana Revised Statutes 11:401, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that can be obtained at www.lasersonline.org.

Benefits Provided - LASERS membership has specific membership requirements established by legislation, with LASERS established for state officers, employees, and their beneficiaries which include judges. The age and years of creditable service required in order for a member to retire with full benefits are established by state statute, and vary depending on the member's hire date, employer, and job classification. The majority of our rank and file member may either retire with full benefits.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

17. PENSION PLANS (continued)

Louisiana State Employees' State System (continued)

- o 30 years of creditable service at any age, or
- o 5-10 years of creditable service depending on their plan who has attained age 60, or
- o 20 years of creditable 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 creditable years of service. Average compensation is defined as the member's average annual earned compensation for the highest consecutive months of employment for members employed prior to July 1, 2006. For members hired after 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 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 year 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 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:

- o 5 years of creditable service at age 60, or
- o 20 years of creditable service at any age with an actuarially reduced benefit.

Hazardous duty members are eligible to retire with 12 years of creditable service at age 55, 23 years of creditable service at any age or with reduced benefits 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 to 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 Retirement Option Program (DROP) – The State Legislature authorized LASERS to established 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 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.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

17. PENSION PLANS (continued)

Louisiana State Employees' State System (continued)

For members who entered DROP prior to January 1, 2004, interest at a rate of ½% 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 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.

Initial Benefit Option Plan – 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. 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 ½% 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 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 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 minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 20 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.

Contributions – The employer contribution rate is established annually under LA RS 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Actual Rates for the years ending June 30, 2017 for Judges hired before 1/11/11 was 40.1% for employer contributions and 11.5% for employee contributions which is the only class of member that the city contributes for the City Judge. Employer contributions to the pension plan totaled \$13,962.54, for the year ended December 31, 2017.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

17. PENSION PLANS (continued)

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources:

As of June 30, 2017 (the measurement date), the City reported a total of \$19,400,820 for its proportionate shares of the net pension liability of the Plans, as follows:

| <u>Plan</u> | <u>Proportionate share of net pension liability</u> |
|-------------|---|
| MERS | \$ 10,702,627 |
| MPERS | 7,688,683 |
| LASERS | 154,854 |
| Total | <u>\$ 18,546,164</u> |

Net Pension Liability OF \$16,202,942 was reported as governmental activities and \$2,343,222 was reported as business-type activities. The net pension liability was measured as of June 30, 2017 for all plans, 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 long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the City's proportions of each plan were as follows:

| <u>Plan</u> | <u>Proportionate share</u> | |
|-------------|----------------------------|----------------|
| | <u>6/30/17</u> | <u>6/30/16</u> |
| MERS | 2.558343% | 2.558810% |
| MPERS | 0.880677% | 0.932962% |
| LASERS | 0.002200% | 0.002150% |

For the year ended June 30, 2017, the City recognized pension expense as follows:

| <u>Plan</u> | <u>Pension expense</u> |
|-------------|------------------------|
| MERS | \$ 1,706,752 |
| MPERS | 575,810 |
| LASERS | 14,170 |
| Total | <u>\$ 2,296,732</u> |

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

| MERS | Deferred outflows | Deferred inflows |
|--|------------------------------|-----------------------------|
| Changes in proportion | \$ - | \$ (46,465) |
| Changes in assumptions | 178,959 | - |
| Differences between expected and actual experience | 2,158,206 | (325,958) |
| Contributions subsequent to the measurement date | 571,188 | - |
| | <u>\$2,908,353</u> | <u>\$(372,423)</u> |

| MPERS | Deferred outflows | Deferred inflows |
|--|------------------------------|-----------------------------|
| Changes in proportion | | |
| Changes in assumptions | \$ - | \$ (808,155) |
| Differences between expected and actual experience | 547,092 | - |
| Net difference between projected and actual earnings on pension plan investments | 50,345 | (59,097) |
| Contributions subsequent to the measurement date | 336,582 | - |
| | 408,233 | - |
| | <u>\$1,342,252</u> | <u>\$(867,252)</u> |

| LASERS | Deferred outflows | Deferred inflows |
|--|------------------------------|-----------------------------|
| Changes in proportion | | |
| Changes in assumptions | \$ - | \$ 134 |
| Differences between expected and actual experience | 67 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (2,842) |
| Contributions subsequent to the measurement date | 5,036 | - |
| | 7,774 | - |
| | <u>\$12,877</u> | <u>\$(2,708)</u> |
| TOTALS | <u>\$4,263,481</u> | <u>\$1,242,383</u> |

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

17. PENSION PLANS (continued)

The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the 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 in pension expense as follows:

| Year ended June 30: | |
|----------------------------|--------------------|
| 2018 | \$737,174 |
| 2019 | 1,054,521 |
| 2020 | 645,095 |
| 2021 | (86,736) |
| TOTAL | \$2,350,054 |

Actuarial assumptions:

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

| Plan | MERS | MPERS | LASERS |
|---|---|---|--------------------------------------|
| Inflation | 2.775% | 2.70% | 2.75% |
| Discount rate used To measure pension liability | 7.40% | 7.325% | 7.70% |
| Salary increases | 5.0% (2.875% Inflation, 2.125% Merit) | Vary from 9.75% for 1 st year of service to 4.25% over 23 years | Vary from 2.8% to 5.3% for Judges |
| Investment rate of return | 7.40% | 7.325% | 7.70% |
| Actuarial cost method | Entry age normal | Entry age normal | Entry age normal |
| Expected remaining service lives | 3 years | 4 years | 3 years |
| Cost of Living Adjustment | none | none | none |

Mortality rates for MERS and LASERS were based on the RP-2000 Employee Table for active members, Healthy Annuitant Table for healthy annuitants, and Disabled Lives Mortality Tables for disabled annuitants. Mortality rate assumptions for the MPERS were based on experience studies performed on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality.

For MERS, the long-term expected rate of return on the pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of returns (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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.4% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.2%.

With MPERS, the forecasted 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 returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

17. PENSION PLANS (continued)

These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.19% and 8.25% for the years ending June 30, 2017 and 2016, respectively.

For LASERS, the long-term expected rate of return on the pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of returns (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 weighing 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 forecasted long-term rate of return is 8.66% for the years ending June 30, 2017.

The best estimates of real rates of return for each major asset class included in the pension plans' target asset allocation, as of June 30, 2017, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------------|-------------------|--|
| MERS: | | |
| Public equity | 50% | 2.30% |
| Public fixed income | 35% | 1.60% |
| Alternatives | 15% | 2.06% |
| TOTALS | 100% | 0.70% |
| Inflation | | 4.60% |
| Expected Arithmetic Nominal Return | | 7.2% |

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| MPERS: | | |
| Equity | 53.0% | 3.66% |
| Fixed Income | 21.0% | 0.52% |
| Alternatives | 20.0% | 1.10% |
| Other | 6.0% | 0.16% |
| Totals | 100.0% | 5.44% |
| Inflation | | 2.75% |
| Expected Nominal Return | | 8.19% |

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

17. PENSION PLANS (continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------------|-------------------|--|
| LASERS: | | |
| Cash | 0% | 0.24% |
| Domestic Equity | 27% | 4.31% |
| International Equity | 30% | 5.35% |
| Domestic Fixed Income | 10% | 1.73% |
| International Fixed Income | 2% | 2.49% |
| Alternative Investments | 24% | 7.41% |
| Global Tactical Asset Allocation | 7% | 2.84% |
| Total Fund | | 5.26% |

Rates of return are presented as arithmetic means for MERS, MPERS and geometric means for LASERS.

The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the investment rate of return on plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the of the City's proportionate share of the net pension liabilities to changes in the discount rate:

The following presents the City's proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, as well as what the City's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-----------------------------|---------------------|-----------------------|---------------------|
| MERS (current rate 7.40%) | \$13,638,705 | \$10,702,627 | \$8,198,234 |
| MPERS (current rate 7.325%) | 10,622,657 | 7,688,683 | 5,227,290 |
| LASERS (current rate 7.7%) | 194,402 | 154,854 | 121,229 |
| Total | \$24,455,764 | \$18,546,164 | \$13,546,753 |

Pension plan fiduciary net position:

Detailed information about the Plans' fiduciary net position is available in the separate issued financial statements of the Plans.

Support of Non-employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

17. PENSION PLANS (continued)

The City recognized revenue as a result of support received from non-employer contributing entities of:

| | |
|-------|------------------|
| MERS | \$157,468 |
| MPERS | <u>168,123</u> |
| Total | <u>\$325,591</u> |

18. ON-BEHALF PAYMENTS FOR SUPPLEMENTAL PAY

The City recognizes as revenues and expenditures salary supplements that the State of Louisiana has paid directly to the City's police officers. The total on-behalf payments made for the year amounted to \$223,209.

19. TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under the Restoration Tax Abatement Program was created by Act 445 of the 1983 Legislature, and revised by Act 783 of 1984, Article VII, Part II, Section 21 (H) of the Louisiana Constitution and Louisiana R.S. 47: 4311-4319, to authorize the Board of Commerce and Industry, with the approval of the Governor and the local governing authority and in accordance with procedures and conditions provided by law, to enter into a contract granting property owners who propose the expansion, restoration, improvement or development of an existing structure or structures in a downtown development district, historic district, or economic development district, established in accordance with law, the right to pay ad valorem taxes based upon the assessed valuation of property prior to the commencement of the expansion, restoration, improvement or development.

The City currently has 5 abatement agreements for renovation of properties in the historic district. The total amount of taxes paid on the existing structure before the renovations is approximately \$6,500. The estimate on the abated taxes has not been determined but would not exceed the taxes paid on the existing structures before renovations.

20. COOPERATIVE ENDEAVOR AGREEMENT WITH ACADEMY

The City entered into a cooperative endeavor agreement in 2014 with Academy, Ltd., a Texas limited partnership qualified to do business in the State (Academy). The City agreed to reimburse Academy not to exceed the sum of \$250,000 per year or in the aggregate \$1,250,000 from sales tax revenue over a 5 year reimbursement term for the purpose of enabling Academy to construct a facility and locate in Thibodaux, LA and to aid in the revitalization of the City.

The reimbursement obligation for the City is based on the facility not permanently ceasing operations for a term of at least 10 years following the date immediately following the opening of the facility for business to the public.

The City's reimbursement obligation is expressly limited to a 2% undedicated sales and use tax applied solely to the sales tax increment revenues generated by the Facility. The amount paid to Academy for the year was \$211,300.

CITY OF THIBODAUX
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

21. COMPONENT UNIT – NOTES TO THE FINANCIAL STATEMENTS

The balances of deposits are as follows:

| | Reported Balance | Bank Balance |
|----------------------------------|--------------------|--------------------|
| Time Deposits | **\$4,967,841 | \$6,015,282 |
| Certificates of Deposit | 684,352 | 684,352 |
| Total deposits | \$5,652,193 | \$6,699,634 |
| Exposed to custodial credit risk | | \$4,193,134 |
| Covered by pledged securities | | \$4,231,803 |

** Included in Time Deposits for City Court of Thibodaux is \$922,707 for the Fiduciary Funds that are not included on the Statement of Net Position.

