

CITY OF ABBEVILLE, LOUISIANA**Financial Statements****Year Ended December 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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**The Honorable Mark Piazza, Mayor
And Members of the City Council
City of Abbeville, Louisiana**

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Abbeville, Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Abbeville, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above include only the primary government of the City of Abbeville, Louisiana, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Abbeville, Louisiana as of December 31, 2005, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the City of Abbeville, Louisiana, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 12, 2006, on our consideration of the City of Abbeville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The City of Abbeville, Louisiana has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the primary government of the City of Abbeville, Louisiana. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Government, and Non-Profit Organizations", and is also not a required part of the primary government financial statements of the City of Abbeville, Louisiana. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The prior year summarized comparative information has been derived from the City's 2004 financial statements and, in our report dated May 17, 2005 we expressed an unqualified opinions on the respective financial statements of the primary government.

Darnall, Sikes, Gordes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
May 12, 2006

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CITY OF ABBEVILLE, LOUISIANA

Statement of Net Assets
December 31, 2005
With Comparative Totals for December 31, 2004

	2005			2004 Totals	
	Governmental Activities	Business-Type Activities	Total		
ASSETS					
Current assets:					
Cash and interest-bearing deposits	\$ 2,260,987	\$ 190,686	\$ 2,451,673	\$ 1,733,110	
Receivables, net	494,363	2,248,611	2,742,974	2,122,592	
Due from other governmental units	380,199	-	380,199	223,326	
Inventory-materials and supplies, at cost	9,387	193,903	203,290	168,605	
Prepaid items	-	-	-	78,551	
Internal balances	310,827	(310,827)	-	-	
Total current assets	<u>3,455,763</u>	<u>2,322,373</u>	<u>5,778,136</u>	<u>4,326,184</u>	
Noncurrent assets:					
Restricted assets:					
Cash and interest-bearing deposits	-	547,601	547,601	502,151	
Capital assets, net	<u>18,801,547</u>	<u>11,742,656</u>	<u>30,544,203</u>	<u>31,767,632</u>	
Total noncurrent assets	<u>18,801,547</u>	<u>12,290,257</u>	<u>31,091,804</u>	<u>32,269,783</u>	
Total assets	<u>22,257,310</u>	<u>14,612,630</u>	<u>36,869,940</u>	<u>36,595,967</u>	
LIABILITIES					
Current liabilities:					
Accounts and other payables	973,178	1,276,317	2,249,495	1,648,310	
Bonds payable	261,000	-	261,000	198,000	
Capital lease payable	36,229	-	36,229	40,163	
Total current liabilities	<u>1,270,407</u>	<u>1,276,317</u>	<u>2,546,724</u>	<u>1,886,473</u>	
Noncurrent liabilities:					
Compensated absences	323,100	-	323,100	285,871	
Customers deposits	-	547,601	547,601	502,151	
Bonds payable	1,938,000	-	1,938,000	414,000	
Capital lease payable	-	-	-	42,151	
Total noncurrent liabilities	<u>2,261,100</u>	<u>547,601</u>	<u>2,808,701</u>	<u>1,244,173</u>	
Total liabilities	<u>3,531,507</u>	<u>1,823,918</u>	<u>5,355,425</u>	<u>3,130,646</u>	
NET ASSETS					
Invested in capital assets, net of related debt	17,614,879	11,742,656	29,357,535	31,073,318	
Restricted for debt service	211,349	-	211,349	131,104	
Restricted for capital outlay	1,048,561	-	-	-	
Unrestricted	(148,985)	1,046,056	897,071	2,260,899	
Total net assets	<u>\$ 18,725,803</u>	<u>\$ 12,788,712</u>	<u>\$ 31,514,515</u>	<u>\$ 33,465,321</u>	

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

CITY OF ABBEVILLE, LOUISIANA

Statement of Activities
Year Ended December 31, 2005

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,793,774	\$ 453,677	\$ 239,515	\$ 192,078	\$ (903,504)	\$ -	\$ (903,504)
Public safety:							
Police	2,686,488	74,958	93,194	-	(2,518,336)	-	(2,518,336)
Fire	2,383,538	-	152,142	-	(2,231,396)	-	(2,231,396)
Highways and streets	2,566,968	-	301,005	-	(2,265,963)	-	(2,265,963)
Culture and recreation	319,264	-	15,000	5,515	(298,749)	-	(298,749)
Interest on long-term debt	<u>70,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,900)</u>	<u>-</u>	<u>(70,900)</u>
Total governmental activities	9,820,932	533,635	800,856	197,593	(8,288,848)	-	(8,288,848)
Business-type activities:							
Electric	11,510,533	14,866,492	215,772	-	-	3,571,731	3,571,731
Water	1,204,404	1,094,754	-	-	-	(109,650)	(109,650)
Sewer	1,253,345	<u>637,433</u>	<u>215,772</u>	<u>-</u>	<u>-</u>	<u>(615,912)</u>	<u>(615,912)</u>
Total business-type activities	<u>13,968,282</u>	<u>16,598,679</u>	<u>215,772</u>	<u>-</u>	<u>-</u>	<u>2,846,169</u>	<u>2,846,169</u>
Total	<u>\$ 23,789,214</u>	<u>\$ 17,132,314</u>	<u>\$ 1,016,628</u>	<u>\$ 197,593</u>	<u>(8,288,848)</u>	<u>2,846,169</u>	<u>(5,442,679)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes			254,039	-	-	254,039	
Property taxes, levied for sewer improvement			63,523	-	-	63,523	
Sales and use taxes, levied for general purposes			2,761,975	-	-	2,761,975	
Payment in lieu of taxes			11,325	-	-	11,325	
Franchise and chain store taxes			206,124	-	-	206,124	
Interest and investment earnings			21,124	16,160	-	37,284	
Miscellaneous			165,534	-	-	165,534	
Loss on disposal of capital assets			(7,931)	-	-	(7,931)	
Transfers			3,766,443	(3,766,443)	-	-	
Total general revenues and transfers			7,242,156	(3,750,283)	-	3,491,873	
Change in net assets			(1,046,692)	(904,114)	-	(1,950,806)	
Net assets - December 31, 2004			<u>12,772,495</u>	<u>13,692,826</u>	<u>-</u>	<u>33,465,321</u>	
Net assets - December 31, 2005			<u>\$ 18,725,803</u>	<u>\$ 12,788,712</u>	<u>\$ 31,514,515</u>		

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

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associates with governments which are not required to be account for in another fund.

Special Revenue Fund

Sales Tax Fund –

To account for the receipt and use of proceeds of the City's one and one-quarter percent sales and use tax. These taxes are dedicated to the following purposes: constructing acquiring, improving and maintaining police and fire department stations and equipment; garbage and waste disposal facilities; streets, sidewalks, and drainage facilities; sewer and sewerage disposal works; park and pool facilities; and paying a portion of the salaries and benefits of City employees.

Enterprise Fund

Utility Fund –

To account for the provision of electric, water, 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, and billing and collection.

CITY OF ABBEVILLE, LOUISIANA

Balance Sheet
Governmental Funds
December 31, 2005
With Comparative Totals for December 31, 2004

ASSETS	General Fund	Sales Tax Fund	Other Governmental Funds	Totals	
				(Memorandum Only)	2005
					2004
Cash and interest-bearing deposits	\$ 1,240,762	\$ 453,698	\$ 364,685	\$ 2,059,145	\$ 871,951
Receivables:					
Accounts	2,866	-	-	2,866	7,674
Taxes	46,900	266,750	11,725	325,375	283,722
Franchise fees	160,313	-	-	160,313	124,817
Other	-	3,325	-	3,325	11,704
Due from other funds	-	1,676	-	1,676	3,913
Due from other governmental units	350,049	-	30,150	380,199	223,326
Advances to other funds	-	228,900	-	228,900	288,900
Inventory	9,387	-	-	9,387	5,511
Total assets	<u>\$1,810,277</u>	<u>\$ 954,349</u>	<u>\$ 406,560</u>	<u>\$3,171,186</u>	<u>\$1,821,518</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 511,639	\$ 45,360	\$ 377	\$ 557,376	\$ 240,720
Accrued salaries	72,879	-	-	72,879	84,485
Contract payable	-	-	-	-	113,643
Retainage payable	-	-	-	-	19,080
Other accrued liabilities	33,594	-	-	33,594	51,405
Due to other funds	1,676	-	-	1,676	3,913
Deferred intergovernmental revenues	301,005	-	-	301,005	-
Total liabilities	<u>920,793</u>	<u>45,360</u>	<u>377</u>	<u>966,530</u>	<u>513,246</u>
Fund balances:					
Reserved for inventory	9,387	-	-	9,387	5,511
Reserved for interfund advance	-	228,900	-	228,900	288,900
Reserved for debt service	-	-	196,955	196,955	136,983
Reserved for capital projects	1,048,561	-	-	1,048,561	-
Unreserved, undesignated	(168,464)	680,089	209,228	720,853	876,878
Total fund balances	<u>889,484</u>	<u>908,989</u>	<u>406,183</u>	<u>2,204,656</u>	<u>1,308,272</u>
Total liabilities and fund balances	<u>\$1,810,277</u>	<u>\$ 954,349</u>	<u>\$ 406,560</u>	<u>\$3,171,186</u>	<u>\$1,821,518</u>

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

CITY OF ABBEVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2005

Total fund balances for governmental funds at December 31, 2005	\$ 2,204,656
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land and construction in progress	\$ 651,029
Buildings, net of \$872,655 accumulated depreciation	942,546
Infrastructure, net of \$18,340,203 accumulated depreciation	11,946,291
Equipment, furniture, and fixtures net of \$2,367,381 accumulated depreciation	1,662,125
Improvements other than buildings, net of \$9,725,340 accumulated depreciation	<u>3,599,556</u> 18,801,547
Elimination of interfund assets and liabilities:	
Due from other funds	1,676
Due to other funds	<u>(1,676)</u> -
FEMA reimbursements not received within 60 days following year end are reported as deferred revenue in the fund statements while the entire expected FEMA reimbursement is reported as revenue in the government-wide statements	
	301,005
Long-term liabilities at December 31, 2005:	
Bonds payable	(2,199,000)
Capital lease payable	(36,229)
Compensated absences	(323,100)
Accrued interest payable	<u>(14,394)</u> (2,572,723)
Net assets (deficit) of the Internal Service Funds	<u>(8,682)</u>
Total net assets of governmental activities at December 31, 2005	<u><u>\$ 18,725,803</u></u>

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

CITY OF ABBEVILLE, LOUISIANA

**Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
Year Ended December 31, 2005
With Comparative Totals for the Year Ended December 31, 2004**

	General Fund	Sales Tax Fund	Other Governmental Funds	Totals	
				2005	2004 (Memorandum Only)
Revenues:					
Taxes	\$ 274,839	\$ 2,761,975	\$ 63,523	\$ 3,100,337	\$ 2,888,488
Licenses and permits	458,677	-	-	458,677	450,512
Intergovernmental	347,709	-	341,420	689,129	1,537,422
Fines and forfeitures	74,958	-	-	74,958	91,554
Miscellaneous	370,309	10,544	6,631	387,484	358,525
Total revenues	1,526,492	2,772,519	411,574	4,710,585	5,326,501
Expenditures:					
Current -					
General government	1,454,748	32,847	106,272	1,593,867	1,371,425
Public safety:					
Police	2,544,457	18,636	-	2,563,093	2,619,161
Fire	2,193,028	11,684	34,628	2,239,340	2,115,178
Highways and streets	1,153,562	161,278	-	1,314,840	1,117,383
Culture and recreation	233,202	12,184	-	245,386	276,890
Capital outlay	17,560	100,649	1,000,692	1,118,901	1,359,588
Debt service -					
Principal retirement	-	46,085	198,000	244,085	236,238
Interest and fiscal charges	-	5,373	57,012	62,385	22,298
Total expenditures	7,596,557	388,736	1,396,604	9,381,897	9,118,161
Excess (deficiency) of revenues over expenditures	(6,070,065)	2,383,783	(985,030)	(4,671,312)	(3,791,660)
Other financing sources (uses):					
Proceeds from capital lease	-	-	-	-	126,552
Proceeds from issuance of long term debt	1,100,000	-	685,000	1,785,000	-
Transfers in	5,840,315	2,237	320,352	6,162,904	6,024,695
Transfers out	(71)	(2,266,868)	(113,269)	(2,380,208)	(2,351,427)
Total other financing sources (uses)	6,940,244	(2,264,631)	892,083	5,567,696	3,799,820
Excess (deficiency) of revenues and other financial sources over expenditures and other financing uses	870,179	119,152	(92,947)	896,384	8,160
Fund balances, beginning	19,305	789,837	499,130	1,308,272	1,300,112
Fund balances, ending	\$ 889,484	\$ 908,989	\$ 406,183	\$ 2,204,656	\$ 1,308,272

