

CITY OF ABBEVILLE, LOUISIANA

Financial Report

Year Ended December 31, 2017

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
 BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	5
Statement of activities	6
 FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net position	10
Statement of revenues, expenditures, and changes in fund balances - governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	12
Comparative statement of net position - proprietary funds	13
Comparative statement of revenues, expenses, and changes in fund net position - proprietary funds	14
Comparative statement of cash flows - proprietary funds	15-16
Statement of fiduciary net position	17
 Notes to basic financial statements	 18-55
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General fund	57
Sales tax fund	58
Schedule of funding progress for the employees' health insurance program after retirement	59
Schedule of proportionate share of net pension liability	60
Schedule of contributions	61
 OTHER SUPPLEMENTARY INFORMATION	
OTHER FINANCIAL INFORMATION	
Major Governmental Funds -	
General Fund - budgetary comparison schedule - revenues	64
General Fund - budgetary comparison schedule - expenditures	65-69
General Fund - budgetary comparison schedule - other financing sources (uses)	70
 Nonmajor Governmental Funds -	
Combining balance sheet	72
Combining statement of revenues, expenditures, and changes in fund balances	73

(continued)

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Nonmajor Special Revenue Funds -	
Combining balance sheet	75
Combining statement of revenues, expenditures, and changes in fund balances	76
Statement of revenues, expenditures, and changes in fund balance-budget (GAAP basis) and actual - Public Improvement Sewer Fund	77
Statement of revenues, expenditures, and changes in fund balance-budget (GAAP basis) and actual - Maintenance and Operation - Fire Department Fund	78
Statement of revenues, expenditures, and changes in fund balance-budget (GAAP basis) and actual - Economic Development District No. 1 Fund	79
Nonmajor Debt Service Funds -	
Combining balance sheet	81
Combining statement of revenues, expenditures, and changes in fund balances	82
Nonmajor Capital Project Funds -	
Combining balance sheet	84
Combining statement of revenues, expenditures, and changes in fund balances	85
Comparative departmental analysis of revenues and expenses - utility fund	86-87
COMPLIANCE, INTERNAL CONTROL AND OTHER MATTERS	
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	89-90
Schedule of findings and questioned costs	91
Summary schedule of prior year findings	92
Summary schedule of management's corrective action plan	93



Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Deceased 2009

J. Stephen Gardes, CPA, CVA*, Retired 2018

E. Larry Sikes, CPA PFS, CVA*, CFP®
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA, PFS
Jennifer S. Ziegler, CPA, PFS, CFP®
Chris A. Miller, CPA, CVA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Joan B. Moody, CPA
Lauren V. Hebert, CPA, PFS
Eric G. Luewer, III, CPA, M.S. Tax
Jeremy C. Meaux, CPA
Stephen R. Dischler, CPA, MBA
Pamela Mayeux Bonin, CPA, CVA
Craig C. Babineaux, CPA, PFS, CFP®
Adam J. Curry, CPA, CFP®
Kyle P. Saltzman, CPA, CFE
Jacob C. Roberge, CPA

INDEPENDENT AUDITOR'S REPORT

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

Kevin S. Young, CPA
Christy S. Dew, CPA, MBA
Rachel W. Ashford, CPA
Veronica L. LeBlou, CPA, MBA
Christine Gaudry Berwick, CPA, MBA
Brandon L. Portier, CPA
Brandon R. Dunphy, CPA
Robert C. Darnall, CPA, CVA, M.S.
Benjamin J. Bauduin, CPA

* (Emeritus)

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Abbeville, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

2000 Kaliste Saloom
Suite 300
Lafayette, LA 70508
Phone 337.232.3312
Fax 337.237.3614

1231 E. Laurel Avenue
Eunice, LA 70535
Phone 337.457.4146
Fax 337.457.5060

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
Phone 985.384.6264
Fax 985.384.8140

203 S. Jefferson Street
Abbeville, LA 70510
Phone 337.893.5470
Fax 337.893.5470

Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

www.dsfcpas.com

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

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenditures of the governmental activities has not been determined.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Abbeville, Louisiana, as of December 31, 2017, or the changes in financial position thereof for the year then ended.