Investment balances for the component units are classified as follows:

| INVESTMENT TYPE | REPORTED VALUE | FAIR VALUE |
|-------------------------|----------------|------------|
| Certificates of Deposit | \$684,352 | \$684,352 |

A summary of capital assets for component units follows:

| COST OF CAPITAL ASSETS: | Beginning Balance | Additions | Deletions/ Adjustments | Ending Balance |
|--------------------------------|--------------------|------------------|---------------------------|--------------------|
| Land | \$1,243,288 | \$ - | \$(12,540) | \$1,230,748 |
| Construction in Progress | 324,610 | 1,086,369 | (1,403,249) | 7,730 |
| Total non- depreciated | 1,567,898 | 1,086,369 | (1,415,789) | 1,238,478 |
| Building & Improvements | 5,550,152 | 421,277 | (45,073) | 5,926,356 |
| Equipment & Furniture | 5,791,050 | 1,910,499 | (627,987) | 7,073,560 |
| Total depreciated | 11,341,202 | 2,311,776 | (673,060) | 12,999,916 |
| Total Cost | 12,909,100 | 3,418,145 | (2,088,849) | 14,238,394 |
| Total accumulated depreciation | (6,128,085) | (555,883) | 578,228 | (6,115,740) |
| NET CAPITAL ASSETS | \$6,781,015 | | | \$8,122,654 |

***REQUIRED
SUPPLEMENTAL
INFORMATION***

CITY OF THIBODAUX
 Required Supplementary Information
 Budget Comparison Schedule - Fund #001 General Fund
 For the Year Ended December 31, 2017

Schedule 1.1

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|--|--------------------|-------------------|-------------------|---------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Ad Valorem | \$ 513,145 | \$ 517,749 | \$ 516,475 | \$ (1,274) |
| Sales and Use | 12,250,000 | 12,000,000 | 12,082,856 | 82,856 |
| Beer tax | 32,000 | 32,000 | 28,685 | (3,315) |
| Video poker taxes | 480,000 | 445,000 | 457,781 | 12,781 |
| Off track betting | 7,200 | 5,600 | 5,392 | (208) |
| Franchise | | | | |
| Entergy | 300,000 | 300,000 | 289,754 | (10,246) |
| Cable TV | 185,000 | 185,000 | 162,697 | (22,303) |
| Telephone | 132,000 | 132,000 | 100,754 | (31,246) |
| Other | - | - | 39,560 | 39,560 |
| | <u>13,899,345</u> | <u>13,617,349</u> | <u>13,683,954</u> | <u>66,605</u> |
| Charges for Services: | | | | |
| Licenses & Permits: | | | | |
| Business and occupational licenses | 820,000 | 821,560 | 870,064 | 48,504 |
| Beer and liquor permits | 12,000 | 12,000 | 12,390 | 390 |
| Building permits | 30,000 | 42,300 | 44,998 | 2,698 |
| Reserve Telecommunications | 9,100 | 11,920 | - | (11,920) |
| Plumbing licenses | 4,000 | 4,000 | 3,680 | (320) |
| Chain store licenses | 21,000 | 21,000 | 23,175 | 2,175 |
| Electrical licenses | 10,000 | 10,000 | 8,200 | (1,800) |
| Bartender permits | 3,000 | 3,000 | 2,175 | (825) |
| Mechanical licenses | 4,000 | 4,320 | 6,320 | 2,000 |
| | <u>913,100</u> | <u>930,100</u> | <u>971,002</u> | <u>40,902</u> |
| Intergovernmental: | | | | |
| Federal Government: | | | | |
| Bullet Proof Vest Grant | - | 6,902 | 4,048 | (2,854) |
| LRTP - FHWA Acadian West Trail | 197,314 | - | - | - |
| FAA - Airport Delineation, Mapping | - | 47,250 | 33,255 | (13,995) |
| FAA Airport Sealcoat & Stripig | - | 3,510 | 3,510 | - |
| FEMA - Hurricane Katrina | - | 173,070 | 65,136 | (107,934) |
| State of LA: | | | | |
| State Fire Insurance | 65,000 | 72,883 | 72,882 | (1) |
| Supplemental pay | 293,500 | 268,839 | 272,213 | 3,374 |
| DOTD - Airport Delineation, Mapping | - | 3,695 | 3,695 | - |
| DOTD - Airport Sealcoat & Striping | - | 390 | 390 | - |
| DOTD Litter Maintenance Grant | 6,150 | 11,550 | 11,550 | - |
| Airport Maintenance Reimbursement | 7,500 | 7,500 | 8,152 | 652 |
| Pre Trial Intervention (PTI) | 20,000 | 26,000 | 30,850 | 4,850 |
| LGAP - Police Mobile Radios | - | 23,316 | 23,316 | - |
| LA Cajun Bayou Tourism Red | - | 14,250 | 14,250 | - |
| Other local governmental units: | | | | |
| Lorio Grants | 7,500 | 200,000 | 200,000 | - |
| Peltier Fdtn Police Computers | - | 50,000 | 50,000 | - |
| Lafourche Parish Recreation Tax #7 | 107,100 | 107,100 | 107,000 | (100) |
| | <u>704,064</u> | <u>1,016,255</u> | <u>900,247</u> | <u>(116,008)</u> |
| Other Charges for Services: | | | | |
| Warren J. Harang, Jr. Municipal Auditorium | 172,900 | 159,010 | 166,403 | 7,393 |
| Police reports | 11,000 | 11,000 | 11,201 | 201 |
| Mechanical Inspections | 11,000 | 13,880 | 14,623 | 743 |
| Plumbing Inspections | 14,000 | 21,520 | 22,230 | 710 |
| Electrical Inspections | 45,000 | 65,480 | 67,845 | 2,365 |
| Zoning Variance Applications | 300 | 840 | 870 | 30 |
| Municipal pool fees and Registration | 39,500 | 45,771 | 45,681 | (90) |
| Recreation fees collected | 99,000 | 109,850 | 110,599 | 749 |
| Adult Community Service Program | 5,000 | 2,000 | 2,000 | - |
| Sponsor fees collected | 19,500 | 22,270 | 22,270 | - |
| Subdivision Construction Fees | 2,000 | 3,210 | 3,260 | 50 |
| Park concessions | 500 | 900 | 900 | - |
| | <u>419,700</u> | <u>455,731</u> | <u>467,882</u> | <u>12,151</u> |

See notes to budgetary comparison schedules.

CITY OF THIBODAUX
 Required Supplementary Information
 Budget Comparison Schedule - Fund #001 General Fund
 For the Year Ended December 31, 2017

Schedule 1.1

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|---------------------------------|--------------------|-------------------|-------------------|---------------------|
| Fines and Forfeitures: | | | | |
| Court Fines | 100,000 | 100,000 | 110,667 | 10,667 |
| Miscellaneous | | | | |
| Investment income | 64,470 | 66,280 | 63,680 | (2,600) |
| Gain on Sale of Investment | - | 165 | 188 | 23 |
| Discounts earned - S/C | 20 | 40 | 39 | (1) |
| Donations | - | 12,867 | 12,866 | (1) |
| Airport revenue | 100 | 143 | 143 | - |
| Animal Control Fine | 20 | 470 | 612 | 142 |
| Help Your Neighbor Program | 2,000 | 2,150 | 2,383 | 233 |
| Insurance Reimbursements | - | 11,898 | 11,898 | - |
| Rentals - Recreation Parks | 25,000 | 14,000 | 14,385 | 385 |
| Royalties | 500 | 500 | - | (500) |
| Housing Authority Pilot | 65,000 | 65,000 | 62,514 | (2,486) |
| AT&T Mobility | - | 3,000 | - | (3,000) |
| Nextel Communications | 35,248 | 24,136 | - | (24,136) |
| Sale of Fixed Assets | - | 18,396 | 28,395 | 9,999 |
| Other | 90,000 | 128,560 | 137,481 | 8,921 |
| | <u>282,358</u> | <u>347,605</u> | <u>334,584</u> | <u>(13,021)</u> |
| Total Revenues | <u>16,318,567</u> | <u>16,467,040</u> | <u>16,468,336</u> | <u>1,296</u> |
| EXPENDITURES | | | | |
| General Government: | | | | |
| General administrative: | | | | |
| Operating Supplies | 41,410 | 33,941 | 29,273 | 4,668 |
| Equipment | 92,400 | 95,301 | 83,597 | 11,704 |
| Building | 155,020 | 148,315 | 119,245 | 29,070 |
| Outside services | 424,916 | 434,672 | 389,251 | 45,421 |
| General operating | 64,944 | 74,560 | 74,159 | 401 |
| General administrative | 90,550 | 75,517 | 67,490 | 8,027 |
| | <u>869,240</u> | <u>862,306</u> | <u>763,015</u> | <u>99,291</u> |
| Capital outlay | <u>42,500</u> | <u>31,472</u> | <u>17,583</u> | <u>13,889</u> |
| | <u>911,740</u> | <u>893,778</u> | <u>780,598</u> | <u>113,180</u> |
| Financial administration | | | | |
| Personal services and benefits | 471,180 | 474,554 | 467,418 | 7,136 |
| Operating Supplies | 25,000 | 23,605 | 13,255 | 10,350 |
| Equipment | 3,500 | 3,500 | 2,807 | 693 |
| Building | 8,530 | 9,730 | 8,925 | 805 |
| Outside services | 1,448 | 1,448 | 348 | 1,100 |
| General operating | 56,122 | 56,122 | 52,565 | 3,557 |
| General administrative | 4,445 | 4,445 | 1,611 | 2,834 |
| | <u>570,225</u> | <u>573,404</u> | <u>546,929</u> | <u>26,475</u> |
| Capital outlay | <u>10,000</u> | <u>10,000</u> | <u>-</u> | <u>10,000</u> |
| | <u>580,225</u> | <u>583,404</u> | <u>546,929</u> | <u>36,475</u> |
| Grants: | | | | |
| Personal services and benefits | 83,989 | 85,143 | 84,415 | 728 |
| Operating Supplies | 3,400 | 3,400 | 19 | 3,381 |
| Equipment | 3,100 | 3,100 | 2,195 | 905 |
| Building | 1,970 | 2,002 | 2,002 | - |
| Outside services | 60 | 60 | 50 | 10 |
| General operating | 2,792 | 2,792 | 2,529 | 263 |
| General administrative | 32,200 | 34,313 | 23,707 | 10,606 |
| | <u>127,511</u> | <u>130,810</u> | <u>114,917</u> | <u>15,893</u> |

See notes to budgetary comparison schedules.