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

CITY OF ABBEVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 Year Ended December 31, 2005

Total net changes in fund balances at December 31, 2005 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 896,384
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$1,118,901
Depreciation expense for the year ended December 31, 2005	<u>(1,701,606)</u> (582,705)
The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
	(1,540,915)
Certain intergovernmental revenues are not to be collected for several months after the City's fiscal year end. These are not considered "available" revenues in the governmental funds until received. Change in amount deferred on governmental fund statements.	
	301,005
Add: Donation of capital asset	8,315
Less: Net loss on the Self- Insurance Internal Service Funds	(67,881)
Less: Excess of compensated absences earned over compensated absences used	(37,229)
Loss on disposal of capital assets	(15,152)
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	<u>(8,515)</u>
Total changes in net assets at December 31, 2005 per Statement of Activities	<u><u>\$1,046,693)</u></u>

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

CITY OF ABBEVILLE, LOUISIANA

Proprietary Funds
Comparative Statement of Net Assets
December 31, 2005 and 2004

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2005	2004	2005	2004
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 190,686	\$ 605,693	\$ 201,842	\$ 255,466
Receivables:				
Accounts	1,109,414	984,762	-	-
Unbilled utility receivables	923,425	680,711	-	-
Other	215,772	198	2,484	29,004
Due from other funds	-	-	81,927	81,927
Inventory - materials and supplies, at cost	193,903	163,094	-	-
Prepaid items	-	-	-	78,551
Total current assets	<u>2,633,200</u>	<u>2,434,458</u>	<u>286,253</u>	<u>444,948</u>
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	547,601	502,151	-	-
Capital assets, net of accumulated depreciation	<u>11,742,656</u>	<u>12,376,544</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>12,290,257</u>	<u>12,878,695</u>	<u>-</u>	<u>-</u>
Total assets	<u>14,923,457</u>	<u>15,313,153</u>	<u>286,253</u>	<u>444,948</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,245,841	697,008	294,935	385,749
State sales tax payable	17,346	16,601	-	-
Accrued salaries payable	3,789	9,400	-	-
Other accrued liabilities	9,341	24,340	-	-
Due to other funds	81,927	81,927	-	-
Total current liabilities	<u>1,358,244</u>	<u>829,276</u>	<u>294,935</u>	<u>385,749</u>
Noncurrent liabilities:				
Customers' deposits	547,601	502,151	-	-
Advances from other funds	<u>228,900</u>	<u>288,900</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>776,501</u>	<u>791,051</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,134,745</u>	<u>1,620,327</u>	<u>294,935</u>	<u>385,749</u>
NET ASSETS				
Invested in capital assets, net of related debt	11,742,656	12,376,544	-	-
Unrestricted	<u>1,046,056</u>	<u>1,316,282</u>	<u>(8,682)</u>	<u>59,199</u>
Total net assets	<u>\$12,788,712</u>	<u>\$13,692,826</u>	<u>\$ (8,682)</u>	<u>\$ 59,199</u>

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

CITY OF ABBEVILLE, LOUISIANA

Proprietary Funds
 Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Years Ended December 31, 2005 and 2004

	Business-type Activities- Enterprise Fund		Governmental Activities - Internal Service Funds	
	2005	2004	2005	2004
Operating revenues:				
Charges for services	\$16,320,682	\$14,547,254	\$1,517,449	\$2,625,747
Other	<u>277,997</u>	<u>285,263</u>	<u>79,352</u>	<u>583,248</u>
Total operating revenues	<u>16,598,679</u>	<u>14,832,517</u>	<u>1,596,801</u>	<u>3,208,995</u>
Operating expenses:				
Electric department expenses	11,161,041	9,312,609	-	-
Water department expenses	1,057,378	1,077,802	-	-
Sewerage department expenses	846,359	867,271	-	-
Depreciation expense	887,251	936,312	-	-
Self insurance expenses	-	-	1,667,726	3,317,760
Total operating expenses	<u>13,952,029</u>	<u>12,193,994</u>	<u>1,667,726</u>	<u>3,317,760</u>
Operating income (loss)	<u>2,646,650</u>	<u>2,638,523</u>	<u>(70,925)</u>	<u>(108,765)</u>
Nonoperating revenues (expenses):				
Interest income	16,160	12,259	3,044	3,893
Interest expense	-	(751)	-	-
FEMA revenues and insurance proceeds	215,772	70,197	-	-
Paying agent's fees	-	(1,002)	-	-
Amortization of bond issuance costs	-	(34,662)	-	-
Total nonoperating revenues (expenses)	<u>231,932</u>	<u>46,041</u>	<u>3,044</u>	<u>3,893</u>
Income (loss) before contributions and transfers	<u>2,878,582</u>	<u>2,684,564</u>	<u>(67,881)</u>	<u>(104,872)</u>
Capital contributions	<u>-</u>	<u>32,000</u>	<u>-</u>	<u>-</u>
Transfers in (out):				
Transfers in	644,757	829,343	-	107,263
Transfers out	<u>(4,427,453)</u>	<u>(4,609,874)</u>	<u>-</u>	<u>-</u>
Total transfers in (out)	<u>(3,782,696)</u>	<u>(3,780,531)</u>	<u>-</u>	<u>107,263</u>
Change in net assets	<u>(904,114)</u>	<u>(1,063,967)</u>	<u>(67,881)</u>	<u>2,391</u>
Net assets, beginning	<u>13,692,826</u>	<u>14,756,793</u>	<u>59,199</u>	<u>56,808</u>
Net assets, ending	<u>\$12,788,712</u>	<u>\$13,692,826</u>	<u>\$ (8,682)</u>	<u>\$ 59,199</u>

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

CITY OF ABBEVILLE, LOUISIANA

Comparative Statement of Cash Flows
Proprietary Funds
Years Ended December 31, 2005 and 2004

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2005	2004	2005	2004
Cash flows from operating activities:				
Receipts from customers	\$ 15,953,514	\$ 14,508,208	\$ -	\$ -
Receipts from interfund services provided	-	-	1,517,449	2,625,747
Payments to suppliers	(11,044,142)	(9,691,461)	(1,679,989)	(3,339,835)
Payments to employees	(1,522,477)	(1,529,932)	-	(31,571)
Other receipts	<u>277,997</u>	<u>285,263</u>	<u>105,872</u>	<u>644,121</u>
Net cash provided (used) by operating activities	<u>3,664,892</u>	<u>3,572,078</u>	<u>(56,668)</u>	<u>(101,538)</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	-	10,843	-	-
Cash paid to other funds	(60,000)	-	-	(37,203)
Transfers from other funds	644,757	829,343	-	107,263
Transfers to other funds	<u>(4,427,453)</u>	<u>(4,609,874)</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(3,842,696)</u>	<u>(3,769,688)</u>	<u>-</u>	<u>70,060</u>
Cash flows from capital and related financing activities:				
Principal paid on revenue bonds payable	-	(135,000)	-	-
Interest and fiscal charges paid on revenue bonds payable	-	(2,265)	-	-
Net proceeds of meter deposits	45,450	53,676	-	-
Federal grants and other contributions	-	102,855	-	-
Insurance proceeds	-	70,197	-	-
Acquisition of property, plant and equipment	<u>(253,363)</u>	<u>(526,633)</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(207,913)</u>	<u>(437,170)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	<u>16,160</u>	<u>12,259</u>	<u>3,044</u>	<u>3,893</u>
Net cash provided by investing activities	<u>16,160</u>	<u>12,259</u>	<u>3,044</u>	<u>3,893</u>
Net decrease in cash and cash equivalents	(369,557)	(622,521)	(53,624)	(27,585)
Cash and cash equivalents, beginning of year	<u>707,844</u>	<u>1,330,365</u>	<u>130,466</u>	<u>158,051</u>
Cash and cash equivalents, end of year	<u>\$ 338,287</u>	<u>\$ 707,844</u>	<u>\$ 76,842</u>	<u>\$ 130,466</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA

Comparative Statement of Cash Flows
Proprietary Funds (Continued)
Years Ended December 31, 2005 and 2004

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2005	2004	2005	2004
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,646,650	\$ 2,638,523	\$ (70,925)	\$ (108,765)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	887,251	936,312	-	-
Changes in current assets and liabilities:				
Increase in accounts receivable	(367,366)	(38,980)	-	-
(Acrease) decrease in other receivables	198	(66)	26,520	60,873
(Acrease) decrease in inventory	(30,809)	9,524	-	-
Decrease in prepaid items	-	-	78,551	12,212
Increase (decrease) in accounts payable	548,833	120,915	(90,814)	(65,153)
Increase in state sales tax payable	745	4,755	-	-
Increase (decrease) in accrued salaries payable	(5,611)	8,496	-	-
Increase (decrease) in other accrued liabilities	(14,999)	3,649	-	(705)
Decrease in contracts payable	-	(44,442)	-	-
Decrease in retainage payable	-	(66,608)	-	-
Net cash provided (used) by operating activities	<u>\$ 3,664,892</u>	<u>\$ 3,572,078</u>	<u>\$ (56,668)</u>	<u>\$ (101,538)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning of period -				
Cash and interest-bearing deposits - unrestricted	605,693	1,012,377	255,466	283,051
Cash and interest-bearing deposits - restricted	502,151	717,988	-	-
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(400,000)</u>	<u>(400,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>
Total cash and cash equivalents	<u>707,844</u>	<u>1,330,365</u>	<u>130,466</u>	<u>158,051</u>
Cash and cash equivalents, end of period -				
Cash and interest-bearing deposits - unrestricted	190,686	605,693	201,842	255,466
Cash and interest-bearing deposits - restricted	547,601	502,151	-	-
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(400,000)</u>	<u>(400,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>
Total cash and cash equivalents	<u>338,287</u>	<u>707,844</u>	<u>76,842</u>	<u>130,466</u>
Net decrease	<u>\$ (369,557)</u>	<u>\$ (622,521)</u>	<u>\$ (53,624)</u>	<u>\$ (27,585)</u>

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

CITY OF ABBEVILLE, LOUISIANA

Statement of Fiduciary Net Assets
December 31, 2005
With comparative Totals for December 31, 2004

	<u>Agency Funds</u>	
	<u>2005</u>	<u>2004</u>
ASSETS		
Cash and interest-bearing deposits	\$ 46,564	\$ 62,115
LIABILITIES		
Due to others	<u>46,564</u>	<u>62,115</u>
NET ASSETS		
Total net assets	\$ -	\$ -

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Abbeville (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Financial Reporting Entity

The City was incorporated on March 13, 1850, by a special charter and operates under a Mayor-Council form of government. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These financial statements present only the financial activity of the City of Abbeville, the primary government. They do not include the data of the component units necessary for reporting in conformity with generally accepted accounting principles.

Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the City of Abbeville, the primary government, as a whole. They include all funds of the reporting entity, except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City's internal service funds are a governmental activity. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the City.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

The major funds of the City are described below:

Governmental Funds -

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

The Sales Tax special revenue fund accounts for the proceeds of a one and one-quarter percent sales and use tax that is legally restricted to expenditures for specific purposes.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports the following fund types:

Special revenue funds

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

Debt service funds

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

Capital projects funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds -

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following are the City's proprietary fund types:

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided 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. The City applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund. The City's enterprise fund is the Utility Fund.

Internal service funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The City's internal service funds are the Risk Management Fund and the Employee Health Insurance Fund.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Program revenues

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

Allocation of indirect expenses

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

Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Investments

Under state law the City may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The City may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2005, an allowance for ad valorem taxes was considered unnecessary due to immateriality.

The City uses the direct write-off method for customers' utility receivables. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items.

Inventories

Inventory of the Utility Fund consists of supplies and parts that are valued at weighted average cost. Inventory of the General Fund consists of gas, diesel and oil, at the motor pool barn, that is valued at weighted average cost.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Buildings	40 years
Equipment	5-10 years
Utility system and improvements	20-40 years
Infrastructure	20-50 years

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

Compensated Absences

All employees in the classified service shall receive one day of sick leave for each calendar month of service up to a maximum of 180 days. On December 31 of each year the unused accumulated sick leave earned by an employee shall be carried forward to the succeeding year. All accumulated sick leave shall be forfeited upon termination of employment, except in the case of retirement. Retirees are compensated for any unused sick leave at the hourly rate being earned by the employee at retirement.