Qualified Opinion on Aggregate Remaining Fund Information

In our opinion, except for the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the City of Abbeville, Louisiana, as of December 31, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Abbeville, Louisiana, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, the schedule of funding progress for the employees' health insurance program after retirement, the schedule of proportionate share of net pension liability, and the schedule of contributions on pages 57 -- 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Abbeville, Louisiana's basic financial statements. The budgetary comparison schedules, combining and individual nonmajor fund financial statements, and the comparative departmental analysis of utility fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules, combining and individual nonmajor fund financial statements, and the comparative departmental analysis of utility fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2018, on our consideration of the City of Abbeville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Abbeville, Louisiana's internal control over financial reporting and compliance.

Dannall, Sikes, & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana

June 14, 2018

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

CITY OF ABBEVILLE, LOUISIANA

Statement of Net Position
December 31, 2017
With Comparative Totals for December 31, 2016

	Governmental Activities	Business-Type Activities	Total	2016 Totals
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 3,166,459	\$ 2,318,004	\$ 5,484,463	\$ 6,279,866
Receivables, net	729,534	2,010,851	2,740,385	2,670,439
Due from other governmental units	76,191	-	76,191	150,215
Inventory-materials and supplies, at cost	1,680	317,857	319,537	323,871
Total current assets	<u>3,973,864</u>	<u>4,646,712</u>	<u>8,620,576</u>	<u>9,424,391</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	963,289	963,289	940,251
Capital assets, net	17,290,877	14,877,846	32,168,723	32,947,306
Total noncurrent assets	<u>17,290,877</u>	<u>15,841,135</u>	<u>33,132,012</u>	<u>33,887,557</u>
Total assets	<u>21,264,741</u>	<u>20,487,847</u>	<u>41,752,588</u>	<u>43,311,948</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to net pension liability	<u>1,032,041</u>	<u>796,502</u>	<u>1,828,543</u>	<u>2,664,418</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	580,882	661,323	1,242,205	1,680,478
Capital lease payable	43,956	-	43,956	49,346
Bonds payable, due within one year	597,000	-	597,000	581,000
Total current liabilities	<u>1,221,838</u>	<u>661,323</u>	<u>1,883,161</u>	<u>2,310,824</u>
Noncurrent liabilities:				
Capital lease payable	46,373	-	46,373	-
Compensated absences	607,560	-	607,560	547,698
Customers deposits	-	963,289	963,289	940,251
OPEB obligations	12,565,013	3,141,254	15,706,267	14,779,160
Net pension liability	7,634,748	1,635,168	9,269,916	10,466,223
Bonds payable, due in more than one year	3,853,000	-	3,853,000	4,450,000
Total noncurrent liabilities	<u>24,706,694</u>	<u>5,739,711</u>	<u>30,446,405</u>	<u>31,183,332</u>
Total liabilities	<u>25,928,532</u>	<u>6,401,034</u>	<u>32,329,566</u>	<u>33,494,156</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to net pension liability	<u>1,467,544</u>	<u>76,308</u>	<u>1,543,852</u>	<u>856,537</u>
NET POSITION				
Net investment in capital assets	16,343,548	14,877,846	31,221,394	32,167,861
Unrestricted	(21,442,842)	(70,839)	(21,513,681)	(20,542,188)
Total net position (deficit)	<u>\$ (5,099,294)</u>	<u>\$ 14,807,007</u>	<u>\$ 9,707,713</u>	<u>\$ 11,625,673</u>