CITY OF THIBODAUX
 Required Supplementary Information
 Budget Comparison Schedule - Fund #001 General Fund
 For the Year Ended December 31, 2017

Schedule 1.1

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|--------------------------------|--------------------|-----------------|-------------------|---------------------|
| Civil Service: | | | | |
| Personal services and benefits | 116,529 | 117,508 | 116,068 | 1,440 |
| Operating supplies | 6,700 | 6,700 | 1,030 | 5,670 |
| Equipment | 3,600 | 3,600 | 2,284 | 1,316 |
| Building | 2,730 | 3,030 | 2,803 | 227 |
| Outside services | 4,149 | 4,150 | 99 | 4,051 |
| General operating | 10,927 | 10,927 | 9,911 | 1,016 |
| General administrative | 6,200 | 5,896 | 1,950 | 3,946 |
| | <u>150,835</u> | <u>151,811</u> | <u>134,145</u> | <u>17,666</u> |
| Council Administration: | | | | |
| Personal services and benefits | 263,250 | 259,424 | 253,798 | 5,626 |
| Operating Supplies | 8,400 | 8,378 | 2,868 | 5,510 |
| Equipment | 8,600 | 10,300 | 7,661 | 2,639 |
| Building | 5,340 | 5,360 | 5,359 | 1 |
| Outside services | 68,388 | 66,688 | 55,348 | 11,340 |
| General operating | 50,519 | 50,519 | 45,238 | 5,281 |
| General administrative | 11,500 | 11,500 | 4,650 | 6,850 |
| | <u>415,997</u> | <u>412,169</u> | <u>374,922</u> | <u>37,247</u> |
| Capital outlay | - | - | - | - |
| | <u>415,997</u> | <u>412,169</u> | <u>374,922</u> | <u>37,247</u> |
| Office of the Mayor: | | | | |
| Personal services and benefits | 239,818 | 238,669 | 237,419 | 1,250 |
| Operating Supplies | 6,500 | 6,244 | 3,094 | 3,150 |
| Equipment | 11,300 | 11,300 | 9,337 | 1,963 |
| Building | 4,660 | 4,660 | 4,005 | 655 |
| Outside services | 2,189 | 2,190 | 230 | 1,960 |
| General operating | 16,761 | 16,761 | 15,283 | 1,478 |
| General administrative | 31,090 | 31,090 | 20,824 | 10,266 |
| | <u>312,318</u> | <u>310,914</u> | <u>290,192</u> | <u>20,722</u> |
| City Attorney's Office: | | | | |
| Personal services and benefits | 146,107 | 135,502 | 134,167 | 1,335 |
| Operating Supplies | 8,100 | 10,878 | 7,807 | 3,071 |
| Building | - | 335 | - | 335 |
| Outside services | 30,339 | 36,792 | 36,689 | 103 |
| General operating | 9,522 | 9,570 | 9,117 | 453 |
| General administrative | 9,500 | 9,500 | 1,131 | 8,369 |
| | <u>203,568</u> | <u>202,577</u> | <u>188,911</u> | <u>13,666</u> |
| City Court: | | | | |
| Personal services and benefits | 571,475 | 586,427 | 573,154 | 13,273 |
| Operating Supplies | 32,000 | 16,291 | 14,958 | 1,333 |
| Equipment | 10,900 | 9,287 | 4,618 | 4,669 |
| Building | 5,800 | 5,800 | 5,680 | 120 |
| Outside services | 13,207 | 22,847 | 21,137 | 1,710 |
| General operating | 41,826 | 41,826 | 39,764 | 2,062 |
| General administrative | 18,100 | 22,216 | 21,615 | 601 |
| | <u>693,308</u> | <u>704,694</u> | <u>680,926</u> | <u>23,768</u> |
| Human Resources: | | | | |
| Personal services and benefits | 150,247 | 151,329 | 149,638 | 1,691 |
| Operating Supplies | 8,350 | 8,407 | 3,365 | 5,042 |
| Equipment | 7,550 | 7,862 | 7,514 | 348 |
| Building | 4,130 | 4,530 | 4,253 | 277 |
| Outside services | 3,259 | 3,329 | 2,377 | 952 |
| General operating | 6,937 | 6,937 | 2,865 | 4,072 |
| General administrative | 9,870 | 8,781 | 1,646 | 7,135 |
| | <u>190,343</u> | <u>191,175</u> | <u>171,658</u> | <u>19,517</u> |
| Capital outlay | - | - | - | - |
| | <u>190,343</u> | <u>191,175</u> | <u>171,658</u> | <u>19,517</u> |

See notes to budgetary comparison schedules.

CITY OF THIBODAUX
 Required Supplementary Information
 Budget Comparison Schedule - Fund #001 General Fund
 For the Year Ended December 31, 2017

Schedule 1.1

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|---|--------------------|------------------|-------------------|---------------------|
| Airport: | | | | |
| Operating Supplies | 550 | 1,285 | 1,034 | 251 |
| Equipment | 5,000 | 10,225 | 10,195 | 30 |
| Building | 6,220 | 14,628 | 14,339 | 289 |
| Outside services | 83,576 | 75,031 | 54,950 | 20,081 |
| General operating | 29,956 | 29,181 | 29,181 | - |
| | <u>105,302</u> | <u>130,350</u> | <u>109,699</u> | <u>20,651</u> |
| Capital outlay | - | 10,150 | 10,150 | - |
| | <u>105,302</u> | <u>140,500</u> | <u>119,849</u> | <u>20,651</u> |
| Information Technology: | | | | |
| Personal services and benefits | 146,507 | 146,716 | 145,495 | 1,221 |
| Operating Supplies | 9,300 | 9,270 | 5,103 | 4,167 |
| Equipment | 4,100 | 4,535 | 3,074 | 1,461 |
| Building | 6,770 | 6,770 | 6,667 | 103 |
| Outside services | 1,869 | 817 | 267 | 550 |
| General operating | 3,730 | 3,730 | 3,639 | 91 |
| General administrative | 2,600 | 3,213 | 2,628 | 585 |
| | <u>174,876</u> | <u>175,051</u> | <u>166,873</u> | <u>8,178</u> |
| Marketing and Public Relations: | | | | |
| Operating Supplies | 13,000 | 16,050 | 13,429 | 2,621 |
| Building | 545 | 545 | 384 | 161 |
| General administrative | 20,450 | 17,400 | 13,735 | 3,665 |
| | <u>33,995</u> | <u>33,995</u> | <u>27,548</u> | <u>6,447</u> |
| | | | | |
| Total General Government-current | 3,847,518 | 3,879,256 | 3,569,735 | 309,521 |
| Public Safety: | | | | |
| Emergency Preparedness: | | | | |
| Personal services and benefits | 73,117 | 73,768 | 73,175 | 593 |
| Operating Supplies | 5,600 | 5,555 | 240 | 5,315 |
| Equipment | 4,500 | 4,500 | 2,081 | 2,419 |
| Building | 1,605 | 1,646 | 1,645 | 1 |
| Outside services | 60 | 60 | 50 | 10 |
| General operating | 3,839 | 3,839 | 3,257 | 582 |
| General administrative | 4,500 | 4,500 | 1,701 | 2,799 |
| | <u>93,221</u> | <u>93,868</u> | <u>82,149</u> | <u>11,719</u> |
| City Police: | | | | |
| Personal services and benefits | 5,201,779 | 4,872,437 | 4,748,769 | 123,668 |
| Operating Supplies | 197,400 | 222,885 | 187,184 | 35,701 |
| Equipment | 368,700 | 414,690 | 269,453 | 145,237 |
| Building | 102,050 | 104,050 | 99,543 | 4,507 |
| Outside services | 61,877 | 59,377 | 37,384 | 21,993 |
| General operating | 263,551 | 266,347 | 249,176 | 17,171 |
| General administrative | 64,780 | 81,749 | 72,546 | 9,203 |
| | <u>6,260,137</u> | <u>6,021,535</u> | <u>5,664,055</u> | <u>357,480</u> |
| Capital Outlay | 426,000 | 328,310 | 328,309 | 1 |
| | <u>6,686,137</u> | <u>6,349,845</u> | <u>5,992,364</u> | <u>357,481</u> |
| Fire Prevention | | | | |
| Operating Supplies | 83,875 | 29,126 | 29,072 | 54 |
| Equipment | 18,500 | 18,500 | 17,126 | 1,374 |
| Building | 112,700 | 114,599 | 102,604 | 11,995 |
| General operating | 26,670 | 25,335 | 24,891 | 444 |
| General administrative | 720,600 | 705,698 | 705,690 | 8 |
| | <u>962,345</u> | <u>893,258</u> | <u>879,383</u> | <u>13,875</u> |
| Capital Outlay | - | 54,185 | 54,185 | - |
| | <u>962,345</u> | <u>947,443</u> | <u>933,568</u> | <u>26,322</u> |
| | | | | |
| Total Public Safety-current | 7,315,703 | 7,008,661 | 6,625,587 | 383,074 |

See notes to budgetary comparison schedules.

CITY OF THIBODAUX
 Required Supplementary Information
 Budget Comparison Schedule - Fund #001 General Fund
 For the Year Ended December 31, 2017