For all employees, up to 1/3 of the earned, but unused, vacation leave shall be credited to the employee's sick leave account. Any remaining vacation leave shall be carried to the following year. Upon termination of employment, the employee shall be paid for unused vacation. In case of death of the employee, unused vacation shall be paid to the beneficiary of the employee.

For fund financial statements, earned vacation leave and accumulated sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the fund that will pay it. In the government-wide statements, amounts of vested or accumulated sick leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the utility meter deposits.

Long-term debt

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

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

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

Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

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

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Sales tax	See Note 3
Ad valorem tax (1.33 mills)	City sewer facilities
VPPJ fire prevention revenue	Construction, acquisition, improvement, and maintenance of fire department facilities

The City uses unrestricted resources only when restricted resources are fully depleted.

Budgets and Budgetary Accounting

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

1. The Mayor prepares a proposed operating budget for the fiscal year and submits it to the City Council not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the City Council.

Use of Estimates

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

Report Classification

Certain previously reported amounts for the year ended December 31, 2004 have been reclassified to conform to the December 31, 2005 classifications.

NOTE 2 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended December 31, 2005, taxes of 6.65 mills were levied on property with assessed valuations totaling \$49,363,650 and were dedicated as follows:

General corporate purposes	5.32 mills
Public improvement (sewer)	<u>1.33</u> mills
Total	<u>6.65</u> mills

Total taxes levied were \$328,270. Taxes receivable at December 31, 2005 were \$58,626.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 3 DEDICATION OF PROCEEDS - SALES AND USE TAX

The proceeds of the One and One Quarter percent sales and use tax levied by the City are dedicated for the following purposes:

One half of one percent sales and use tax (2005 - \$1,104,790; 2004 - \$1,025,036) for opening, constructing, paving, resurfacing and improving streets, alleys, sidewalks, sewers, lighting and power plants; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment for civil defense; constructing, acquiring or improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishing for the public works buildings improvements and facilities in the City.

One half of one percent sales and use tax (2005 - \$1,104,790; 2004 - \$1,025,036) for paying a portion of the salaries and benefits of City employees.

One quarter of one percent sales and use tax (2005 - 552,395; 2004 - \$512,506) shall be allocated periodically for the purpose of increasing the salaries for public safety employees of the City.

NOTE 4 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2005, the City has cash and interest-bearing deposits (book balances) totaling \$3,045,838 as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary</u>	<u>Total</u>
Demand deposits	\$ 125,541	\$ 126,915	\$ -	\$ 252,456
Money market accounts	1,995,446	211,372	46,564	2,253,382
Time deposits	<u>140,000</u>	<u>400,000</u>	<u>-</u>	<u>540,000</u>
	<u>\$ 2,260,987</u>	<u>\$ 738,287</u>	<u>\$ 46,564</u>	<u>\$ 3,045,838</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 4 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2005, are as follows:

Bank balances	<u>\$ 3,832,386</u>
At December 31, 2005 the deposits are secured as follows:	
Federal deposit insurance	413,183
Pledged securities (Category 3)	<u>3,419,203</u>
Total	<u>\$ 3,832,386</u>

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

The City has a certificate of deposit in the amount of \$125,000 pledged to the Louisiana Department of Labor to guarantee the City's workers compensation program.

NOTE 5 RECEIVABLES

Receivables at December 31, 2005 totaling \$2,742,974 consist of the following:

	General	Sales Tax	Other Governmental	Utility	Internal Service	Total
Accounts	\$ 2,866	\$ -	\$ -	\$ 1,109,414	\$ -	\$ 1,112,280
Unbilled utility	-	-	-	923,425	-	923,425
Taxes:						
Ad valorem	46,900	-	11,725	-	-	58,625
Sales	-	266,750	-	-	-	266,750
Franchise fees	160,313	-	-	-	-	160,313
Other	-	3,325	-	215,772	2,484	221,581
Totals	\$ 210,079	\$ 270,075	\$ 11,725	\$ 2,248,611	\$ 2,484	\$ 2,742,974

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 6 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following at December 31, 2005:

City Court for witness fees and fines	\$ 13,420
Vermilion Parish Police Jury for feeding parish prisoners	2,786
Vermilion Parish School Board for resource officer for alternative school program	2,223
Vermilion Parish Sheriff's Office for intoxilyzer fees	200
State of Louisiana for beer taxes revenue	8,368
Louisiana Commission on Law Enforcement for DARE grant	2,520
District Attorney's office for asset forfeiture	369
State of Louisiana for 2005 Youth World Series	15,000
State of Louisiana for improvements to the Chris Crusta Memorial Airport	4,158
Department of Homeland Security for Firefighter's grant	30,150
FEMA for Hurricane Rita disaster assistance	<u>301,005</u>
 Total	 <u>\$ 380,199</u>

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Balance</u>	<u>12/31/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>12/31/05</u>
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 622,229	\$ 28,800	\$ -	\$ 651,029		
Construction in progress	226,653	80,840	307,493			
Other capital assets:						
Buildings	1,809,686	5,515	-	1,815,201		
Infrastructure	30,286,494	-	-	30,286,494		
Equipment, furniture and fixtures	3,181,636	921,301	73,431	4,029,506		
Improvements other than buildings	<u>13,234,579</u>	<u>398,253</u>	<u>-</u>	<u>13,632,832</u>		
Totals	<u>49,361,277</u>	<u>1,434,709</u>	<u>380,924</u>	<u>-</u>	<u>50,415,062</u>	
Less accumulated depreciation						
Buildings	827,372	45,283	-	872,655		
Infrastructure	17,239,084	1,101,119	-	18,340,203		
Equipment, furniture and fixtures	2,178,393	247,267	58,279	2,367,381		
Improvements other than buildings	<u>9,725,340</u>	<u>307,936</u>	<u>-</u>	<u>10,033,276</u>		
Total accumulated depreciation	<u>29,970,189</u>	<u>1,701,605</u>	<u>58,279</u>	<u>-</u>	<u>31,613,515</u>	
Governmental activities, capital assets, net	<u>\$19,391,088</u>	<u>\$(266,896)</u>	<u>\$ 322,645</u>	<u>\$ 18,801,547</u>		

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 7 CAPITAL ASSETS (CONTINUED)

Business-type activities:

Capital assets not being depreciated:		\$	70,929	\$	-	\$	-	\$	70,929
Land		\$	70,929	\$	-	\$	-	\$	70,929
Other capital assets:									
Electric system		10,776,485		101,677		-		10,878,162	
Water system		6,818,063		31,326		-		6,849,389	
Sewer system		13,793,202		100,163		-		13,893,365	
Machinery and equipment		1,112,006		20,198		96,664		1,035,540	
Totals		<u>32,570,685</u>		<u>253,364</u>		<u>96,664</u>		<u>32,727,385</u>	
Less accumulated depreciation									
Electric system		7,341,073		323,153		-		7,664,226	
Water system		5,047,473		126,860		-		5,174,333	
Sewer system		6,968,189		387,754		-		7,355,943	
Machinery and equipment		837,406		49,485		96,664		790,227	
Total accumulated depreciation		<u>20,194,141</u>		<u>887,252</u>		<u>96,664</u>		<u>20,984,729</u>	
Business-type activities, capital assets, net		<u>\$12,376,544</u>		<u>\$(633,888)</u>		<u>\$</u>	<u>-</u>	<u>\$11,742,656</u>	

Depreciation expense was charged to governmental activities as follows:

General government	\$	177,551
Police		105,411
Fire		102,065
Streets		1,243,671
Culture and recreation		<u>72,907</u>
Total depreciation expense	<u>\$</u>	<u>1,701,605</u>

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

Electric	\$ 342,948
Water	141,705
Sewer	<u>402,599</u>
Total depreciation expense	<u>\$ 887,252</u>

NOTE 8 RESTRICTED ASSETS - PROPRIETARY FUND TYPE (UTILITY FUND)

Restricted assets consisted of the following at December 31, 2005:

Customers' deposits	<u>\$ 547,601</u>
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CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 9 ACCOUNTS, SALARIES, AND OTHER PAYABLES

The accounts, salaries, and other payables consisted of the following at December 31, 2005:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 852,311	\$ 1,245,841	\$ 2,098,152
Salaries	72,879	3,789	76,668
Other liabilities	<u>47,988</u>	<u>26,687</u>	<u>74,675</u>
 Totals	 <u>\$ 973,178</u>	 <u>\$ 1,276,317</u>	 <u>\$ 2,249,495</u>

NOTE 10 CHANGES IN LONG-TERM DEBT

The following is a summary of bond, certificates of indebtedness, and compensated absences transactions of the City for the year ended December 31, 2005:

	<u>General Obligation</u>	<u>Capital Lease</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-term debt, December 31, 2004	\$ 612,000	\$ 82,314	\$ 285,871	\$ 980,185
Additions	1,785,000	-	37,229	1,822,229
Retirements	<u>(198,000)</u>	<u>(46,085)</u>	<u>-</u>	<u>(244,085)</u>
 Long-term debt, December 31, 2005	 <u>\$ 2,199,000</u>	 <u>\$ 36,229</u>	 <u>\$ 323,100</u>	 <u>\$ 2,558,329</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 CHANGES IN LONG-TERM DEBT (CONTINUED)

General obligation debt at December 31, 2005 is comprised of the following individual issues:

\$988,000 Refunding Certificates of Indebtedness, Series 2002, due in annual installments of \$184,000 - \$210,000 through May 1, 2007; bearing interest at 3.10 percent per annum, secured by excess annual revenues.	\$ 414,000
\$1,100,000 Public Improvement Certificates of Indebtedness, Series 2005, due in annual installments of \$20,000 - \$110,000 through May 1, 2019; bearing interest at 4.10 percent per annum, secured excess annual revenues.	1,100,000
\$685,000 Fire Protection Bonds, Series 2005, due in annual installments of \$37,000 - \$63,000 through May 1, 2019; bearing interest at 4.15 percent per annum, secured by excess annual revenues.	<u>685,000</u>
	<u><u>\$ 2,199,000</u></u>

The bonds are due as follows:

<u>Year ending</u> <u>December 31,</u>	<u>Principal</u> <u>payments</u>	<u>Interest</u> <u>payments</u>
2006	261,000	82,022
2007	273,000	73,127
2008	110,000	66,306
2009	112,000	61,734
2010	119,000	56,977
2011-2015	676,000	205,584
2015-2019	<u>648,000</u>	<u>54,895</u>
Total	<u>\$ 2,199,000</u>	<u>\$ 600,645</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 11 CAPITAL LEASE

The City entered into a three year capital lease agreement as lessee for financing the acquisition of six police units. The lease for these police units was for an original principal balance of \$126,552 with an interest rate of 4.95%. The cost of equipment under the capital lease is included in the Statement of Net Assets as capital assets. Amortization of assets under capital lease is included in depreciation expense. One final payment is scheduled to be paid during April 2006 for \$36,229 which includes \$702 of interest.

NOTE 12 EMPLOYEE RETIREMENT

Substantially all employees of the City are members of the following statewide retirement systems: Municipal Employees' Retirement System of Louisiana, Municipal Police Employees' Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. These retirement systems provide retirement, disability, and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

Municipal Employees Retirement System of Louisiana (System)

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 12 EMPLOYEE RETIREMENT (CONTINUED)

Funding Policy - Under Plan A, members are required by state statute to contribute 5.00% of their annual covered salary and the City is required to contribute based on an actuarially determined rate. The rate for 2005 was from 9.50% to 9.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending December 31, 2005, 2004, and 2003 were \$150,920, \$136,069, and \$95,786, respectively, equal to the required contributions for each year.

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description - All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by calling the Municipal Police Employees Retirement System of Louisiana, (225) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the City is required to contribute based on an actuarially determined rate. The rate for 2005 was from 21.50% to 16.25% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending December 31, 2005, 2004, and 2003 were \$200,689, \$195,243, and \$128,633, respectively, equal to the required contributions for each year.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 12 EMPLOYEE RETIREMENT (CONTINUED)

Firefighters' Retirement System of Louisiana

Plan Description - Membership in the Louisiana Firefighters' Retirement System is mandatory for a full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate for 2005 was from 24% to 18% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending December 31, 2005, 2004 and 2003 were \$211,683, \$183,901, and \$127,158, respectively, equal to the required contributions for each year.