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

CITY OF ABBEVILLE, LOUISIANA

Statement of Activities
Year Ended December 31, 2017

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,039,151	\$ 617,537	\$ 35,608	\$ 241,815	\$ (1,144,191)	\$ -	\$ (1,144,191)
Public safety:							
Police	4,059,889	162,972	59,381	-	(3,837,536)	-	(3,837,536)
Fire	3,904,159	-	95,140	320,836	(3,488,183)	-	(3,488,183)
Highways and streets	2,067,667	-	64,581	-	(2,003,086)	-	(2,003,086)
Culture and recreation	515,056	18,795	-	-	(496,261)	-	(496,261)
Interest on long-term debt	<u>107,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,957)</u>	<u>-</u>	<u>(107,957)</u>
Total governmental activities	12,693,879	799,304	254,710	562,651	(11,077,214)	-	(11,077,214)
Business-type activities:							
Electric	8,813,352	13,383,378	-	-	-	4,570,026	4,570,026
Water	1,935,733	1,851,101	-	-	-	(84,632)	(84,632)
Sewer	<u>2,002,847</u>	<u>1,806,593</u>	<u>-</u>	<u>140,254</u>	<u>-</u>	<u>(56,000)</u>	<u>(56,000)</u>
Total business-type activities	<u>12,751,932</u>	<u>17,041,072</u>	<u>-</u>	<u>140,254</u>	<u>-</u>	<u>4,429,394</u>	<u>4,429,394</u>
Total	<u>\$ 25,445,811</u>	<u>\$ 17,840,376</u>	<u>\$ 254,710</u>	<u>\$ 702,905</u>	<u>(11,077,214)</u>	<u>4,429,394</u>	<u>(6,647,820)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					330,706	-	330,706
Property taxes, levied for sewer improvement					82,629	-	82,629
Sales and use taxes, levied for general purposes					3,490,777	-	3,490,777
Payment in lieu of taxes					20,614	-	20,614
Franchise and chain store taxes					213,847	-	213,847
Interest and investment earnings					7,729	14,091	21,820
Loss on disposal					(3,400)	-	(3,400)
Miscellaneous					572,867	-	572,867
Transfers					<u>5,498,198</u>	<u>(5,498,198)</u>	<u>-</u>
Total general revenues and transfers					<u>10,213,967</u>	<u>(5,484,107)</u>	<u>4,729,860</u>
Change in net position					(863,247)	(1,054,713)	(1,917,960)
Net position (deficit) - December 31, 2016					<u>(4,236,047)</u>	<u>15,861,720</u>	<u>11,625,673</u>
Net position (deficit) - December 31, 2017					<u>\$ (5,099,294)</u>	<u>\$ 14,807,007</u>	<u>\$ 9,707,713</u>

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

**BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)**

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted 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 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, 2017
 With Comparative Totals for December 31, 2016

ASSETS	General Fund	Sales Tax Fund	Other Governmental Funds	Totals (Memorandum Only)	
				2017	2016
Cash and interest-bearing deposits	\$ 1,061,007	\$ 1,035,712	\$ 909,040	\$ 3,005,759	\$ 3,175,751
Receivables:					
Taxes	98,113	287,351	24,529	409,993	339,696
Franchise fees and royalties	177,516	-	-	177,516	172,993
Other	8,053	-	-	8,053	7,068
Due from other governments	57,031	-	19,160	76,191	150,215
Inventory	1,680	-	-	1,680	3,952
Total assets	<u>\$ 1,403,400</u>	<u>\$ 1,323,063</u>	<u>\$ 952,729</u>	<u>\$ 3,679,192</u>	<u>\$ 3,849,675</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 96,876	\$ 84,200	\$ 8,250	\$ 189,326	\$ 370,211
Accrued salaries	145,303	-	-	145,303	130,675
Other accrued liabilities	<u>70,522</u>	<u>-</u>	<u>-</u>	<u>70,522</u>	<u>68,897</u>
Total liabilities	<u>312,701</u>	<u>84,200</u>	<u>8,250</u>	<u>405,151</u>	<u>569,783</u>
Fund balances:					
Nonspendable - inventory	1,680	-	-	1,680	3,952
Restricted for economic development	-	-	24,078	24,078	24,109
Restricted for fire protection	-	-	317,723	317,723	561,397
Restricted for sewer improvement	-	-	82,511	82,511	93,236
Restricted for salaries of public safety employees	-	83,580	-	83,580	89,352
Restricted for salaries and benefits	-	117,259	-	117,259	132,056
Restricted for capital outlay	-	1,038,024	-	1,038,024	868,616
Restricted for airport operations	538,330	-	-	538,330	476,128
Assigned for debt service	-	-	501,007	501,007	488,801
Unassigned	<u>550,689</u>	<u>-</u>	<u>19,160</u>	<u>569,849</u>	<u>542,245</u>
Total fund balances	<u>1,090,699</u>	<u>1,238,863</u>	<u>944,479</u>	<u>3,274,041</u>	<u>3,279,892</u>
Total liabilities and fund balances	<u>\$ 1,403,400</u>	<u>\$ 1,323,063</u>	<u>\$ 952,729</u>	<u>\$ 3,679,192</u>	<u>\$ 3,849,675</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 Position
December 31, 2017