Schedule 1.1

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|--|---------------------|---------------------|---------------------|---------------------|
| Public Works: | | | | |
| Personal services and benefits | 1,676,536 | 1,577,089 | 1,558,242 | 18,847 |
| Operating Supplies | 54,800 | 55,184 | 51,460 | 3,724 |
| Equipment | 200,900 | 191,558 | 158,653 | 32,905 |
| Building | 12,840 | 13,093 | 13,092 | 1 |
| Outside services | 94,030 | 104,591 | 103,781 | 810 |
| General operating | 403,334 | 398,953 | 381,710 | 17,243 |
| General administrative | 14,500 | 14,215 | 12,759 | 1,456 |
| Total Public Works - current | 2,456,940 | 2,354,683 | 2,279,697 | 74,986 |
| Capital Outlay | - | - | - | - |
| | 2,456,940 | 2,354,683 | 2,279,697 | 74,986 |
| Parks & Recreation: | | | | |
| Personal services and benefits | 1,410,271 | 1,305,118 | 1,271,184 | 33,934 |
| Operating Supplies | 251,080 | 221,949 | 198,112 | 23,837 |
| Equipment | 131,400 | 126,947 | 98,432 | 28,515 |
| Building | 179,590 | 179,590 | 161,297 | 18,293 |
| Outside services | 36,033 | 36,533 | 30,405 | 6,128 |
| General operating | 149,607 | 137,150 | 124,460 | 12,690 |
| General administrative | 28,000 | 28,400 | 2,775 | 25,625 |
| | 2,185,981 | 2,035,687 | 1,886,665 | 149,022 |
| Capital Outlay | 522,814 | 354,818 | 333,989 | 20,829 |
| | 2,708,795 | 2,390,505 | 2,220,654 | 169,851 |
| Warren J. Harang, Jr. Municipal Auditorium: | | | | |
| Personal services and benefits | 282,882 | 290,582 | 279,175 | 11,407 |
| Operating Supplies | 29,370 | 124,443 | 98,843 | 25,600 |
| Equipment | 254,500 | 121,859 | 44,902 | 76,957 |
| Building | 175,320 | 211,300 | 185,009 | 26,291 |
| Outside services | 1,818 | 1,818 | 1,265 | 553 |
| General operating | 106,201 | 93,412 | 82,757 | 10,655 |
| General administrative | 6,220 | 5,555 | 324 | 5,231 |
| | 856,311 | 848,969 | 692,275 | 156,694 |
| Capital Outlay | 100,000 | 54,700 | 54,700 | - |
| | 956,311 | 903,669 | 746,975 | 156,694 |
| Total Culture and Recreation - current | 3,042,292 | 2,884,656 | 2,578,940 | 305,716 |
| Total expenditures | 17,763,767 | 16,970,891 | 15,852,875 | 1,118,016 |
| Total expenditures by function: | | | | |
| Current | 16,662,453 | 16,127,256 | 15,053,959 | 1,073,297 |
| Capital outlay | 1,101,314 | 843,635 | 798,916 | 44,719 |
| | 17,763,767 | 16,970,891 | 15,852,875 | 1,118,016 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,445,200) | (503,851) | 615,461 | 1,119,312 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in (out): | | | | |
| 13 Fire Department Fund | 650,000 | 630,096 | 630,095 | (1) |
| 17 Section 8 Housing Fund | (33,559) | (35,750) | (35,732) | 18 |
| 46 Loss Fund | (121,017) | (168,068) | (168,040) | 28 |
| 65 Streets & Drainage | (415,000) | (217,002) | (212,119) | 4,883 |
| Total Transfers In (Out) | 80,424 | 209,276 | 214,204 | 45 |
| NET CHANGE IN FUND BALANCE | (1,364,776) | (294,575) | 829,665 | 1,119,357 |
| FUND BALANCES | | | | |
| BEGINNING OF YEAR | 6,972,470 | 7,987,345 | 8,884,092 | - |
| END OF YEAR | <u>\$ 5,607,694</u> | <u>\$ 7,692,770</u> | <u>\$ 9,713,757</u> | <u>\$ 1,119,357</u> |

See notes to budgetary comparison schedules.

CITY OF THIBODAUX
 Required Supplementary Information
 Budget Comparison Schedule - Fund #17 - Section 8 Housing
 For the Year Ended December 31, 2017

Schedule 1.2

| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) |
|--|--------------------|------------------|-------------------|------------------------------------|
| REVENUES | | | | |
| Intergovernmental - Federal | \$ 1,059,016 | \$ 1,105,267 | \$ 1,104,603 | \$ (664) |
| Miscellaneous: | | | | |
| Interest | 30 | 30 | 28 | (2) |
| Portability Admin Fees | 3,410 | 24,054 | 28,357 | 4,303 |
| Fraud Recovery | - | 2,700 | 2,575 | (125) |
| Other | - | - | 49 | 49 |
| | <u>1,062,456</u> | <u>1,132,051</u> | <u>1,135,612</u> | <u>3,561</u> |
| EXPENDITURES | | | | |
| Current - General Government - Health & Welfare: | | | | |
| Housing assistance payments | 940,000 | 940,000 | 988,371 | (48,371) |
| Personal services | 101,169 | 105,433 | 104,722 | 711 |
| Operating supplies | 8,950 | 8,171 | 5,381 | 2,790 |
| Equipment repair and maintenance | 4,740 | 4,931 | 4,796 | 135 |
| Building repair and maintenance | 950 | 1,150 | 1,008 | 142 |
| Outside services | 17,870 | 17,870 | 17,105 | 765 |
| General operating | 18,226 | 40,066 | 42,426 | (2,360) |
| General miscellaneous | 4,110 | 3,503 | 2,969 | 534 |
| Total current expenditures | <u>1,096,015</u> | <u>1,121,124</u> | <u>1,166,778</u> | <u>(45,654)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (33,559) | 10,927 | (31,166) | (42,093) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfer in: | | | | |
| 01 General Fund | 33,559 | 35,750 | 35,732 | (18) |
| | <u>-</u> | <u>46,677</u> | <u>4,566</u> | <u>(42,111)</u> |
| NET CHANGE IN FUND BALANCE | - | 46,677 | 4,566 | (42,111) |
| FUND BALANCES | | | | |
| BEGINNING OF YEAR | 9,284 | 17,224 | 3,302 | (13,922) |
| END OF YEAR | <u>\$ 9,284</u> | <u>\$ 63,901</u> | <u>\$ 7,868</u> | <u>\$ (56,033)</u> |

See notes to budgetary comparison schedules.

CITY OF THIBODAUX
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
For the Year Ended December 31, 2017

NOTE 1 - BUDGETARY INFORMATION

The annual appropriated budget is adopted for all of the governmental funds on a basis consistent with accounting principles generally accepted in the United States of America.

The Mayor submits a comprehensive operating and capital budget on the modified accrual basis of accounting consistent with generally accepted accounting principles for the ensuing year. The Mayor is required to submit a budget to the Council for approval at the first regular meeting in November.

Public hearings are conducted to obtain taxpayer comments.

On or before December 7th of each year, the budget is legally enacted through the passage of a budget ordinance.

The City employs formal budgetary integration and interim budget reporting practices. Budgeted amounts included in the accompanying financial statements include the original budget amounts and all subsequent amendments to get to the final budget.

The Mayor is authorized to transfer budgeted amounts among programs within any fund or department. However, any revisions that alter the total expenditures budgeted for any department, office, agency or fund must be approved by the City Council. Unexpended appropriations lapse at year-end.

The City does not use encumbrance accounting under which purchase orders, contracts, and other commitments are recorded.

NOTE 2 – CAPITAL PROJECTS FUND – MAJOR FUND

Required supplementary information may not include budgetary comparisons for capital projects funds. The budgetary comparison is presented with the Capital Project Funds section.

**CITY OF THIBODAUX
REQUIRED SUPPLEMENTAL INFORMATION
Municipal Employees Retirement System
December 31, 2017**

Schedule 1.3

**SCHEDULE OF THE CITY'S
PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY**

| | **Year Ended 6/30/2015 | **Year Ended 6/30/2016 | **Year Ended 6/30/2017 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Proportion of the net pension liability | 2.604793% | 2.558810% | 2.558343% |
| Proportionate share of the net pension liability | \$ 9,304,729 | \$ 10,487,822 | \$ 10,702,627 |
| Covered employee payroll | \$ 4,651,917 | \$ 4,596,783 | \$ 4,673,961 |
| Proportionate share of the net pension liability as a percentage of its covered employee payroll | 200.02% | 228.16% | 228.98% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.18% | 62.11% | 62.49% |

SCHEDULE OF CONTRIBUTIONS

| | | | |
|---|-------------|-------------|--------------|
| Statutorily required contribution (SRC) | \$ 882,918 | \$ 914,449 | \$ 1,109,483 |
| Contributions in Relation to the SRC | (882,918) | (914,449) | (1,109,483) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered employee payroll | 4,651,917 | 4,596,783 | 4,673,961 |
| Contribution as a % of covered employee payroll | -18.98% | -19.89% | -23.74% |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

** Amounts presented were determined as of the measurement date (previous fiscal year-end).

Notes to Retirement System Schedules:

| | | | |
|----------------------------------|------------|------------|------------|
| Changes of Benefit Terms. | No Changes | No Changes | No Changes |
| Changes of Assumptions. | | | |
| The investment rate of return | 7.500% | 7.500% | 7.400% |
| The inflation rate | 2.875% | 2.875% | 2.775% |

**CITY OF THIBODAUX
REQUIRED SUPPLEMENTAL INFORMATION
Municipal Police Employees Retirement System
December 31, 2017**

Schedule 1.4

| SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | **Year Ended 6/30/2015 | **Year Ended 6/30/2016 | **Year Ended 6/30/2017 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Proportion of the net pension liability | 1.020328% | 0.932962% | 0.880677% |
| Proportionate share of the net pension liability | \$ 7,993,203 | \$ 8,744,482 | \$ 7,688,683 |
| Covered employee payroll | \$ 2,586,854 | \$ 2,597,654 | \$ 2,638,953 |
| Proportionate share of the net pension liability as a percentage of its covered employee payroll | 308.99% | 336.63% | 291.35% |
| Plan fiduciary net position as a percentage of the total pension liability | 70.73% | 66.04% | 70.08% |
| SCHEDULE OF CONTRIBUTIONS | | | |
| Statutorily required contribution (SRC) | \$ 793,534 | \$ 771,752 | \$ 826,713 |
| Contributions in Relation to the SRC | (793,534) | (771,752) | (826,713) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered employee payroll | 2,586,854 | 2,597,654 | 2,638,953 |
| Contribution as a % of covered employee payroll | -30.68% | -29.71% | -31.33% |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

** Amounts presented were determined as of the measurement date (previous fiscal year-end).

Notes to Retirement System Schedules:

| | | | |
|----------------------------------|------------|------------|------------|
| Changes of Benefit Terms. | No Changes | No Changes | No Changes |
| Changes of Assumptions. | | | |
| The investment rate of return | 7.500% | 7.500% | 7.325% |
| The inflation rate | 2.875% | 2.875% | 2.700% |

CITY OF THIBODAUX
 REQUIRED SUPPLEMENTAL INFORMATION
 Louisiana State Employees Retirement System (LASERS)
 December 31, 2017

Schedule 1.5

| SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | **Year Ended 6/30/2015 | **Year Ended 6/30/2016 | **Year Ended 6/30/2017 |
|---|---------------------------|---------------------------|---------------------------|
| Proportion of the net pension liability | 0.001990% | 0.002150% | 0.002200% |
| Proportionate share of the net pension liability | \$ 135,486 | \$ 168,516 | \$ 154,854 |
| Covered employee payroll | \$ 36,887 | \$ 37,963 | \$ 35,755 |
| Proportionate share of the net pension liability as a percentage of its covered employee payroll | 367.30% | 443.90% | 433.10% |
| Plan fiduciary net position as a percentage of the total pension liability | 62.66% | 57.70% | 62.50% |
| SCHEDULE OF CONTRIBUTIONS | | | |
| Statutorily required contribution (SRC) | \$ 14,681 | \$ 15,421 | \$ 13,963 |
| Contributions in Relation to the SRC | (14,681) | (15,421) | (13,963) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered employee payroll | 36,887 | 37,963 | 35,755 |
| Contribution as a % of covered employee payroll | -39.80% | -40.62% | -39.05% |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

** Amounts presented were determined as of the measurement date (previous fiscal year-end).

Notes to Retirement System Schedules:

| | | | |
|----------------------------------|------------|------------|------------|
| Changes of Benefit Terms. | No Changes | No Changes | No Changes |
| Changes of Assumptions. | | | |
| The investment rate of return | 7.750% | 7.750% | 7.700% |
| The inflation rate | 2.875% | 2.875% | 2.700% |