NOTE 13 CONTRACT FOR ELECTRIC POWER – ENTERPRISE FUND

On June 21, 2005, the City entered into a power supply agreement with CLECO for electric service effective on January 1, 2006 through December 31, 2012. The agreement provides the City with an annual fixed unit cost of electric power beginning in 2006 at \$.04797 per kilowatt-hour and increasing in annual steps over the life of the agreement to \$.05254 per kilowatt-hour in year 2012.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 14 SEGMENT INFORMATION FOR THE ENTERPRISE FUND

The City maintains one enterprise fund with three departments that provide electricity, water, and sewerage services. Segment information for the year ended December 31, 2005 follows:

	Electric	Water	Sewerage	Total
Operating revenues	<u>\$ 14,866,492</u>	<u>\$ 1,094,754</u>	<u>\$ 637,433</u>	<u>\$ 16,598,679</u>
Operating expenses:				
Depreciation	342,948	141,705	402,599	887,252
Other	<u>11,161,041</u>	<u>1,057,378</u>	<u>846,358</u>	<u>13,064,777</u>
Total operating expenses	<u>11,503,989</u>	<u>1,199,083</u>	<u>1,248,957</u>	<u>13,952,029</u>
Operating income (loss)	<u>\$ 3,362,503</u>	<u>\$ (104,329)</u>	<u>\$ (611,524)</u>	<u>\$ 2,646,650</u>

NOTE 15 COMPENSATION OF CITY OFFICIALS

A detail of compensation paid to the Mayor and Council for the year ended December 31, 2005 follows:

Mark Piazza, Mayor	\$ 48,405
Norman Broussard, Councilman-at-Large	11,925
Carlton Campbell, Councilman	10,600
Carbett Duhon, Councilman	10,600
Francis Touchet, Councilman	10,600
Pam Gaspard, Councilman	<u>10,600</u>
	<u>\$ 102,730</u>

NOTE 16 INTERNAL SERVICE FUNDS

Risk Management

On December 30, 1986, the City passed a resolution allowing its workmen's compensation, business automobile and general liability insurance policies to expire and established a Risk Management Fund (an internal service fund) for the accumulation of monies and subsequent disbursement of loss claims. The City was consequently exposed to material judgment in favor of tort and other claimants together with legal interest thereon. The City has since reacquired workmen's compensation, business automobile, general liability, and property insurance coverage, however the City is still obligated for a number of claims incurred during

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 16 INTERNAL SERVICE FUNDS (CONTINUED)

its self-insured period. The Risk Management Fund's retained earnings designated for claims was in a deficit situation of \$68,773 at December 31, 2005.

Group Health Self- Insurance

On November 30, 1990, the City established a partially self-funded internal service fund to accumulate monies for the payment of health care claims of the City employees and their dependents. An integral part of this self-funded health insurance program is the procurement of both specific and aggregate Stop-Loss insurance. The City's self-insured retention is \$60,000 per covered individual.

NOTE 17 POST EMPLOYMENT BENEFITS

Cobra

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured monthly for the actual month covered. This program is offered for a duration of up to 29 months after the termination date, depending upon the circumstances.

Health Insurance Benefits

Effective July 1, 1998 the City Council approved a motion to allow City employees with 25 years of service and public officials with 10 years of service to continue to receive health insurance coverage through the City's health insurance program after retirement.

Pension Benefits

The City is committed to pensions for two retired police officers or their beneficiaries who retired before the City began participating in the Municipal Police Employees' Retirement System of Louisiana. These pensions are financed out of current general fund operations. The total pension costs for the years ended December 31, 2005, and 2004 is \$8,644, and \$6,500, respectively.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 18 INTERFUND RECEIVABLES/PAYABLES

A summary of interfund receivables and payables at December 31, 2005 follows:

	Interfund Advances <u>Payable</u>	Interfund Advances <u>Receivable</u>	Interfund Receivables	Interfund Payables
Governmental funds:				
General Fund	\$ -	\$ -	\$ -	\$ 1,676
Sales Tax Special Revenue Fund	<u>-</u>	<u>228,900</u>	<u>1,676</u>	<u>-</u>
Total governmental funds	<u>-</u>	<u>228,900</u>	<u>1,676</u>	<u>1,676</u>
Proprietary funds:				
Enterprise Fund	228,900	-	-	81,927
Self-Insurance Internal Service Fund	<u>-</u>	<u>-</u>	<u>81,927</u>	<u>-</u>
Total proprietary funds	<u>228,900</u>	<u>-</u>	<u>81,927</u>	<u>81,927</u>

The amount due from the Enterprise fund to the Sales tax fund is a long-term loan. In September of 2001, the Legislative Audit Advisory Council of the State of Louisiana required a formal commitment from the Mayor and City Council that there will be no further borrowing from any dedicated funds of the City and that the current outstanding advance will be liquidated at the rate of \$5,000 per month. The repayment plan was initiated in November 2001 and the City has complied with its provisions. The amount of interfund advances as of December 31, 2005 is \$228,900. The other receivable balances are for short-term loans.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 19 INTERFUND TRANSFERS

Interfund transfers consisted of the following at December 31, 2005:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$ 5,840,315	\$ 71
Special revenue funds:		
Sales Tax Special Revenue Fund	2,237	2,266,868
Public Improvement Sewer Fund	7,385	67,098
Maintenance and Operation - Fire Dept Fund	-	43,934
Debt service funds:		
2002 Refunding Certificates of Indebtedness Fund	216,880	-
2005 Public Improvement Certificates of Indebtedness Fund	52,082	-
2005 Fire Protection Bonds Fund	43,934	-
Capital projects funds:		
Airport Improvement Fund	71	<u>2,237</u>
Total governmental funds	<u>6,162,904</u>	<u>2,380,208</u>
Proprietary funds:		
Enterprise Fund	644,757	<u>4,427,453</u>
Total proprietary funds	<u>644,757</u>	<u>4,427,453</u>
Total	<u>\$ 6,807,661</u>	<u>\$ 6,807,661</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 20 COMMITMENTS AND CONTINGENCIES

Litigation

At December 31, 2005, the City of Abbeville was a defendant in several lawsuits. Reserves for claims losses are established and recorded as liabilities of the Risk Management Fund when information available indicates that it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. The City's legal counsel has reviewed the claims and lawsuits, in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City not covered by insurance. As a result of the review, there are no claims and lawsuits that an unfavorable outcome would materially affect the financial statements. Also, the City may be exposed to losses for which the amounts cannot be determined at this time.

Grant Audits

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

Utility Relocation Grants

In prior years, the City utilized federal funding under Act 319 to pay its share of the cost to relocate electric, water, and sewer facilities to accommodate the expansion of Highway 14. As part of the funding agreement the City is prohibited from locating additional longitudinal facilities within any right-of-way owned by the State of Louisiana until the City reimburses the Department of Transportation the full amount of costs expended on the City's behalf.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2005
With comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance - Positive (Negative)	2004		
	Budget		Actual				
	Original	Final					
Revenues:							
Taxes	\$ 243,559	\$ 243,559	\$ 274,839	\$ 31,280	\$ 264,918		
Licenses and permits	466,102	461,565	458,677	(2,888)	450,512		
Intergovernmental	279,035	445,519	347,709	(97,810)	286,586		
Fines and forfeitures	84,000	81,484	74,958	(6,526)	91,554		
Miscellaneous	425,434	302,250	370,309	68,059	327,138		
Total revenues	1,498,130	1,534,377	1,526,492	(7,885)	1,420,708		
Expenditures:							
Current -							
General government	1,369,276	1,378,467	1,454,748	(76,281)	1,353,836		
Public safety:							
Police	2,651,139	2,649,092	2,544,457	104,635	2,568,072		
Fire	2,211,640	2,251,178	2,193,028	58,150	2,054,612		
Highways and streets	949,853	863,943	1,153,562	(289,619)	907,843		
Culture and recreation	227,695	215,531	233,202	(17,671)	259,023		
Capital outlay	-	40,000	17,560	22,440	67,720		
Total expenditures	7,409,603	7,398,211	7,596,557	(198,346)	7,211,106		
Deficiency of revenues over expenditures	(5,911,473)	(5,863,834)	(6,070,065)	(206,231)	(5,790,398)		
Other financing sources (uses):							
Proceeds from issuance of certificates of indebtedness							
Transfers in	5,917,665	7,092,665	5,840,315	(1,252,350)	5,732,699		
Transfers out	-	-	(71)	(71)	(6,420)		
Total other financing sources (uses)	5,917,665	7,092,665	6,940,244	(152,421)	5,726,279		
Excess of revenues and other financing sources over expenditures and other financing uses	6,192	1,228,831	870,179	(358,652)	(64,119)		
Fund balance, beginning	19,305	19,305	19,305	-	83,424		
Fund balance, ending	\$ 25,497	\$ 1,248,136	\$ 889,484	\$ (358,652)	\$ 19,305		

CITY OF ABBEVILLE, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended December 31, 2005

With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance -	
	Budget		Actual	Positive (Negative)	
	Original	Final	Actual		2004
Revenues:					
Sales tax - capital outlay	\$ 1,030,000	\$ 1,060,000	\$ 1,104,790	\$ 44,790	\$ 1,025,036
Sales tax - salary and benefits	1,030,000	1,060,000	1,104,790	44,790	1,025,036
Sales tax - fire and police	515,000	530,000	552,395	22,395	512,506
Interest	3,400	3,000	3,061	61	2,751
Miscellaneous	5,000	250	7,483	7,233	5,411
Total revenues	<u>2,583,400</u>	<u>2,653,250</u>	<u>2,772,519</u>	<u>119,269</u>	<u>2,570,740</u>
Expenditures:					
Current -					
General government	15,000	12,500	32,847	(20,347)	14,054
Public safety:					
Police	65,000	100,000	18,636	81,364	51,089
Fire	15,000	20,000	11,684	8,316	9,331
Highways and streets	134,000	220,000	161,278	58,722	209,540
Culture and recreation	15,000	18,000	12,184	5,816	17,867
Capital outlay	-	-	100,649	(100,649)	266,734
Debt service -					
Principal	-	44,238	46,085	(1,847)	44,238
Interest	-	-	5,373	(5,373)	-
Total expenditures	<u>244,000</u>	<u>414,738</u>	<u>388,736</u>	<u>26,002</u>	<u>612,853</u>
Excess of revenues over expenditures	<u>2,339,400</u>	<u>2,238,512</u>	<u>2,383,783</u>	<u>145,271</u>	<u>1,957,887</u>
Other financing sources (uses):					
Proceeds from capital lease	-	-	-	-	126,552
Transfers in	-	-	2,237	2,237	(2,237)
Transfers out -					
General Fund -					
Salaries	(525,000)	(532,000)	(553,500)	(21,500)	(376,700)
Retirement	(312,000)	(330,000)	(498,237)	(168,237)	(351,866)
Health insurance	(485,000)	(525,000)	(360,000)	165,000	(463,360)
Capital outlay	-	-	(1,125)	(1,125)	(1,125)
Debt Service Funds	(213,903)	(213,903)	(268,962)	(55,059)	(216,956)
Health Insurance Fund	-	-	-	-	(30,000)
Public Improvement Fund	-	-	(7,385)	(7,385)	-
Capital projects fund	-	-	-	-	(72,803)
Utility Fund -					
Retirement	(90,000)	(90,000)	(89,133)	867	(65,596)
Health insurance	(130,000)	(130,000)	(72,000)	58,000	(130,640)
Capital outlay and other costs	(315,000)	(335,335)	(416,526)	(81,191)	(321,964)
Total other financing sources (uses)	<u>(2,070,903)</u>	<u>(2,156,238)</u>	<u>(2,264,631)</u>	<u>(108,393)</u>	<u>(1,905,570)</u>
Excess of revenues and other sources over expenditures and other financing uses	<u>268,497</u>	<u>82,274</u>	<u>119,152</u>	<u>36,878</u>	<u>52,317</u>
Fund balance, beginning	<u>789,837</u>	<u>789,837</u>	<u>789,837</u>	<u>-</u>	<u>737,520</u>
Fund balance, ending	<u>\$ 1,058,334</u>	<u>\$ 872,111</u>	<u>\$ 908,989</u>	<u>\$ 36,878</u>	<u>\$ 789,837</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Revenues
Year Ended December 31, 2005