***OTHER SUPPLEMENTARY
INFORMATION***

CITY OF THIBODAUX
SCHEDULE OF COMPENSATION PAID TO COUNCIL

For the year ended December 31, 2017

Included in the expenditures of the General Fund is the compensation of the members of the City Council. In accordance with State of Louisiana Statutes, the City has elected the bi-weekly payment method of compensation in lieu of per diem payments. Under this method, the Chairman of the City Council and the Vice-Chairman each received approximately \$540 bi-weekly and each of the Council members received approximately \$487 bi-weekly.

| | |
|--------------------|------------------|
| Lloyd Badeaux | \$ 14,100 |
| Eric Tabor | 12,700 |
| Chad Mire | 14,100 |
| Eugene Richard | 12,700 |
| Constance Williams | 12,700 |
| | \$ 66,300 |

***COMBINING AND
INDIVIDUAL FUND
STATEMENT AND
SCHEDULES***

CITY OF THIBODAUX
Combining Balance Sheet
Non-Major Special Revenue Funds
December 31, 2017

Schedule 2.1

| | 11 | 13 | 14 | 18 | 31 | |
|--|------------------------------|----------------------------|---|-------------------------------|-----------------|---------------------|
| | Police Forfeiture Fund | Fire Department Fund | Street Improvement and Maintenance | DOTD Parish Transportation | CDBG Fund | Total |
| ASSETS | | | | | | |
| Cash and Equivalents | \$ 16,864 | \$ 516,505 | \$ 312,172 | \$ 901,647 | \$ - | \$ 1,747,188 |
| Investments | - | - | 208,726 | - | - | 208,726 |
| Receivables | | | | | | |
| Property taxes | - | 218,304 | 85,046 | - | - | 303,350 |
| Other | - | - | 250 | - | - | 250 |
| Due from Other Governments | - | - | - | 21,702 | 3,819 | 25,521 |
| Total Assets | \$ 16,864 | \$ 734,809 | \$ 606,194 | \$ 923,349 | \$ 3,819 | \$ 2,285,035 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 208,796 | \$ 301,381 | \$ 3,819 | \$ 513,996 |
| Contracts and retainage payable | - | - | 14,577 | 149,121 | - | 163,698 |
| Total Liabilities | - | - | 223,373 | 450,502 | 3,819 | 677,694 |
| FUND BALANCES | | | | | | |
| Restricted | | | | | | |
| Public Safety | - | 734,809 | - | - | - | 734,809 |
| Public Works | - | - | 382,821 | 472,847 | - | 855,668 |
| Assigned | 16,864 | - | - | - | - | 16,864 |
| Total Fund Balances | 16,864 | 734,809 | 382,821 | 472,847 | - | 1,607,341 |
| Total Liabilities and Fund Balances | \$ 16,864 | \$ 734,809 | \$ 606,194 | \$ 923,349 | \$ 3,819 | \$ 2,285,035 |

CITY OF THIBODAUX
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended December 31, 2017

Schedule 2.2

| | 11 | 13 | 14 | 18 | 31 | |
|--|------------------------------|----------------------------|--|-------------------------------|----------------|---------------------|
| | Police Forfeiture Fund | Fire Department Fund | Street Improvement and Maintenance | DOTD Parish Transportation | CDBG Fund | Total |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Ad Valorem | \$ - | \$ 724,938 | \$ 281,321 | \$ - | \$ - | \$ 1,006,259 |
| Intergovernmental from: | | | | | | |
| Federal | - | - | - | - | 120,923 | 120,923 |
| State of LA | - | - | - | 133,308 | - | 133,308 |
| Local | - | - | - | - | - | - |
| Fines & forfeitures | 5,001 | - | - | - | - | 5,001 |
| Miscellaneous | 1,567 | 2,904 | 3,377 | 3,689 | - | 11,537 |
| Total Revenues | <u>6,568</u> | <u>727,842</u> | <u>284,698</u> | <u>136,997</u> | <u>120,923</u> | <u>1,277,028</u> |
| EXPENDITURES | | | | | | |
| Current - General Government: | | | | | | |
| Public Safety | 5,157 | - | - | - | - | 5,157 |
| Public Works | - | - | 242,700 | 671 | 70,838 | 314,209 |
| Health and Welfare | - | - | - | - | 6,812 | 6,812 |
| Total Current | <u>5,157</u> | <u>-</u> | <u>242,700</u> | <u>671</u> | <u>77,650</u> | <u>326,178</u> |
| Capital Outlay | - | - | 295,012 | 518,664 | 43,273 | 856,949 |
| Total Expenditures | <u>5,157</u> | <u>-</u> | <u>537,712</u> | <u>519,335</u> | <u>120,923</u> | <u>1,183,127</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>1,411</u> | <u>727,842</u> | <u>(253,014)</u> | <u>(382,338)</u> | <u>-</u> | <u>93,901</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | - | - | - | - | - | - |
| Transfers Out | - | (630,095) | - | - | - | (630,095) |
| Total other financing sources (uses) | <u>-</u> | <u>(630,095)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(630,095)</u> |
| NET CHANGE IN FUND BALANCE | 1,411 | 97,747 | (253,014) | (382,338) | - | (536,194) |
| FUND BALANCES - | | | | | | |
| BEGINNING OF YEAR | 15,453 | 637,062 | 635,835 | 855,185 | - | 2,143,535 |
| END OF YEAR | <u>\$ 16,864</u> | <u>\$ 734,809</u> | <u>\$ 382,821</u> | <u>\$ 472,847</u> | <u>\$ -</u> | <u>\$ 1,607,341</u> |

CITY OF THIBODAUX

Fund #11 - Police Forfeiture Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2017

Schedule 2.3

| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) |
|-----------------------------------|--------------------|-----------------|-------------------|------------------------------------|
| REVENUES | | | | |
| Fines and forfeitures | \$ 500 | \$ 4,626 | \$ 5,001 | \$ 375 |
| Donations K9 | - | 1,500 | 1,500 | - |
| Miscellaneous | 30 | 50 | 67 | 17 |
| Total Revenues | 530 | 6,176 | 6,568 | 392 |
| EXPENDITURES | | | | |
| Operating supplies | 2,000 | 2,000 | - | 2,000 |
| General miscellaneous | 7,500 | 7,500 | 5,157 | 2,343 |
| Total public safety | 9,500 | 9,500 | 5,157 | 4,343 |
| NET CHANGE IN FUND BALANCE | (8,970) | (3,324) | 1,411 | 4,735 |
| FUND BALANCES | | | | |
| BEGINNING OF YEAR | 841 | 14,334 | 15,453 | 1,119 |
| END OF YEAR | \$ (8,129) | \$ 11,010 | \$ 16,864 | \$ 5,854 |

CITY OF THIBODAUX

Fund #13 - Fire Department Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2017

Schedule 2.4

| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) |
|---------------------------------------|--------------------|-----------------|-------------------|------------------------------------|
| REVENUES | | | | |
| Taxes - Ad Valorem | \$ 654,209 | \$ 726,588 | \$ 724,938 | \$ (1,650) |
| Miscellaneous | 1,810 | 2,680 | 2,904 | 224 |
| Total Revenues | 656,019 | 729,268 | 727,842 | (1,426) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfer out: | | | | |
| 01 General Fund | (650,000) | (630,096) | (630,095) | 1 |
| Total Other Financing Sources (Uses) | (650,000) | (630,096) | (630,095) | 1 |
| NET CHANGE IN FUND BALANCE | 6,019 | 99,172 | 97,747 | (1,425) |
| FUND BALANCES | | | | |
| BEGINNING OF YEAR | 659,936 | 661,179 | 637,062 | (24,117) |
| END OF YEAR | \$ 665,955 | \$ 760,351 | \$ 734,809 | \$ (25,542) |

CITY OF THIBODAUX

Fund #14 - Street Improvement and Maintenance Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2017

Schedule 2.5

| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) |
|-----------------------------------|--------------------|------------------|-------------------|------------------------------------|
| REVENUES | | | | |
| Taxes - ad valorem | \$ 280,083 | \$ 282,019 | \$ 281,321 | \$ (698) |
| Interest | 2,030 | 2,800 | 2,438 | (362) |
| Miscellaneous | 2,000 | 2,810 | 939 | (1,871) |
| Total Revenues | <u>284,113</u> | <u>287,629</u> | <u>284,698</u> | <u>(2,931)</u> |
| EXPENDITURES | | | | |
| Current - Public Works: | | | | |
| Operating supplies | 385,500 | 382,032 | 242,700 | 139,332 |
| Capital outlay | - | 313,789 | 295,012 | 18,777 |
| Total expenditures | <u>385,500</u> | <u>695,821</u> | <u>537,712</u> | <u>158,109</u> |
| NET CHANGE IN FUND BALANCE | (101,387) | (408,192) | (253,014) | 155,178 |
| FUND BALANCES | | | | |
| BEGINNING OF YEAR | <u>467,614</u> | <u>449,139</u> | <u>635,835</u> | <u>186,696</u> |
| END OF YEAR | <u>\$ 366,227</u> | <u>\$ 40,947</u> | <u>\$ 382,821</u> | <u>\$ 341,874</u> |

CITY OF THIBODAUX

Fund #18 - Parish Transportation Act

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2017

Schedule 2.6

| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) |
|---|---------------------|-------------------|-------------------|------------------------------------|
| REVENUES | | | | |
| Intergovernmental - State | \$ 140,000 | \$ 136,000 | \$ 133,308 | \$ (2,692) |
| Interest | 2,810 | 2,810 | 3,689 | 879 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 142,810 | 138,810 | 136,997 | (1,813) |
| EXPENDITURES | | | | |
| Current - Public Works: | | | | |
| Outside services | 500 | 305 | 671 | (366) |
| General Operating Expense | - | 366 | - | 366 |
| Capital outlay | 673,421 | 710,162 | 518,664 | 191,498 |
| Total expenditures | 673,921 | 710,833 | 519,335 | 191,498 |
| REVENUES OVER (UNDER) EXPENDITURES | (531,111) | (572,023) | (382,338) | 189,685 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfer in: | | | | |
| 14 Streets & Drainage | - | 713,789 | - | (713,789) |
| Total Other Financing Sources (Uses) | - | 713,789 | - | (713,789) |
| NET CHANGE IN FUND BALANCE | (531,111) | 141,766 | (382,338) | (524,104) |
| FUND BALANCES | | | | |
| BEGINNING OF YEAR | - | 857,492 | 855,185 | (2,307) |
| END OF YEAR | \$ (531,111) | \$ 999,258 | \$ 472,847 | \$ (526,411) |

CITY OF THIBODAUX

Fund #31 - CDBG Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year December 31, 2017

Schedule 2.7

| | Original Budget | Final Budget | Actual Amounts | Variance Positive (Negative) |
|---|--------------------|-----------------|-------------------|------------------------------------|
| REVENUES | | | | |
| Intergovernmental - Federal | \$ 251,851 | \$ 134,205 | \$ 120,923 | \$ (13,282) |
| Miscellaneous | - | - | - | - |
| Total Revenues | 251,851 | 134,205 | 120,923 | (13,282) |
| EXPENDITURES | | | | |
| Current - General Government - Public Works: | | | | |
| Personnel | 30,026 | 24,809 | 23,917 | 892 |
| Operating supplies | 580 | 580 | 57 | 523 |
| Building | 175 | 46,475 | 46,523 | (48) |
| Outside services | 670 | 371 | - | 371 |
| General operating | 2,200 | 2,197 | 341 | 1,856 |
| General administrative | 7,000 | 6,500 | - | 6,500 |
| Total Public Works | 40,651 | 80,932 | 70,838 | 10,094 |
| Current - General Government - Health and Welfare | | | | |
| General operating | 10,000 | 10,000 | 6,812 | 3,188 |
| Total Health and Welfare | 10,000 | 10,000 | 6,812 | 3,188 |
| Total current | 50,651 | 90,932 | 77,650 | 13,282 |
| Capital outlay | 201,200 | 43,273 | 43,273 | - |
| Total expenditures | 251,851 | 134,205 | 120,923 | 13,282 |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCES | | | | |
| BEGINNING OF YEAR | - | - | - | - |
| END OF YEAR | \$ - | \$ - | \$ - | \$ - |

CITY OF THIBODAUX

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fund #65 Capital Projects Fund

For the Year Ended December 31, 2017

Schedule 3.1

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------------------|---|
| REVENUES | | | | |
| Intergovernmental from: | | | | |
| Federal | \$ 994,916 | \$ 711,672 | \$ 777,984 | \$ 66,312 |
| State | 325,000 | 97,748 | - | (97,748) |
| Interest | 50 | 500 | 606 | 106 |
| | <u>1,319,966</u> | <u>809,920</u> | <u>778,590</u> | <u>(31,330)</u> |
| EXPENDITURES | | | | |
| Outside services | 500 | 37,711 | 8,250 | 29,461 |
| Capital Outlay | 1,733,145 | 992,127 | 983,679 | 8,448 |
| Total expenditures | <u>1,733,645</u> | <u>1,029,838</u> | <u>991,929</u> | <u>37,909</u> |
| REVENUE OVER (UNDER) EXPENDITURES | (413,679) | (219,918) | (213,339) | 6,579 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in (out): | | | | |
| 01 General Fund | 415,000 | 217,002 | 212,119 | (4,883) |
| Total Transfers In (Out) | <u>415,000</u> | <u>217,002</u> | <u>212,119</u> | <u>(4,883)</u> |
| NET CHANGE IN FUND BALANCE | 1,321 | (2,916) | (1,220) | 1,696 |
| FUND BALANCES | | | | |
| BEGINNING OF YEAR | <u>852,923</u> | <u>495,200</u> | <u>150,000</u> | <u>345,200</u> |
| END OF YEAR | <u>\$ 854,244</u> | <u>\$ 492,284</u> | <u>\$ 148,780</u> | <u>\$ 346,896</u> |

See notes to Required Supplementary Information

CITY OF THIBODAUX
Statement of Revenues Expenses
Municipal Gas and Sewerage System Fund
For the Year Ended December 31, 2017

Schedule 4.1

| | Gas System | Sewerage System | Total |
|---|--------------|-----------------|--------------|
| OPERATING REVENUES | | | |
| Charges for Services | \$ 2,348,526 | \$ 1,952,002 | \$ 4,300,528 |
| OPERATING EXPENSES | | | |
| Gas purchased | 1,178,202 | - | 1,178,202 |
| Personal services | 488,224 | 388,887 | 877,111 |
| Operating supplies | 117,665 | 113,144 | 230,809 |
| Equipment expenses | 50,679 | 341,465 | 392,144 |
| Building expenses | 8,823 | 212,371 | 221,194 |
| Outside services | 42,142 | 90,083 | 132,225 |
| General operating | 68,848 | 138,389 | 207,237 |
| General administrative | 14,932 | 2,168 | 17,100 |
| Depreciation | 165,914 | 683,871 | 849,785 |
| Total expenses | 2,135,429 | 1,970,378 | 4,105,807 |
| Operating Income (Loss) | 213,097 | (18,376) | 194,721 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Investment Income (loss) | 9,474 | 9,474 | 18,948 |
| Other non-operating revenues | 30,415 | 11,016 | 41,431 |
| Interest and fiscal charges | (29,568) | (30,437) | (60,005) |
| Revenue from Non-Employer Contributing Entities | 8,993 | 7,241 | 16,234 |
| Total Non-Operating Revenues | 19,314 | (2,706) | 16,608 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | 232,411 | (21,082) | 211,329 |
| Capital Contributions | 32,870 | 98,857 | 131,727 |
| CHANGE IN NET POSITION | \$ 265,281 | \$ 77,775 | \$ 343,056 |

CITY OF THIBODAUX
SCHEDULE OF UTILITY CUSTOMERS

For the years ended December 31, 2017 and 2016

(UNAUDITED)

The number of meters in service at December 31, 2017:

| Department | Commercial | Residential | Total |
|-------------------|-------------------|--------------------|---------------|
| Natural Gas | 602 | 3,746 | 4,348 |
| Water & Sewer | 1,363 | 5,276 | 6,639 |
| Totals | <u>1,965</u> | <u>9,022</u> | <u>10,987</u> |

The number of meters in service at December 31, 2016:

| Department | Commercial | Residential | Total |
|-------------------|-------------------|--------------------|---------------|
| Natural Gas | 626 | 3,690 | 4,316 |
| Water & Sewer | 1,347 | 5,185 | 6,532 |
| Totals | <u>1,973</u> | <u>8,875</u> | <u>10,848</u> |

All water and natural gas customers are metered. Sewerage is a charge based on water consumption.

CITY OF THIBODAUX
Schedule of Insurance in Force
For the Year Ended December 31, 2017

(UNAUDITED)

Schedule 4.3

| Company/Agent | Type of Insurance | Limit | Expiration Date |
|---|---|---------------|-----------------|
| American Alternative Ins. Co / Riviere Insurance | Auto Liability Deductible: SIR OF \$100,000 | \$ 1,000,000 | 7/1/2018 |
| American Alternative Ins. Co / Riviere Insurance | General Liability Deductible: SIR OF \$100,000 | \$ 1,000,000 | 7/1/2018 |
| American Alternative Ins. Co / Riviere Insurance | Public Officials/Employment Practices Deductible: SIR OF \$100,000 | \$ 2,000,000 | 7/1/2018 |
| American Alternative Ins. Co / Riviere Insurance | Law Enforcement Liability Deductible: SIR OF \$100,000 | \$ 1,000,000 | 7/1/2018 |
| American Alternative Ins. Co / Riviere Insurance | Public Entity Management Liability Deductible: SIR OF \$100,000 | \$ 2,000,000 | 7/1/2018 |
| American Alternative Ins. Co / Riviere Insurance | Employees Benefits Liability Deductible: SIR OF \$100,000 | \$ 1,000,000 | 7/1/2018 |
| LA Workmen's Comp/AJ Gallagher | Workers' Compensation Deductible: None | Statutory | 12/31/2017 |
| Great American/AJ Gallagher/ Inland Marine | Physical damage on equipment Deductible: \$1,000 | \$ 3,701,971 | 7/18/2018 |
| Hartford/AJ Gallagher | Boiler & Machinery Policy Deductible: \$5,000 | \$ 50,000,000 | 1/1/2018 |
| Fidelity & Deposit/AJ Gallagher | Employee/Faith Performance Deductible: \$1,000 | \$ 100,000 | 5/27/2018 |
| Fidelity & Deposit/AJ Gallagher | Police/Honesty Bond Deductible: \$1,000 | \$ 100,000 | 5/27/2018 |
| New Hampshire/AJ Gallagher | Flood Insurance-Building Deductible - Building: \$2,000 | \$ 213,000 | 7/25/2018 |
| New Hampshire/AJ Gallagher | Flood Insurance-Contents Deductible - Building: \$2,000 | \$ 23,200 | 7/25/2018 |
| American Alternative Insurance/ Riviere Insurance | Auto Liability - Fire Department Deductible: \$1,000 | \$ 1,000,000 | 10/11/2018 |
| Fidelity & Deposit/Riviere Insurance | Public Official Bond - Finance Director Deductible: \$0 | \$ 100,000 | 3/1/2018 |
| Fidelity & Deposit/Riviere Insurance | Public Official Bond - Administrative Asst Deductible: \$0 | \$ 100,000 | 3/1/2018 |
| Fidelity & Deposit/Riviere Insurance | Public Official Bond - Mayor's Secretary Deductible: \$0 | \$ 100,000 | 3/1/2018 |
| Westerm Surety/Jones Insurance | Public Official Bond - Council President Deductible: \$0 | \$ 100,000 | 4/15/2018 |
| Fidelity & Deposit/Peltier Insurance | Public Official Bond - Mayor Deductible: \$0 | \$ 100,000 | 12/13/2018 |
| Underwriters at Lloyd's London Indian Harbor Insurance Co. QBE Specialty Insurance Co. Steadfast Insurance Co. | Physical Damage | \$ 40,917,699 | 6/1/2018 |

CITY OF THIBODAUX

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

For the Year Ended December 31, 2017

Schedule 4.4

Agency Head Name: Tommy Eschete - Mayor

| Purpose | Amount |
|--|------------------|
| Salary | \$82,400 |
| Benefits - insurance | \$7,361 |
| Benefits - retirement | \$0 |
| Deferred compensation (agency contributions) | \$17,075 |
| Benefits - other (Medicare) | \$1,182 |
| Benefits - other (Worker's comp) | \$186 |
| Benefits - other (EAP & CBS) | \$50 |
| Benefits - other (Long Term Disability) | \$291 |
| Benefits - other (Fitness Reimbursement) | \$61 |
| Car allowance | \$6,600 |
| Vehicle provided by government | \$0 |
| Cell phone | \$1,108 |
| Dues | \$300 |
| Vehicle rental | \$0 |
| Per diem | \$0 |
| Reimbursements | \$30 |
| Travel | \$0 |
| Registration fees | \$0 |
| Conference travel | \$0 |
| Continuing professional education fees | \$0 |
| Housing | \$0 |
| Unvouchered expenses | \$0 |
| Special meals | \$90 |
| Other | \$0 |
| | <u>\$116,734</u> |

EAP - Employee Assistance Program

CBS - Ceridian (Cobra coverage)

SINGLE AUDIT SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To the City Council
City of Thibodaux, Louisiana
Thibodaux, LA

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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Thibodaux as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 30, 2018. Our report includes a reference to other auditors who audited the financial statements of the Thibodaux Volunteer Fire Department, as described in our report on the City of Thibodaux's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

To the City Council
City of Thibodaux, Louisiana
Page 2

A *material weakness* is a deficiency or 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. 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.