With Comparative Actual Amounts for the Year Ended December 31, 2004

2005

	Budget		Variance - Favorable (Unfavorable)	2004 Actual
	Original	Final		
Taxes:				
Ad valorem	\$ 221,708	\$ 221,708	\$ 254,039	\$ 32,331
Housing authority payment in lieu of taxes	11,601	11,601	11,325	(276)
Chain store	10,250	10,250	9,475	(775)
Total taxes	243,559	243,559	274,839	31,280
Licenses and permits:				
Occupational licenses	422,792	422,793	420,416	(2,377)
Beer and liquor licenses	20,624	22,000	22,188	188
Building permits	21,655	16,000	15,478	(522)
Other	1,031	772	595	(177)
Total licenses and permits	466,102	461,565	458,677	(2,888)
Intergovernmental:				
Vermilion Parish Police Jury -				
Fire insurance tax	46,404	48,000	47,828	(172)
Prisoner feeding	24,000	21,000	27,700	6,700
Resource officer	22,686	22,000	26,497	4,497
State of Louisiana -				
Revenue sharing	12,374	10,000	-	(10,000)
Beer taxes	33,500	25,100	28,520	3,420
Prisoner housing	28,300	3,000	-	(3,000)
State grants	63,304	55,551	80,940	25,389
Federal -				
Agriculture/Forestry/Park grants	-	3,189	3,649	460
FEMA - Hurricane Katrina	-	198,269	69,784	(128,485)
Summer food service program	30,936	30,936	23,794	(7,142)
Police department grants	17,531	19,474	29,885	10,411
DARE program	-	9,000	9,112	112
Total intergovernmental	279,035	445,519	347,709	(97,810)
Fines and forfeitures	84,000	81,484	74,958	(6,526)
Miscellaneous:				
Rental income	73,900	88,850	98,191	9,341
Franchise fees - Reliant	89,000	89,000	95,378	6,378
Franchise fees - cable TV	48,000	26,000	50,956	24,956
Franchise fees - Bell South	142,306	52,000	50,315	(1,685)
Interest income	309	6,200	8,388	2,188
Witness fees	7,734	6,900	8,068	1,168
Other sources	64,185	33,300	59,013	25,713
Total miscellaneous	425,434	302,250	370,309	68,059
Total revenues	\$ 1,498,130	\$ 1,534,377	\$ 1,526,492	\$ (7,885)
				\$ 1,420,708

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures
Year Ended December 31, 2005
With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005				Variance - Favorable (Unfavorable)	2004 Actual		
	Budget		Actual					
	Original	Final						
General government:								
Administrative -								
Salaries	\$ 258,514	\$ 261,126	\$ 267,230	\$ (6,104)	\$ 261,786			
Employees' insurance	182,522	154,000	155,580	(1,580)	182,104			
Payroll taxes	22,429	22,179	21,503	676	21,068			
Retirement	17,600	20,800	20,829	(29)	22,357			
General insurance	45,000	43,000	35,205	7,795	41,033			
Equipment operating expense	15,549	15,900	12,035	3,865	10,589			
Coroner's fees	5,362	2,000	3,315	(1,315)	5,817			
Dues and subscriptions	3,016	3,016	2,438	578	3,916			
Janitorial	15,468	13,000	12,106	894	15,990			
Legal and accounting	95,000	100,000	99,677	323	97,981			
Maintenance and repairs	11,344	8,250	13,183	(4,933)	13,493			
Other professional fees	24,440	31,600	33,567	(1,967)	30,939			
Travel and convention expenses	4,640	4,640	4,644	(4)	3,311			
Office supplies	24,240	24,209	27,089	(2,880)	29,282			
Postage	13,405	17,062	15,021	2,041	12,456			
Publications	16,500	17,900	18,391	(491)	19,976			
Tax roll preparation	5,672	5,000	5,653	(653)	5,618			
Telephone	28,615	30,500	30,968	(468)	27,424			
Rents	-	7,200	7,200	-	-			
Utilities	12,374	12,404	14,539	(2,135)	12,797			
Employee drug testing	1,000	800	844	(44)	464			
Summer food service program	30,200	30,200	25,042	5,158	30,618			
Main street project	30,833	33,824	38,962	(5,138)	36,960			
Miscellaneous	60,628	66,756	68,651	(1,895)	32,281			
Hurricane shower facility & utilities	-	-	60,643	(60,643)	-			
Total administrative	<u>924,351</u>	<u>925,366</u>	<u>994,315</u>	<u>(68,949)</u>	<u>918,260</u>			
Airport expenses -								
Safety director	6,000	6,000	6,000	-	8,000			
Utilities	14,745	11,600	14,406	(2,806)	16,022			
Repairs and maintenance	6,446	7,575	5,861	1,714	3,314			
Professional services	7,219	15,720	26,113	(10,393)	13,193			
Supplies	-	-	12	(12)	7			
Miscellaneous	3,500	2,800	2,979	(179)	1,095			
Total airport	<u>37,910</u>	<u>43,695</u>	<u>55,371</u>	<u>(11,676)</u>	<u>41,631</u>			

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2005
With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005				2004	
	Budget		Actual	Variance - Favorable (Unfavorable)		
	Original	Final				
City Court -						
Salaries	\$ 120,750	\$ 115,000	\$ 118,638	\$ (3,638)	\$ 116,428	
Employees' insurance	81,465	70,000	71,326	(1,326)	74,466	
Payroll taxes	9,161	9,161	8,816	345	8,531	
Retirement	13,063	18,000	16,776	1,224	13,615	
General insurance	22,686	19,500	16,671	2,829	19,516	
Repair and maintenance	4,022	5,950	5,531	419	1,424	
Vehicle rental	4,860	4,860	4,455	405	4,455	
Utilities	3,868	4,200	4,623	(423)	3,874	
Witness fees	13,200	33,000	33,300	(300)	14,200	
Legal	32,500	37,000	35,681	1,319	34,195	
Miscellaneous	412	950	1,052	(102)	3,055	
Total city court	305,987	317,621	316,869	752	293,759	
Motor Pool -						
Salaries	25,522	26,551	29,122	(2,571)	24,428	
Employees' insurance	4,898	4,898	4,623	275	4,371	
Payroll taxes	2,320	2,000	2,170	(170)	1,791	
Retirement	2,000	2,400	2,379	21	2,091	
General insurance	9,900	9,900	8,623	1,277	9,758	
Equipment operating expense	516	250	143	107	238	
Supplies	1,031	1,281	1,114	167	1,278	
Utilities	206	300	311	(11)	185	
Telephone	413	412	391	21	268	
Miscellaneous	516	800	658	142	1,121	
Total motor pool	47,322	48,792	49,534	(742)	45,529	
Civil Service -						
Salaries	29,587	24,318	23,753	565	25,538	
Employees' insurance	4,270	3,800	3,780	20	4,271	
Payroll taxes	2,321	2,000	1,824	176	1,940	
Retirement	1,850	2,200	2,268	(68)	1,996	
Supplies	1,031	1,500	1,240	260	954	
Medical services	6,400	6,400	4,258	2,142	13,988	
Telephone	515	375	401	(26)	388	
Legal fees	5,672	1,000	94	906	4,964	
Miscellaneous	2,060	1,400	1,041	359	618	
Total civil service	53,706	42,993	38,659	4,334	54,657	
Total general government	1,369,276	1,378,467	1,454,748	(76,281)	1,353,836	

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2005

With Comparative Actual Amounts for the Year Ended December 31, 2004

2005

	Budget		Variance -		2004	
	Original	Final	Actual	Favorable (Unfavorable)		
Public Safety:						
Police -						
Salaries	\$ 1,396,394	\$ 1,476,020	\$ 1,408,791	\$ 67,229	\$ 1,325,713	
Employees' insurance	433,104	360,000	359,993	7	418,109	
Payroll taxes	20,945	21,300	20,469	831	19,730	
Retirement	205,800	225,000	202,418	22,582	195,243	
General insurance	233,051	233,051	203,247	29,804	228,942	
Equipment operating expense	122,301	125,404	140,054	(14,650)	126,696	
Uniforms	16,500	13,000	19,946	(6,946)	20,514	
Supplies	44,341	41,500	43,825	(2,325)	67,289	
Janitorial	7,218	4,200	3,135	1,065	7,410	
Prisoner medical	1,031	1,031	428	603	1,886	
Prisoner feeding	35,840	28,000	24,611	3,389	42,215	
Utilities	24,749	26,000	29,241	(3,241)	28,301	
Telephone	14,437	16,000	14,205	1,795	16,422	
Dog expenses	2,062	1,200	657	543	1,474	
DARE program	5,156	2,500	3,732	(1,232)	6,497	
Schools and convention	13,000	13,000	12,686	314	10,460	
Police pension	6,703	8,700	8,644	56	6,500	
Professional fees	20,672	20,672	18,169	2,503	7,492	
Vehicle rental	6,187	5,500	5,273	227	5,273	
Miscellaneous	<u>41,648</u>	<u>27,014</u>	<u>24,933</u>	<u>2,081</u>	<u>31,906</u>	
Total police	<u>2,651,139</u>	<u>2,649,092</u>	<u>2,544,457</u>	<u>104,635</u>	<u>2,568,072</u>	
Fire -						
Salaries	1,156,100	1,177,000	1,174,953	2,047	1,052,775	
Employees' insurance	400,106	350,000	349,544	456	387,058	
Payroll taxes	104,000	100,000	96,828	3,172	85,868	
Retirement	221,000	237,500	216,173	21,327	183,901	
General insurance	165,000	208,000	182,944	25,056	176,754	
Equipment operating expense	33,483	46,754	43,408	3,346	35,944	
Uniforms	15,000	15,000	11,590	3,410	12,252	
Supplies	28,770	27,121	29,257	(2,136)	27,178	
Utilities	18,046	17,000	18,834	(1,834)	16,059	
Telephone	4,640	3,300	2,872	428	3,286	
Maintenance and repairs	7,734	5,500	5,117	383	7,326	
Water hydrant rent	28,203	28,203	25,853	2,350	28,203	
Schools and conventions	15,468	25,000	22,202	2,798	26,280	
Miscellaneous	<u>14,090</u>	<u>10,800</u>	<u>13,453</u>	<u>(2,653)</u>	<u>11,728</u>	
Total fire	<u>2,211,640</u>	<u>2,251,178</u>	<u>2,193,028</u>	<u>58,150</u>	<u>2,054,612</u>	
Total public safety	<u>4,862,779</u>	<u>4,900,270</u>	<u>4,737,485</u>	<u>162,785</u>	<u>4,622,684</u>	

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2005
With Comparative Actual Amounts for the Year Ended December 31, 2004

	<u>2005</u>			Variance - Favorable (Unfavorable)	2004		
	Budget		Actual				
	Original	Final					
Highways and Streets:							
Salaries	\$ 297,212	\$ 291,120	\$ 291,300	\$ (180)	\$ 308,384		
Employees' insurance	143,337	115,000	112,483	2,517	137,505		
Payroll taxes	22,686	22,686	21,796	890	22,620		
Retirement	20,624	22,000	21,350	650	20,762		
General insurance	220,000	200,000	169,173	30,827	193,634		
Equipment operating expense	73,731	69,000	82,492	(13,492)	71,368		
Utilities	10,622	11,475	11,125	350	9,756		
Small tools and supplies	13,612	2,500	6,185	(3,685)	4,243		
Maintenance materials	49,593	29,200	30,658	(1,458)	42,585		
Grass cutting	1,031	5,000	6,575	(1,575)	3,091		
Electricity for street lights	84,000	84,000	84,419	(419)	84,150		
Janitorial	3,609	2,100	1,568	532	3,848		
Miscellaneous	9,796	9,862	13,175	(3,313)	5,897		
Hurricane debris removal	-	-	301,263	(301,263)	-		
Total highways and streets	949,853	863,943	1,153,562	(289,619)	907,843		
Culture and Recreation:							
Parks -							
Salaries	35,235	30,300	30,819	(519)	35,265		
Employees' insurance	22,686	19,000	18,087	913	22,100		
Payroll taxes	3,094	2,400	2,243	157	2,549		
Retirement	2,062	2,600	2,563	37	2,364		
General insurance	20,625	20,050	17,245	2,805	19,519		
Equipment operating expenses	11,343	17,500	15,989	1,511	11,467		
Supplies	27,842	18,100	18,698	(598)	32,420		
Repairs and maintenance	5,326	4,340	14,020	(9,680)	20,388		
Utilities and telephone	35,782	45,036	53,732	(8,696)	35,000		
Security and janitorial	24,608	21,900	20,488	1,412	26,062		
Miscellaneous	5,942	5,800	11,283	(5,483)	24,477		
Total parks	194,545	187,026	205,167	(18,141)	231,611		