Compliance and Other Matters

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

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

May 30, 2018
Thibodaux, Louisiana





STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council
City of Thibodaux, Louisiana
Thibodaux, LA

Report On Compliance for Each Major Federal Program

We have audited the City of Thibodaux, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Thibodaux, Louisiana's major federal programs for the year ended December 31, 2017. The City of Thibodaux, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Thibodaux, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those Standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct or the material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Thibodaux, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Thibodaux, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Thibodaux, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with The Uniform Guidance.

Report on Internal Control Over Compliance

Management of the City of Thibodaux, Louisiana is responsible for establishing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of internal control over compliance.

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

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



To the City Council
City of Thibodaux, Louisiana
Page 3

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stagni & Company

May 30, 2018
Thibodaux, Louisiana



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

City of Thibodaux

For the year ended December 31, 2017

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Federal Award/ Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|--|-------------------------------|
| U.S. Department of Housing and Urban Development: | | | |
| Office of Community Planning and Development: | | | |
| Community Development Block Grants/ Entitlement Grants | 14.22 | B-15-MC-22-0012 B-16-MC-22-0012 B-17-MC-22-0012 | \$ 43,273 60,234 17,416 |
| Office of Public and Indian Housing: | | | |
| Section 8 Housing Choice Vouchers | 14.87 | LA194VO | 1,108,403 |
| Total U.S. Department of Housing and Urban Development | | | <u>1,229,326</u> |
| U.S. Department of Transportation: | | | |
| HIGHWAY PLANNING AND CONSTRUCTION CLUSTER: | | | |
| Federal Highway Administration: | | | |
| Pass-Through Program From: | | | |
| Louisiana Department of Transportation and Development | | | |
| Acadia Roundabout | 20.21 | H009320 / H.009320.5 | 66,080 |
| City of Thibodaux Overlay Project | 20.21 | H.012291 | 711,904 |
| Total Highway Planning & Construction Cluster | | | <u>777,984</u> |
| HIGHWAY SAFETY CLUSTER: | | | |
| State and Community Highway Safety | | | |
| Pass-Through Program From: | | | |
| Louisiana Highway Safety Commission | | | |
| LHSC 2016-2017 | 20.600 | 2017-30-55 | 12,839 |
| LHSC 2017-2018 | 20.600 | 2018-30-55 | 87 |
| Alcohol Impaired Driving Countermeasure Incentive | | | |
| Pass-Through Program From: | | | |
| Louisiana Highway Safety Commission | | | |
| LHSC 2016-2017 | 20.61 | 2017-30-55 | 50,150 |
| LHSC 2017-2018 | 20.61 | 2018-30-55 | 18,107 |
| Total Highway Safety Cluster | | | <u>81,183</u> |
| Federal Aviation Administration | | | |
| Pass-Through Programs From: | | | |
| Louisiana Department of Transportation and Development | | | |
| Airport Sealcoat & Striping | 20.11 | 3-22-0072-004-2014 / H.011389 | 33,255 |
| Airport Mapping & Delineation | 20.11 | 3-22-0072-005-2016 / H.012763 | 3,510 |
| Total Federal Aviation Administration | | | <u>36,765</u> |
| Total U. S. Department of Transportation | | | <u>895,932</u> |
| U.S. Department of Environmental Protection Agency | | | |
| Pass-Through Program From: | | | |
| Louisiana Department of Environmental Quality | | | |
| Capitalization Grants for Clean Water State Revolving Fund | 66.46 | CWRLF Project #CS221905-01 | 1,661,062 |
| Total U. S. Department of Environmental Protection Agency | | | <u>1,661,062</u> |
| U.S. Department of Justice: | | | |
| Bureau of Justice Assistance: | | | |
| Bulletproof Vest Partnership Program | 16.61 | n/a | 4,048 |
| BIAG Overtime Grant | 16.74 | 2016-DJ-01-3567 / 2016-MU-BX-0059 | 6,853 |
| Total U.S. Department of Justice | | | <u>10,901</u> |
| U.S. Department of Homeland Security: | | | |
| Pass-Through Programs From: | | | |
| Louisiana Office of Emergency Preparedness: | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | |
| Hurricane Katrina | 97.036 | 1603-DR-LA | 5,211 |
| Total U.S. Department of Homeland Security | | | <u>5,211</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 3,802,432</u> |

See accompanying notes to schedule of expenditures of federal awards.

City of Thibodaux, Louisiana
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2017

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Primary Government of the City of Thibodaux (The City), under programs of the federal government for the year ended December 31, 2015 in accordance with the requirements of Title 2 U. S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows for the City.

Note 2 - Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements for the year ended December 31, 2016. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected NOT to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. A reconciliation of the federal expenditures to the federal revenues presented in the financial statements is outlined below:

| | | |
|---|----|-------------|
| Federal Expenditures per the Schedule of Federal Awards | \$ | 3,802,432 |
| Less Draws on Clean Water State Revolving Loan | | (1,661,062) |
| | \$ | 2,141,370 |
| Revenues from Other Sources/Matching to cover Expenses: | | |
| BIAG Overtime Grant | | (6,853) |
| LHSC | | (81,183) |
| Section 8 | | 3,800 |
| Public Assistance - Hurricane Katrina - revenue in prior year | | (24,903) |
| Expenditures Above Draws on Clean Water State Revolving Loan | | 77,228 |
| Federal Revenues per Statement (Statement E) | \$ | 2,109,459 |

Note 3 - Federal Loans Programs

During 2013, the City entered into a commitment agreement with the LA Department of Environmental Quality pursuant to the Clean Water Act of 1972, as amended by the Water Quality Act of 1987, specifically Subchapter VI, Chapter 26 of Title 33 of the United States Code ("The Federal Act"), enabling capitalization grants to states to be used for the purpose of establishing a water pollution control revolving fund for providing assistance (1) for construction of treatment works (as defined in Section 1292 of the Federal Act) which are publically owned, (ii) for implementing a management program under Section 1329 of the Federal Act and (iii) developing and implementing a conservation and management plan under Section 1330 of the Federal Act. The Act provides loans or loan guarantees, or as a source of reserve and security for leveraged loans, the proceeds which are deposited in a State Revolving Fund, or to provide other financial assistance authorized under the Federal Act to as outlined above. The State of Louisiana has established a Clean Water Revolving Loan Fund to be used for the purpose of providing financial assistance for the improvement of wastewater treatment facilities in the State. The commitment agreement dated October 1, 2013 relating to the issuance of not exceeding \$8,640,000 Taxable Utilities Revenue Bond, Series 2013 of the City of Thibodaux, State of Louisiana. During the current year, the City of Thibodaux recognized draws totaling \$1,661,062 of the Taxable Utilities Revenue Bonds as part of the Capitalization Grants for Clean Water Sewer Revolving Fund CFDA#66.458. The balance of the loans outstanding as of December 31, 2017 is \$3,953,523.

Note 4 - Findings of Noncompliance

There were no federal award findings or questioned costs reported during the audit for the year ended December 31, 2017.

CITY OF THIBODAUX
 Schedule of Current Year Findings
 December 31, 2017

Section I - Summary of Auditor's Reports

Financial Statements

The independent auditor's report issued on the financial statements was unmodified.

- Internal Control over financial reporting:
 - Material Weaknesses Identified? **No**
 - Significant Deficiencies Identified? **No**
- Non-Compliance Material to Financial Statements noted?: **No**

Federal Awards

- Internal Control over major programs:
 - Material Weaknesses Identified? **No**
 - Significant Deficiencies Identified? **No**
- Type of Auditor's Report On Compliance for Major Programs: **Unmodified**

Are their findings required to be reported in accordance with *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*? **No**

Identification of Major Programs:

| CFDA Number(s) | Name of Federal Program (or Cluster) |
|----------------|---|
| 20.205 | Highway Planning and Construction (Federal-Aid Highway Program) |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds |

Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**

Is the auditee a 'low-risk' auditee, as defined by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 (The Uniform Guidance)*? **Yes**

Section II - Financial Statement Findings:

No matters were reported.

Section III Federal Award Findings and Questioned Costs

No matters were reported.

CITY OF THIBODAUX
STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2017

| Reference Number | Fiscal Year Finding Initially Occurred | Description of Finding |
|---------------------|---|------------------------|
|---------------------|---|------------------------|

Section I - Internal Control and Compliance Material to the Financial Statements:
NO FINDINGS TO FOLLOW UP

Section II - Internal Control and Compliance Material to Federal Awards:
NO FINDINGS TO FOLLOW UP

Section III - Management Letter:
NO FINDINGS TO FOLLOW UP

***AGREED-UPON
PROCEDURE SECTION***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURE

To the Mayor and the
Thibodaux City Council,
Thibodaux, Louisiana

We have performed the procedure described in the second paragraph, which was agreed to by the City of Thibodaux (the Housing Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

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

The Housing Authority is a fund of the City of Thibodaux (the Reporting Entity). We were engaged to perform an audit in accordance with the audit requirements of Title 2, *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* for the Reporting Entity as of and for the year ended December 31, 2017, and have issued our reports thereon dated May 30, 2018. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority's Financial Data Schedule (FDS) dated May 30, 2018 was expressed in relation to the basic financial statements of the Reporting Entity taken as a whole.