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2005
With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance - Favorable (Unfavorable)	2004		
	Budget		Actual				
	Original	Final					
Tourist Information Center -							
Salaries	\$ 13,169	\$ 14,000	\$ 13,936	\$ 64	\$ 13,554		
Employee insurance	4,300	3,800	3,719	81	4,205		
Payroll taxes	1,289	1,100	1,055	45	1,001		
Retirement	1,289	1,289	1,255	34	1,182		
Telephone	516	400	371	29	234		
Utilities	5,000	1,900	2,325	(425)	1,768		
Janitorial	3,609	2,000	1,283	717	3,563		
Office supplies	516	516	236	280	236		
Miscellaneous	<u>3,462</u>	<u>3,500</u>	<u>3,855</u>	<u>(355)</u>	<u>1,669</u>		
Total tourist information	<u>33,150</u>	<u>28,505</u>	<u>28,035</u>	<u>470</u>	<u>27,412</u>		
 Total culture and recreation	 <u>227,695</u>	 <u>215,531</u>	 <u>233,202</u>	 <u>(17,671)</u>	 <u>259,023</u>		
 Capital outlay:							
General government -							
Administration	-	-	-	-	5,500		
Airport	-	40,000	17,560	22,440	-		
Public safety -							
Police	-	-	-	-	5,909		
Fire	-	-	-	-	5,229		
Highways and Streets	-	-	-	-	20,300		
Culture and Recreation -							
Parks	-	-	-	-	30,782		
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,720</u>		
 Total expenditures	 <u>\$ 7,409,603</u>	 <u>\$ 7,398,211</u>	 <u>\$ 7,596,557</u>	 <u>\$ (198,346)</u>	 <u>\$ 7,211,106</u>		

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Other Financing Sources (Uses)
Year Ended December 31, 2005
With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance -		2004	
	Budget		Actual	Favorable (Unfavorable)			
	Original	Final					
Other financing sources (uses):							
Proceeds from issuance of certificates of indebtedness	\$ -	\$ 1,100,000	\$ 1,100,000	\$ -	\$ -	\$ -	
Transfers from (to) other funds -							
Utility Fund	4,605,665	4,605,665	4,427,453	(178,212)	4,539,031	4,539,031	
Sales Tax Fund	1,312,000	1,387,000	1,412,862	25,862	1,193,668	1,193,668	
Airport Improvement Fund	-	-	(71)	(71)	-	-	
Risk Management Fund	-	-	-	-	-	(60)	
Employee Health Insurance Fund	-	-	-	-	-	(6,360)	
 Total other financing sources	<u>\$ 5,917,665</u>	<u>\$ 7,092,665</u>	<u>\$ 6,940,244</u>	<u>\$ (152,421)</u>	<u>\$ 5,726,279</u>		

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
December 31, 2005
With comparative Totals for December 31, 2004

	Special Revenue	Debt Service	Capital Projects	Totals	
				2005	2004
ASSETS					
Cash and interest-bearing deposits	\$ 167,730	\$ 196,955	\$ -	\$ 364,685	\$ 486,171
Receivables -					
Ad valorem taxes	11,725	-	-	11,725	12,922
Other	-	-	-	-	37
Due from other governmental units	<u>30,150</u>	<u>-</u>	<u>-</u>	<u>30,150</u>	<u>-</u>
Total assets	<u><u>\$ 209,605</u></u>	<u><u>\$ 196,955</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 406,560</u></u>	<u><u>\$ 499,130</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	<u>377</u>	<u>-</u>	<u>-</u>	<u>377</u>	<u>-</u>
Fund balances:					
Reserved for debt service	<u>-</u>	<u>196,955</u>	<u>-</u>	<u>196,955</u>	<u>136,983</u>
Unreserved, undesignated	<u>209,228</u>	<u>-</u>	<u>-</u>	<u>209,228</u>	<u>362,147</u>
Total fund balances	<u><u>209,228</u></u>	<u><u>196,955</u></u>	<u><u>-</u></u>	<u><u>406,183</u></u>	<u><u>499,130</u></u>
Total liabilities and fund balances	<u><u>\$ 209,605</u></u>	<u><u>\$ 196,955</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 406,560</u></u>	<u><u>\$ 499,130</u></u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2005
With Comparative Totals for the Year Ended December 31, 2004

	Special Revenue	Debt Service	Capital Projects	Totals	
				2005	2004
Revenues:					
Taxes	\$ 63,523	\$ -	\$ -	\$ 63,523	\$ 60,992
Intergovernmental	152,142	- -	189,278	341,420	1,250,836
Miscellaneous	4,543	2,088	- -	6,631	23,225
Total revenues	220,208	2,088	189,278	411,574	1,335,053
Expenditures:					
Current -					
General government	- -	- -	106,272	106,272	3,535
Public safety -					
Fire	34,628	- -	- -	34,628	51,235
Capital outlay	919,852	- -	80,840	1,000,692	1,025,134
Debt service -					
Principal retirement	- -	198,000	- -	198,000	192,000
Interest and fiscal charges	- -	57,012	- -	57,012	22,298
Total expenditures	954,480	255,012	187,112	1,396,604	1,294,202
Excess (deficiency) of revenues over expenditures	(734,272)	(252,924)	2,166	(985,030)	40,851
Other financing sources (uses):					
Proceeds from bond issuance	685,000	- -	- -	685,000	- -
Transfers in	7,385	312,896	71	320,352	291,996
Transfers out	(111,032)	- -	(2,237)	(113,269)	(312,885)
Total financing sources (uses)	581,353	312,896	(2,166)	892,083	(20,889)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(152,919)	59,972	- -	(92,947)	19,962
Fund balance, beginning	362,147	136,983	- -	499,130	479,168
Fund balance, ending	\$ 209,228	\$ 196,955	\$ - -	\$ 406,183	\$ 499,130

NONMAJOR SPECIAL REVENUE FUNDS

Public Improvement (Sewer) Fund

To account for the receipt and disbursement of ad valorem taxes dedicated to public improvement of the City's sewer facilities.

Maintenance and Operation – Fire Department Fund

To account for the receipt and disbursement of proceeds from the Vermilion Parish Police Jury to be used for the purpose of construction, acquiring, improving, and maintaining fire department facilities and equipment.

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
 December 31, 2005
 With Comparative Totals for December 31, 2004

	Public Improvement Fund	Sewer Fund	Maintenance and Operation - Fire Dept. Fund		Totals	
			2005	2004	2005	2004
ASSETS						
Interest-bearing deposits		\$ 67,410	\$ 100,320	\$ 167,730	\$ 349,188	
Receivables:						
Ad valorem taxes		11,725	-	11,725	12,922	
Other		-	-	-	37	
Due from other governments		-	30,150	30,150	-	
Total assets		<u>\$ 79,135</u>	<u>\$ 130,470</u>	<u>\$ 209,605</u>	<u>\$ 362,147</u>	
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable		\$ -	\$ 377	\$ 377	\$ -	
Fund balances:						
Unreserved - undesignated		<u>79,135</u>	<u>130,093</u>	<u>209,228</u>	<u>362,147</u>	
Total liabilities and fund balance		<u>\$ 79,135</u>	<u>\$ 130,470</u>	<u>\$ 209,605</u>	<u>\$ 362,147</u>	

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2005

With Comparative Totals for the Year Ended December 31, 2004

	Public Improvement Sewer Fund	Maintenance and Operation - Fire Dept. Fund	Maintenance	
			2005	2004
Revenues:				
Taxes	\$ 63,523	\$ -	\$ 63,523	\$ 60,992
Intergovernmental	-	152,142	152,142	100,293
Other revenues	511	4,032	4,543	3,238
Total revenues	64,034	156,174	220,208	164,523
Expenditures:				
Current -				
General government	-	-	-	3,535
Public safety -				
Fire	-	34,628	34,628	51,235
Capital outlay	-	919,852	919,852	12,521
Total expenditures	-	954,480	954,480	67,291
Excess of revenues over expenditures	64,034	(798,306)	(734,272)	97,232
Other financing sources (uses):				
Proceeds of bond issuance	-	685,000	685,000	-
Transfers in	7,385	-	7,385	-
Transfers out	(67,098)	(43,934)	(111,032)	(80,915)
Total financing sources (uses)	(59,713)	641,066	581,353	(80,915)
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	4,321	(157,240)	(152,919)	16,317
Fund balances, beginning	74,814	287,333	362,147	345,830
Fund balances, ending	\$ 79,135	\$ 130,093	\$ 209,228	\$ 362,147

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Fund
Public Improvement Sewer Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
Year Ended December 31, 2005

With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance -		2004
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)		2004
Revenues:						
Taxes -						
Ad valorem taxes	\$ 55,000	\$ 60,000	\$ 63,523	\$ 3,523	\$ 60,992	
Other revenues -						
Interest	600	600	511	(89)	596	
Total revenues	<u>55,600</u>	<u>60,600</u>	<u>64,034</u>	<u>3,434</u>	<u>61,588</u>	
Expenditures:						
Current -						
General government	3,000	3,000	-	3,000	3,535	
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>3,535</u>	
Excess of revenues over expenditures	52,600	57,600	64,034	6,434	58,053	
Other financing sources (uses):						
Transfers in	-	-	7,385	7,385	-	
Transfers out	(25,000)	(62,125)	(67,098)	(4,973)	(80,915)	
Total other financing souces (uses)	<u>(25,000)</u>	<u>(62,125)</u>	<u>(59,713)</u>	<u>2,412</u>	<u>(80,915)</u>	
Excess (deficiency) of revenues over expenditures and other financing uses	27,600	(4,525)	4,321	8,846	(22,862)	
Fund balance, beginning	<u>74,814</u>	<u>74,814</u>	<u>74,814</u>	<u>-</u>	<u>97,676</u>	
Fund balance, ending	<u>\$ 102,414</u>	<u>\$ 70,289</u>	<u>\$ 79,135</u>	<u>\$ 8,846</u>	<u>\$ 74,814</u>	

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Fund
Maintenance and Operation – Fire Department Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
Year Ended December 31, 2005
With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			
	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
				2004 Actual
Revenues:				
Intergovernmental -				
Federal grant	\$ 55,000	\$ 49,500	\$ 79,650	\$ 30,150
Vermilion Parish Police Jury fire protection	72,492	72,492	72,492	-
Other -				
Interest and other revenue	2,000	4,250	4,032	(218)
Total revenues	<u>129,492</u>	<u>126,242</u>	<u>156,174</u>	<u>29,932</u>
				<u>102,935</u>
Expenditures:				
Public safety - fire	192,000	-	34,628	(34,628)
Capital outlay	-	910,000	919,852	(9,852)
Total expenditures	<u>192,000</u>	<u>910,000</u>	<u>954,480</u>	<u>(44,480)</u>
				<u>63,756</u>
Excess of revenues over expenditures	(62,508)	(783,758)	(798,306)	(14,548)
				<u>39,179</u>
Other financing sources (uses):				
Proceeds of bond issuance	-	685,000	685,000	-
Transfers out	-	(43,934)	(43,934)	-
Total other financing sources (uses)	<u>-</u>	<u>641,066</u>	<u>641,066</u>	<u>-</u>
				<u>-</u>
Excess of revenues and other financing sources over expenditures	(62,508)	(142,692)	(157,240)	(14,548)
				<u>39,179</u>
Fund balance, beginning	<u>287,333</u>	<u>287,333</u>	<u>287,333</u>	<u>-</u>
Fund balance, ending	<u>\$ 224,825</u>	<u>\$ 144,641</u>	<u>\$ 130,093</u>	<u>\$ (14,548)</u>
				<u>\$ 287,333</u>

NONMAJOR DEBT SERVICE FUND

2002 Refunding Certificates of Indebtedness Fund

To accumulate monies for payment of the \$988,000 Refunding Certificates of Indebtedness, Series 2002. Debt service is financed by transfers from the Sales Tax Fund.

2005 Public Improvement Certificates of Indebtedness Fund

To accumulate monies for payment of the \$1,100,000 Public Improvement Certificates of Indebtedness, Series 2005. Debt service is financed by transfers from the Sales Tax Fund.

2005 Fire Protection Bonds Fund

To accumulate monies for payment of the \$685,000 Fire Protection Bonds, Series 2005. Debt service is financed by transfers from the Maintenance and Operation – Fire Department Fund.

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Debt Service Funds

Combining Balance Sheet
December 31, 2005
With Comparative Totals for December 31, 2004

	2005				
	2002	Public Refunding	Improvement Certificates of Indebtedness	2005 Fire Protection	
	Fund	Fund	Fund	Bonds Fund	Totals
ASSETS					
Interest - bearing deposits	\$ 140,619	\$ 26,620	\$ 29,716	\$ 196,955	\$ 136,983
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable					
Fund balance:					
Reserved for debt service	140,619	26,620	29,716	196,955	136,983
Total liabilities and fund balance	\$ 140,619	\$ 26,620	\$ 29,716	\$ 196,955	\$ 136,983

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2005
With Comparative Totals for December 31, 2004

	2002 Refunding Certificates of Indebtedness Fund	2005 Public Improvement Certificates of Indebtedness Fund	2005 Fire Protection Bonds Fund	2005	
				2005	2004
Revenues:					
Other revenues -					
Interest and other revenues	<u>\$ 1,009</u>	<u>\$ 846</u>	<u>\$ 233</u>	<u>\$ 2,088</u>	<u>\$ 987</u>
Expenditures:					
Debt service -					
Principal retirement	<u>198,000</u>	<u>-</u>	<u>-</u>	<u>198,000</u>	<u>192,000</u>
Interest and fiscal charges	<u>15,903</u>	<u>26,308</u>	<u>14,451</u>	<u>56,662</u>	<u>21,948</u>
Paying agent fees	<u>350</u>	<u>-</u>	<u>-</u>	<u>350</u>	<u>350</u>
Total expenditures	<u>214,253</u>	<u>26,308</u>	<u>14,451</u>	<u>255,012</u>	<u>214,298</u>
Deficiency of revenues over expenditures	<u>(213,244)</u>	<u>(25,462)</u>	<u>(14,218)</u>	<u>(252,924)</u>	<u>(213,311)</u>
Other financing sources:					
Transfers in	<u>216,880</u>	<u>52,082</u>	<u>43,934</u>	<u>312,896</u>	<u>216,956</u>
Excess of revenues and other financing sources over expenditures	<u>3,636</u>	<u>26,620</u>	<u>29,716</u>	<u>59,972</u>	<u>3,645</u>
Fund balance, beginning	<u>136,983</u>	<u>-</u>	<u>-</u>	<u>136,983</u>	<u>133,338</u>
Fund balance, ending	<u>\$ 140,619</u>	<u>\$ 26,620</u>	<u>\$ 29,716</u>	<u>\$ 196,955</u>	<u>\$ 136,983</u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Debt Service Fund
2002 Refunding Certificates of Indebtedness Fund

Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
Year Ended December 31, 2005
With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance	
	Original	Final	Actual		
	Budget	Budget	Actual	Favorable	2004
Revenues:					
Other revenues -					
Interest on investments	\$ 1,000	\$ 1,000	\$ 1,009	\$ 9	\$ 987
Expenditures:					
Debt service -					
Principal retirement	198,000	198,000	198,000	-	192,000
Interest and fiscal charges	15,903	15,903	15,903	-	21,948
Paying agent fees	-	-	350	(350)	350
Total expenditures	<u>213,903</u>	<u>213,903</u>	<u>214,253</u>	<u>(350)</u>	<u>214,298</u>
Deficiency of revenues over expenditures	<u>(212,903)</u>	<u>(212,903)</u>	<u>(213,244)</u>	<u>(341)</u>	<u>(213,311)</u>
Other financing sources:					
Transfers in	<u>213,903</u>	<u>213,903</u>	<u>216,880</u>	<u>2,977</u>	<u>216,956</u>
Excess of revenues and other financing sources over expenditures	1,000	1,000	3,636	2,636	3,645
Fund balance, beginning	<u>136,983</u>	<u>136,983</u>	<u>136,983</u>	<u>-</u>	<u>133,338</u>
Fund balance, ending	<u>\$ 137,983</u>	<u>\$ 137,983</u>	<u>\$ 140,619</u>	<u>\$ 2,636</u>	<u>\$ 136,983</u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Debt Service Fund
2005 Public Improvement Certificates of Indebtedness Fund

Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
Year Ended December 31, 2005
With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance	2004
	Original	Final	Actual		
	Budget	Budget	Actual	(Unfavorable)	
Revenues:					
Other revenues -					
Interest on investments	\$ -	\$ 750	\$ 846	\$ 96	\$ -
Expenditures:					
Debt service -					
Principal retirement	- -	- -	- -	- -	- -
Interest and fiscal charges	- -	26,309	26,308	1	- -
Paying agent fees	- -	- -	- -	- -	- -
Total expenditures	- -	26,309	26,308	1	- -
Deficiency of revenues over expenditures	- -	(25,559)	(25,462)	97	- -
Other financing sources:					
Transfers in	- -	35,807	52,082	16,275	- -
Excess of revenues and other financing sources over expenditures	- -	10,248	26,620	16,372	- -
Fund balance, beginning	- -	- -	- -	- -	- -
Fund balance, ending	\$ -	\$ 10,248	\$ 26,620	\$ 16,372	\$ -

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Debt Service Fund
2005 Fire Protection Bonds Fund

Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
Year Ended December 31, 2005

With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance	2004
	Original	Final	Actual		
	Budget	Budget	Actual	(Unfavorable)	
Revenues:					
Other revenues -					
Interest on investments	\$ _____	\$ 50	\$ 233	\$ 183	\$ _____
Expenditures:					
Debt service -					
Principal retirement	- - -	- - -	- - -	- - -	- - -
Interest and fiscal charges	- - -	14,451	14,451	- - -	- - -
Paying agent fees	- - -	- - -	- - -	- - -	- - -
Total expenditures	- - -	<u>14,451</u>	<u>14,451</u>	- - -	- - -
Deficiency of revenues over expenditures	- - -	<u>(14,401)</u>	<u>(14,218)</u>	183	- - -
Other financing sources:					
Transfers in	- - -	<u>27,459</u>	<u>43,934</u>	<u>16,475</u>	- - -
Excess of revenues and other financing sources over expenditures	- - -	13,058	29,716	16,658	- - -
Fund balance, beginning	- - -	- - -	- - -	- - -	- - -
Fund balance, ending	<u>\$ _____</u>	<u>\$ 13,058</u>	<u>\$ 29,716</u>	<u>\$ 16,658</u>	<u>\$ _____</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Airport Improvement Fund

To account for improvement projects at the Abbeville Chris Crusta Memorial Airport. Capital improvements are funded by federal and state grants.

2004 LCDBG-ED Road and Parking Improvement Fund

To account for road and parking facility improvements at the City's Airway Industrial Park related to Technical Industries' business site. Improvements are funded by federal grants passed through the State of Louisiana.

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2005
With comparative Totals for the Year Ended December 31, 2004

	Airport Improvement Fund	Road and Parking Improvement Fund	Totals	
			2005	2004
Revenues:				
Federal grant	\$ 154,767	\$ 23,763	\$ 178,530	\$ 621,733
State grant	<u>10,748</u>	-	<u>10,748</u>	<u>57,868</u>
Total revenues	<u>165,515</u>	<u>23,763</u>	<u>189,278</u>	<u>679,601</u>
Expenditures:				
Current -				
Wetlands mitigation	62,500	-	62,500	-
Professional and administration	20,009	23,763	43,772	-
Capital outlay -				
Airport improvements	<u>80,840</u>	-	<u>80,840</u>	<u>681,839</u>
Total expenditures	<u>163,349</u>	<u>23,763</u>	<u>187,112</u>	<u>681,839</u>
Excess (deficiency) of revenues over expenditures	2,166	-	2,166	(2,238)
Other financing sources (uses):				
Transfers in	71	-	71	2,238
Transfers out	<u>(2,237)</u>	-	<u>(2,237)</u>	-
Total other financing sources (uses)	<u>(2,166)</u>	-	<u>(2,166)</u>	<u>2,238</u>
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Capital Projects Funds
Airport Improvement Fund

Budgetary Comparison Schedule
Year Ended December 31, 2005
With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance - Favorable (Unfavorable)	2004 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Intergovernmental -					
Federal grant	\$ 440,527	\$ 136,500	\$ 154,767	\$ 18,267	\$ 621,733
State grant	<u>30,000</u>	<u>10,000</u>	<u>10,748</u>	<u>748</u>	<u>57,868</u>
Total revenues	<u>470,527</u>	<u>146,500</u>	<u>165,515</u>	<u>19,015</u>	<u>679,601</u>
Expenditures:					
Current -					
Wetlands mitigation	-	62,500	62,500	-	-
Professional services and admin	-	17,500	20,009	(2,509)	-
Capital outlay -					
Airport improvements	<u>470,527</u>	<u>68,738</u>	<u>80,840</u>	<u>(12,102)</u>	<u>681,839</u>
Total expenditures	<u>470,527</u>	<u>148,738</u>	<u>163,349</u>	<u>(14,611)</u>	<u>681,839</u>
Excess (deficiency) of revenues over expenditures	-	(2,238)	2,166	4,404	(2,238)
Other financing sources (uses):					
Transfers in	-	2,238	71	(2,167)	2,238
Transfers out	-	-	(2,237)	(2,237)	-
Total other financing sources (uses)	-	2,238	(2,166)	(4,404)	2,238
Excess of revenues and other sources over expenditures and other uses	-	-	-	-	-
Fund balance, beginning	-	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Capital Projects Fund
2004 LCDBG-ED Road and Parking Improvement Fund

Statement of Revenues, Expenditures, and Changed in Fund Balance –
Budget (GAAP Basis) and Actual
Year Ended December 31, 2005
With Comparative Actual Amounts for the Year Ended December 31, 2004

	2005			Variance -	
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	2004 Actual
Revenues:					
Intergovernmental -					
Federal grant	\$ 309,000	\$ -	\$ 23,763	\$ 23,763	\$ -
Expenditures:					
Current -					
Professional services and admin	- - -	- - -	23,763	(23,763)	- - -
Capital Outlay -	<u>309,000</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total expenditures	<u>309,000</u>	<u>-----</u>	<u>23,763</u>	<u>(23,763)</u>	<u>-----</u>
Excess of revenues over expenditures	- - -	- - -	- - -	- - -	- - -
Fund balance, beginning	-----	-----	-----	-----	-----
Fund balance, ending	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ - - -</u>

INTERNAL SERVICE FUNDS

Risk Management Fund

To account for the accumulation of funds designated for payment of liability insurance premiums, costs of the risk management department, and satisfaction of claims made against the City.

Employee Health Insurance Fund

To account for the accumulation of funds from self-insurance sources and from employees. Funds are also dedicated to the payment of health insurance premiums, and the satisfaction of health care claims incurred by employees and their dependents.

CITY OF ABBEVILLE, LOUISIANA
Internal Service Funds

Combining Balance Sheet
December 31, 2005
With Comparative Totals for December 31, 2004

	Risk Management Fund	Employee Health Insurance Fund	Totals	
			2005	2004
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 126,227	\$ 75,615	\$ 201,842	\$ 255,466
Receivables:				
Other	-	2,484	2,484	29,004
Due from other funds	-	81,927	81,927	81,927
Prepaid expenses	-	-	-	78,551
Total assets	<u>126,227</u>	<u>160,026</u>	<u>286,253</u>	<u>444,948</u>
LIABILITIES				
Current liabilities:				
Accounts payable	195,000	99,935	294,935	385,749
Other accrued liabilities	-	-	-	-
Total liabilities	<u>195,000</u>	<u>99,935</u>	<u>294,935</u>	<u>385,749</u>
NET ASSETS				
Unrestricted	\$ (68,773)	\$ 60,091	\$ (8,682)	\$ 59,199

CITY OF ABBEVILLE, LOUISIANA
Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Year Ended December 31, 2005

With Comparative Totals for the Year Ended December 31, 2004

	Risk Management Fund	Employee Health Insurance Fund	Totals	
			2005	2004
Operating revenues:				
Charges for services -				
Premiums	\$ 57,000	\$ 1,460,449	\$ 1,517,449	\$ 2,625,747
Other revenues -				
Subrogation recoveries	2,698	76,654	79,352	565,546
Miscellaneous	-	-	-	17,702
Total operating revenues	<u>59,698</u>	<u>1,537,103</u>	<u>1,596,801</u>	<u>3,208,995</u>
Cost of services rendered:				
Claims	108,095	1,161,527	1,269,622	2,151,930
Administrative costs:				
Legal fees	-	-	-	23,366
Salaries	-	-	-	23,375
Employee insurance	-	-	-	4,892
Payroll taxes	-	-	-	1,788
Retirement	-	-	-	1,516
Other insurance	79,211	313,891	393,102	1,103,580
Schools and conventions	-	-	-	830
Office supplies	-	-	-	292
Telephone	-	-	-	937
Miscellaneous	<u>2,502</u>	<u>2,500</u>	<u>5,002</u>	<u>5,254</u>
Total cost of services rendered	<u>189,808</u>	<u>1,477,918</u>	<u>1,667,726</u>	<u>3,317,760</u>
Operating income (loss)	(130,110)	59,185	(70,925)	(108,765)
Nonoperating revenues:				
Interest income	<u>2,138</u>	<u>906</u>	<u>3,044</u>	<u>3,893</u>
Income (loss) before transfers	(127,972)	60,091	(67,881)	(104,872)
Other financing sources				
Transfers in	-	-	-	107,263
Change in net assets	(127,972)	60,091	(67,881)	2,391
Net assets, beginning	<u>59,199</u>	<u>-</u>	<u>59,199</u>	<u>56,808</u>
Net assets, ending	<u>\$ (68,773)</u>	<u>\$ 60,091</u>	<u>\$ (8,682)</u>	<u>\$ 59,199</u>