A copy of the reporting package required by the Uniform Guidance, which includes the auditor's reports, is available in its entirety from the City of Thibodaux. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Housing Authority and The U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

| Procedure | UFRS Rule Information | Hard Copy Documents | Agrees | Does Not Agree |
|-----------|---|---|--------|----------------|
| 1 | Balance Sheet and Revenue and Expense (data line items 111 to 1121) | Financial Data Schedule of component unit | X | |
| 2 | Footnotes (data element G5000-010) | Footnotes to audited basic financial statements to the reporting entity | X | |
| 3 | Type of opinion on FDS (data element G5100-010) | Auditor's supplemental report on FDS | X | |

Stagni & Company

Certified Public Accountants
 Thibodaux, Louisiana
 May 30, 2018



CITY OF THIBODAUX
UNIFORM FINANCIAL REPORTING STANDARDS FOR PUBLIC HOUSING AUTHORITIES -
FINANCIAL DATA SCHEDULES
December 31, 2017

| ASSETS | Fund | Section 8 Rental Voucher 14.871 | | Statement of Net Position |
|---|------------------|---------------------------------|--------------------------|------------------------------|
| | | GASB 34 Adjustments | REAC Reclassification | |
| Current | | | | |
| Cash - unrestricted | \$ 14,644 | - | - | \$ 14,644 |
| Cash - other restricted | - | - | - | - |
| Cash - restricted - modernization & dev | - | - | - | - |
| Total Cash | <u>14,644</u> | <u>-</u> | <u>-</u> | <u>14,644</u> |
| A/R-HUD & PHA Projects | - | - | - | - |
| Total current assets | <u>14,644</u> | <u>-</u> | <u>-</u> | <u>14,644</u> |
| Noncurrent assets | | | | |
| Capital Assets: | | | | |
| Furniture, equipment and machinery - administration, | - | 15,842 | (15,842) | - |
| net of accumulated depreciation | - | (15,842) | 15,842 | - |
| Total noncurrent assets | - | - | - | - |
| Total assets | <u>\$ 14,644</u> | <u>-</u> | <u>-</u> | <u>14,644</u> |
| Deferred outflows of Resources | - | 40,389 | - | 40,389 |
| LIABILITIES | | | | |
| Current | | | | |
| Accounts payable <90 days | 2,974 | - | - | 2,974 |
| Accrued wage/payroll taxes payable | - | - | - | - |
| Accrued compensated absences | - | 3,201 | - | 3,201 |
| Unearned revenue | 3,800 | - | - | 3,800 |
| Total current liabilities | <u>6,774</u> | <u>3,201</u> | <u>-</u> | <u>9,975</u> |
| Noncurrent liabilities | | | | |
| Accrued compensated absences | - | - | - | - |
| Accrued OPEB liability | - | 72,738 | - | 72,738 |
| Net Pension Liability | - | 147,500 | - | 147,500 |
| Total noncurrent liabilities | - | <u>220,238</u> | <u>-</u> | <u>220,238</u> |
| Total liabilities | <u>6,774</u> | <u>223,439</u> | <u>-</u> | <u>230,213</u> |
| Deferred inflows of resources - Pensions | - | 5,770 | - | 5,770 |
| Deferred inflows of resources - HAP | - | - | - | - |
| Total deferred inflows of resources | - | <u>5,770</u> | <u>-</u> | <u>5,770</u> |
| FUND BALANCE/NET POSITION | | | | |
| Fund balance | | | | |
| Restricted | 7,870 | - | 6,455 | 14,325 |
| Unrestricted | - | (188,820) | (6,455) | (195,275) |
| Total fund balance | <u>7,870</u> | <u>(188,820)</u> | <u>-</u> | <u>(180,950)</u> |
| Total liabilities and fund balance | <u>\$ 14,644</u> | | | |
| Net Position | | | | |
| Net Invested in capital assets | - | - | - | - |
| Restricted | - | - | - | 14,325 |
| Unrestricted | - | - | - | (195,275) |
| Total net assets | | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (180,950)</u> |

CITY OF THIBODAUX
UNIFORM FINANCIAL REPORTING STANDARDS FOR PUBLIC HOUSING AUTHORITIES -
FINANCIAL DATA SCHEDULES
December 31, 2017

| | Section 8 Rental Voucher 14.871 | | | Statement of Net Activities |
|---|---------------------------------|------------------------|--------------------------|--------------------------------|
| | Fund | GASB 34 Adjustments | REAC Reclassification | |
| Revenues | | | | |
| HUD PDA grants | \$ 1,104,603 | \$ - | \$ - | \$ 1,104,603 |
| Fraud recovery | - | - | 2,574 | 2,574 |
| Other - Portability Admin Fees | 2,238 | - | 26,120 | 28,358 |
| Other - Interest | 30 | - | - | 30 |
| Other - Pension Non Employer Contributions | - | 1,365 | - | 1,365 |
| Total revenues | <u>1,106,871</u> | <u>1,365</u> | <u>28,694</u> | <u>1,136,930</u> |
| Expenses | | | | |
| Administrative: | | | | |
| Administrative salaries | 73,413 | - | - | 73,413 |
| Auditing fees | 5,000 | - | - | 5,000 |
| Advertising and marketing | 807 | - | - | 807 |
| Compensated absences | - | (2,400) | - | (2,400) |
| Employee benefit contributions-Administrative | 44,322 | 12,151 | - | 56,473 |
| Office expense | 17,552 | - | - | 17,552 |
| Travel & training | 2,439 | - | - | 2,439 |
| General expenses: | | | | |
| Insurance - liability | 889 | - | - | 889 |
| Insurance - worker's compensation | 83 | - | - | 83 |
| Other general expenses - portability admin fees | 2,293 | - | - | 2,293 |
| Other operating | 5,411 | - | - | 5,411 |
| Total operating expenses | <u>152,209</u> | <u>9,751</u> | <u>-</u> | <u>161,960</u> |
| Excess Operating Revenue Over Operating Expenses | <u>954,662</u> | <u>(8,386)</u> | <u>28,694</u> | <u>974,970</u> |
| Housing assistance programs | 948,644 | - | 39,680 | 988,324 |
| Housing assistance payments - portability | - | - | 26,196 | 26,196 |
| Total | <u>948,644</u> | <u>-</u> | <u>65,876</u> | <u>1,014,520</u> |
| Total expenses | <u>1,100,853</u> | <u>9,751</u> | <u>65,876</u> | <u>1,176,480</u> |
| Excess Operating Revenue Over Expenses | <u>6,018</u> | <u>(8,386)</u> | <u>(37,182)</u> | <u>(39,550)</u> |
| Transfer In from General Fund | <u>35,732</u> | <u>-</u> | <u>-</u> | <u>35,732</u> |
| Net Change in Fund Balance | <u>\$ 41,750</u> | <u>(8,386)</u> | <u>-</u> | <u>(3,818)</u> |
| Change in Net Assets | | <u>\$ 33,364</u> | <u>\$ (37,182)</u> | <u>\$ (3,818)</u> |
| Calculation from R/E Statement | | | | (3,818) |
| Beginning of the year | | | | (177,132) |
| End of year | | | | <u>\$ (180,950)</u> |

***CITY OF THIBODAUX,
LOUISIANA***

**Statewide Agreed Upon
Procedures Report
With Schedule of Findings
and Management's Responses**

***As of and for the Year Ending
December 31, 2017***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

City of Thibodaux, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2017 – December 31, 2017

To the City Council of the
City of Thibodaux, Louisiana and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City of Thibodaux, Louisiana (the City) 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 January 1, 2017 through December 31, 2017. The City'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 results 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.
 - 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.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts**, including receiving, recording, and preparing deposits.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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.
- 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.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The policies of the City address all of the applicable functions listed, with the following exceptions.

- The policy for 1(f) contracting does not specifically address 1) the standard terms and conditions or 2) the monitoring process.

Management's Response: *The City follows the Thibodaux, LA Code of Ordinances – SECTION 2. – ACTS REQUIRING AN ORDINANCE A. Contracts of the City as the contracting policy. Although not specifically addressed the code section does cover – and the City strictly follows best practices for contracting.*

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.
 - 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).
 - 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



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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.

- 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.

Results: The City Council met twice every month. The minutes do reference budget-to-actual comparisons on the General Fund or other major funds. The minutes reference approvals of bids, contracts and material purchases.

Bank Reconciliations

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

Results: We obtained a listing of bank accounts from management 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 five 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;
 - 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
 - c) If applicable, management has documentation reflecting that it has researched items that have been outstanding for more than 6 months reconciling as of the end of the fiscal period.

Results: We selected 4 bank accounts and obtained bank statements and reconciliations. Although there were bank reconciliations and statements provided for each month, there was written evidence that the Finance Director reviewed each reconciliation.

Collections

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

Results: We obtained from management a listing of cash/check/money order (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 five 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.
 - 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.
 - 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.
 - 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.

Results: There was 5 collection locations selected for testing. Each person responsible for collecting cash is bonded. Duties were segregated per the policy. The person responsible for collecting cash was not responsible for reconciling cash collections to the general ledger. The City has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections. All deposits tested were deposited the same or next day. All of the deposits tested had supporting documentation.

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.

Results: The City has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source by a person who is not responsible for collections.



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.

Results: We obtained from management a disbursement listing and management's representation that the listing is complete.

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.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: We obtained supporting documentation for 25 disbursements. The criteria in steps 9(a), 9(b) and 9(c) were met for all 25 disbursements tested.

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.

Results: The Senior Accounting Specialist can add vendor's and also process payments.

Management's Response: *Due to the size of our staff, the employee responsible for processing payments is prohibited from adding vendors to the City's disbursement system, however and only when necessary as a backup – the Senior Accounting Specialist (who adds vendors to the system) can process payments.*

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.

Results: The persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording 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.

Results: No exceptions were identified as a result of these procedures.

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.

Results: No exceptions were identified as a result of these procedures.

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.

Results: We obtained 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. We obtained management's representation that the listing is complete.

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. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

Results: The monthly statements or combined statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder. No finance charges or late fees were assessed on the selected statements.



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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).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
 - 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.
 - 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 of 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.

Results: Procedure 16(a) –For the 10 credit cards selected for testing, all were supported by itemized receipts and documentation of the business/public purpose of each individual charge.

Procedures 16(b) and 16(c) - No exceptions were identified as a result of these procedures.

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.

Results: We obtained the listing of all travel and related expense reimbursements and we obtained management's representation that the list was complete.

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.

Results: We obtained the written policies related to travel and expense reimbursement. No amounts that exceed GSA rates were noted.



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.
 - 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.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - 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.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were identified as a result of these procedures.

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.

Results: We obtained a listing of all contracts in effect during the fiscal period. We obtained management's representation that the listing is complete.

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:



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- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- 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)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- 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.
- 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.
- 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).

Results: For the 5 contracts selected, a formal written contract supports the arrangement and the amounts paid. Two of the contracts selected was subject to public bid law and complied with all requirements thereof. For the largest payment from each of the contracts selected for testing, the supporting invoice and related payment complied with the terms and conditions of the contract. Each of the contracts selected for testing was properly approved according to policy and the approval was reported in the board minutes.

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:
 - 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.
 - 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.

Results: We obtained a listing of employees with their related salaries, and we obtained management's representation that the listing is complete. For the five employees selected, payments were made in strict accordance with the terms and conditions of the pay rate structure. No changes were made during the fiscal period for the five employees selected.



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

Results: We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. For procedure 23(a), all employees selected documented their daily attendance and leave. For procedure 23(b), vacation and sick leave for all employees selected were approved in writing. For procedure 23(c), we noted the City maintained leave records on those 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.

Results: We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. The two largest termination payments made during the fiscal period were made in strict accordance with policy and were 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.

Results: We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. 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.



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.

Results: All 5 of the employees selected had documentation to demonstrate that required ethics training was completed.

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.

Results: We inquired of management whether any alleged ethics violations were reported during the fiscal period. Management has received no such allegations.

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.

Results: This procedure is not applicable.

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.

Results: The City made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

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.

Results: This procedure is not applicable.



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 City attorney of the parish in which the entity is domiciled.

Results: We inquired of management whether the City had any misappropriations of public funds or assets. Management reported there have not been any misappropriations 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.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: The City has posted on its premises and website the notice required by R.S. 24:523.1.

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

Results: No exceptions were identified as a result of these procedures.

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.

Stagni & Company

Thibodaux, LA
May 30, 2018



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