CITY OF ABBEVILLE, LOUISIANA
Internal Service Funds

Combining Statement of Cash Flows
Year Ended December 31, 2005
With Comparative Totals for the Year Ended December 31, 2004

	Risk Management Fund	Employee Health Insurance Fund	Totals	
			2005	2004
Cash flows from operating activities:				
Operating income (loss)	\$ (130,110)	\$ 59,185	\$ (70,925)	\$ (108,765)
Adjustments to reconcile operating income (loss)				
to net cash used by operating activities -				
Changes in current assets and liabilities				
Decrease in accounts receivable	396	26,124	26,520	60,873
Decrease in prepaid expenses	78,551	-	78,551	12,212
(Decrease) increase in accounts payable	49,646	(140,460)	(90,814)	(65,153)
Decrease in other accrued liabilities	-	-	-	(705)
Total adjustments	<u>128,593</u>	<u>(114,336)</u>	<u>14,257</u>	<u>7,227</u>
Net cash used by operating activities	<u>(1,517)</u>	<u>(55,151)</u>	<u>(56,668)</u>	<u>(101,538)</u>
Cash flows from noncapital financing activities:				
Cash paid to other funds	-	-	-	(37,203)
Transfers in from other funds	-	-	-	107,263
Net cash provided by noncapital financing activities	-	-	-	70,060
Cash flows from investing activities:				
Interest collected on interest-bearing deposits	<u>2,138</u>	<u>906</u>	<u>3,044</u>	<u>3,893</u>
Net cash provided by investing activities	<u>2,138</u>	<u>906</u>	<u>3,044</u>	<u>3,893</u>
Net increase (decrease) in cash and cash equivalents	621	(54,245)	(53,624)	(27,585)
Cash and cash equivalents, beginning	<u>606</u>	<u>129,860</u>	<u>130,466</u>	<u>158,051</u>
Cash and cash equivalents, ending	<u>\$ 1,227</u>	<u>\$ 75,615</u>	<u>\$ 76,842</u>	<u>\$ 130,466</u>
				(continued)

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility System Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended December 31, 2005 and 2004

	Electric		Water	
	2005	2004	2005	2004
Operating revenues:				
Charges for services	\$ 14,617,506	\$ 12,896,680	\$ 1,076,419	\$ 1,040,555
Other revenues	<u>248,986</u>	<u>236,468</u>	<u>18,335</u>	<u>29,632</u>
Total operating revenues	<u>14,866,492</u>	<u>13,133,148</u>	<u>1,094,754</u>	<u>1,070,187</u>
Operating expenses:				
Salaries	321,499	320,786	317,514	321,942
Employees' insurance	65,218	80,412	60,878	77,676
Payroll taxes	24,298	24,018	24,242	24,153
Retirement	21,476	19,073	19,090	20,215
General insurance	98,550	114,790	74,888	85,312
Equipment operating expense	56,525	34,604	25,504	28,158
Maintenance and repairs - systems	241,155	221,470	78,396	91,349
Electricity for pumps	-	-	26,403	27,298
Utilities	-	-	144,865	121,215
Materials, tools and supplies	82,809	92,568	92,363	90,832
Electric power purchased	9,808,581	8,153,813	-	-
Professional services	-	-	-	-
Office expense, postage and computer processing	-	-	-	-
Bad debts and collection fees	-	-	-	-
Miscellaneous	24,973	18,730	19,580	15,866
Depreciation	323,153	376,454	126,860	122,767
Storm expenses	184,418	630	-	-
Allocation of general and administrative expenses	<u>251,334</u>	<u>251,470</u>	<u>188,500</u>	<u>188,603</u>
Total operating expenses	<u>11,503,989</u>	<u>9,708,818</u>	<u>1,199,083</u>	<u>1,215,386</u>
Operating income (loss)	<u>\$ 3,362,503</u>	<u>\$ 3,424,330</u>	<u>\$ (104,329)</u>	<u>\$ (145,199)</u>

Sewerage		General and Administrative		Totals	
2005	2004	2005	2004	2005	2004
\$ 626,757	\$ 610,019	\$ -	\$ -	\$ 16,320,682	\$ 14,547,254
10,676	19,163	-	-	277,997	285,263
<u>637,433</u>	<u>629,182</u>	<u>-</u>	<u>-</u>	<u>16,598,679</u>	<u>14,832,517</u>
199,823	188,501	245,935	240,593	1,084,771	1,071,822
43,345	56,533	89,104	104,184	258,545	318,805
15,116	13,999	18,300	17,578	81,956	79,748
13,790	12,555	22,239	19,859	76,595	71,702
63,215	72,790	13,824	16,007	250,477	288,899
21,901	21,834	4,925	8,110	108,855	92,706
99,781	121,511	-	-	419,332	434,330
50,914	50,048	-	-	77,317	77,346
119,293	112,378	19,030	20,508	283,188	254,101
33,086	31,208	-	-	208,258	214,608
-	-	-	-	9,808,581	8,153,813
-	-	-	-	-	-
-	-	40,368	41,119	40,368	41,119
-	-	121,878	94,665	121,878	94,665
12,440	12,128	3,246	16,664	60,239	63,388
387,753	387,702	49,485	49,389	887,251	936,312
-	-	-	-	184,418	630
<u>188,500</u>	<u>188,603</u>	<u>(628,334)</u>	<u>(628,676)</u>	<u>-</u>	<u>-</u>
<u>1,248,957</u>	<u>1,269,790</u>	<u>-</u>	<u>-</u>	<u>13,952,029</u>	<u>12,193,994</u>
<u>\$ (611,524)</u>	<u>\$ (640,608)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,646,650</u>	<u>\$ 2,638,523</u>

**COMPLIANCE, INTERNAL CONTROL
AND
OTHER GRANT INFORMATION**



**Darnall, Sikes,
Gardes & Frederick**

(A Corporation of Certified Public Accountants)

Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of
Financial Statements Performed in
Accordance with *Government Auditing Standards*

The Honorable Mark Piazza, Mayor
And Members of the City Council
City of Abbeville, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Abbeville, Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the basic financial statements of the City's primary government and have issued our report thereon dated May 12, 2006. We have 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Abbeville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Abbeville, Louisiana in a separate letter dated June 14, 2006.

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Society of Louisiana
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Abbeville, Louisiana's primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of primary government financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted other matters involving compliance with laws and regulations that we have reported to management of the City of Abbeville, Louisiana, in a separate letter dated June 14, 2006.

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Darnall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
May 12, 2006



Darnall, Sikes, Gardes, Frederick

(A Corporation of Certified Public Accountants)

Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

The Honorable Mark Piazza, Mayor
And Members of the City Council
City of Abbeville, Louisiana

Compliance

We have audited the compliance of the City of Abbeville, Louisiana with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The City of Abbeville, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Abbeville, Louisiana's management. Our responsibility is to express an opinion on the City of Abbeville, Louisiana's compliance based on our audit.

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

In our opinion, the City of Abbeville, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

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Emily J. LeBoeuf, CPA

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Darnall, Sikes, Gordes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
May 12, 2006

CITY OF ABBEVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

Federal Grantor/Pass Through Agency/Program Name	CFDA #	ID Number	Amount
United States Department of Agriculture Food & Nutrition Service Passed Through Louisiana Department of Education Summer Food Service Program for Children	10.559	FY 2005	\$ 23,794
Forest Service Passed Through Louisiana Department of Agriculture & Forestry Cooperative Forestry Assistance	10.664	04-24	3,649
United States Department of Housing & Urban Development Passed Through Louisiana Office of Community Development Community Development Block Grants / State's Program 2004 LCDBG-ED Road and Parking Improvement	14.228	622308	23,763
United States Department of Justice Office of Justice Programs Passed Through Louisiana Commission on Law Enforcement Edward Byrne Memorial Formula Grant Program Drug Abuse Resistance Education Program Integrated Criminal Apprehension Criminal Patrol Electronic Equipment Local Law Enforcement Block Grant Program	16.579 16.579 16.579 16.579 16.592	N/A B03-4-010E05 B04-4-020E01 P05-4-026S01 Z04-4-023S01	9,112 5,981 6,150 751 2,041
United States Department of Transportation Federal Aviation Administration Direct Award Airport Improvement Program Obstruction Removal of Trees Apron Extension Project	20.106 20.106	3-22-0001-011-2005 3-22-0001-010-2004	77,485 77,282
National Highway Traffic Safety Administration Passed Through Louisiana Highway Safety Commission State & Community Highway Safety Grant Year Long O/T	20.600	N/A	3,562

CITY OF ABBEVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2005

Federal Grantor/Pass Through Agency/Program Name	CFDA #	ID Number	Amount
United States Department of Homeland Security			
Passed Through Louisiana Office Emergency Preparedness			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
FEMA - Hurricane Katrina	97.036	FEMA-1603-DR-LA	69,784
FEMA - Hurricane Rita	97.036	FEMA-1607-DR-LA	516,777
Direct Award			
Assistance to Firefighters Grant	97.044	EMW-2004-FP-01648	30,150
Assistance to Firefighters Grant	97.044	EMW-2003-FP-01885	49,500
Passed Through Louisiana Office of State Police			
Homeland Security Grant Program			
Law Enforcement Terrorism Prevention Program	97.067	FY 2004LETPP	<u>11,400</u>
			<u>\$911,181</u>

CITY OF ABBEVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2005

NOTE 1 BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of the City of Abbeville, Louisiana and is presented on the same basis of accounting as described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

CITY OF ABBEVILLE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended December 31, 2005

PART I SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the City of Abbeville, Louisiana's financial statements as of and for the year ended December 31, 2005.

Reportable Conditions – Financial Reporting

No reportable conditions in internal control over financial reporting were disclosed during the audit of the financial statements.

Material Noncompliance – Financial Reporting

No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

The City of Abbeville, Louisiana at December 31, 2005 had one federal program which was audited as a major program: FEMA Disaster Grants – Public Assistance (Presidentially Declared Disasters) which received funds from the United States Department of Homeland Security passed through the Louisiana Office of Emergency Preparedness.

Low-Risk Auditee

The City of Abbeville, Louisiana is not considered a low-risk auditee for the year ended December 31, 2005.

Major Program-Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended December 31, 2005.

CITY OF ABBEVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2005

Auditor's Report-Major Programs

An unqualified opinion has been issued on the City of Abbeville, Louisiana's compliance for its major programs as of and for the year ended December 31, 2005.

Reportable Conditions-Major Programs

There were no reportable conditions noted during the audit of the major federal programs.

Compliance Findings Related to Major Programs

The audit did not disclose any material non-compliance or questioned costs relative to the major programs.

PART II FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The audit did not disclose any findings which would require disclosure.

PART III FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

There are no findings and questioned costs related to federal programs.

CITY OF ABBEVILLE, LOUISIANA

Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2005

Prior year management letter findings:

ML (1) Utility Billing Ordinances

Status: This finding is resolved.

CITY OF ABBEVILLE, LOUISIANA

Summary Schedule of Current Audit Findings and
Corrective Action Plan
Year Ended December 31, 2005

Current compliance finding:

ML-1 Noncompliance with State Bid Law Regarding Documentation of (3) Quotes

Finding: Public Bid Law provides that purchases of materials or supplies exceeding ten thousand dollars, but less than twenty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotes. We noted that the City of Abbeville Police Department purchased a total of \$19,990 of vehicle video camera systems in three phases during the months of August, September and October of 2005 based on only two quotes instead of three quotes as required by law.

Recommendation: The City of Abbeville should require that the appropriate number of quotes be obtained and documented as required by Public Bid Law.

Corrective Action Plan: The Mayor shall provide the newly-elected Chief of Police with the Public Bid Law, and personnel with purchasing responsibilities will be required to comply with all of its provisions.

Current internal control over financial reporting finding:

ML-2 Internal Controls Over Accident Report Collections and Disbursements

Finding: The City of Abbeville has established a separate checking account into which revenues from accident report fees collected by the Police Department are deposited. Discussions with Police Department personnel revealed that not all of the accident report revenue was being deposited into the checking account. Certain cash collections were being used as a source of petty cash for Police Department expenditures.

Recommendation: All collections of revenues from accident report fees should be documented through the issuance of pre-numbered cash receipts; all collections should be timely deposited into the designated checking account; and replenishment of the petty cash fund should be maintained on an imprest basis.

Corrective Action Plan: The Mayor shall address this matter with the newly elected Chief of Police so that the recommendations are implemented.