Total fund balances for governmental funds at December 31, 2017		\$ 3,274,041
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 898,029	
Buildings, net of \$1,611,194 accumulated depreciation	1,864,847	
Infrastructure, net of \$26,702,757 accumulated depreciation	6,597,319	
Equipment, furniture, and fixtures net of \$3,531,478 accumulated depreciation	2,544,028	
Improvements other than buildings, net of \$14,078,678 accumulated depreciation	<u>5,386,654</u>	17,290,877
Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Those liabilities consist of:		
Bonds payable	(4,450,000)	
Compensated absences	(607,560)	
OPEB obligations	(12,565,013)	
Net pension liability	(7,634,748)	
Accrued interest payable	<u>(32,145)</u>	(25,379,795)
Deferred outflows of resources and deferred inflows are not available to pay current period expenditures and therefore are not reported in the funds		(435,503)
Net position of the Internal Service Funds		<u>151,086</u>
Total net position (deficit) of governmental activities at December 31, 2017		<u>\$ (5,099,294)</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, 2017

With Comparative Totals for the Year Ended December 31, 2016

	General Fund	Sales Tax Fund	Other Governmental Funds	Totals (Memorandum Only)	
				2017	2016
Revenues:					
Taxes	\$ 363,650	\$ 3,490,777	\$ 82,629	\$ 3,937,056	\$ 3,955,359
Licenses and permits	617,537	-	-	617,537	609,588
Intergovernmental	243,292	6,275	567,794	817,361	1,782,722
Fines and forfeitures	162,972	-	-	162,972	87,305
Miscellaneous	495,899	2,497	6,928	505,324	628,829
Total revenues	<u>1,883,350</u>	<u>3,499,549</u>	<u>657,351</u>	<u>6,040,250</u>	<u>7,063,803</u>
Expenditures:					
Current -					
General government	1,722,867	8,042	20,031	1,750,940	1,711,901
Public safety:					
Police	3,053,915	19,459	-	3,073,374	3,097,631
Fire	3,124,158	33,412	910	3,158,480	3,069,519
Highways and streets	1,072,537	159,121	-	1,231,658	1,283,162
Culture and recreation	417,145	9,563	-	426,708	407,107
Capital outlay	105,145	443,415	699,669	1,248,229	1,949,796
Debt service -					
Principal retirement	-	49,346	581,000	630,346	599,553
Interest and fiscal charges	-	2,961	105,098	108,059	108,176
Total expenditures	<u>9,495,767</u>	<u>725,319</u>	<u>1,406,708</u>	<u>11,627,794</u>	<u>12,226,845</u>
Excess (deficiency) of revenues over expenditures	<u>(7,612,417)</u>	<u>2,774,230</u>	<u>(749,357)</u>	<u>(5,587,544)</u>	<u>(5,163,042)</u>
Other financing sources (uses):					
Proceeds from capital lease/bond issuance	-	90,329	-	90,329	600,000
Transfers in	7,691,154	89,006	707,900	8,488,060	8,167,105
Transfers out	<u>(10,363)</u>	<u>(2,804,726)</u>	<u>(181,607)</u>	<u>(2,996,696)</u>	<u>(3,206,160)</u>
Total other financing sources (uses)	<u>7,680,791</u>	<u>(2,625,391)</u>	<u>526,293</u>	<u>5,581,693</u>	<u>5,560,945</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	68,374	148,839	(223,064)	(5,851)	397,903
Fund balances, beginning	<u>1,022,325</u>	<u>1,090,024</u>	<u>1,167,543</u>	<u>3,279,892</u>	<u>2,881,989</u>
Fund balances, ending	<u>\$ 1,090,699</u>	<u>\$ 1,238,863</u>	<u>\$ 944,479</u>	<u>\$ 3,274,041</u>	<u>\$ 3,279,892</u>

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, 2017

Total net changes in fund balances at December 31, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (5,851)
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,248,229
Depreciation expense for the year ended December 31, 2017	<u>(1,445,492)</u> (197,263)
The repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	630,346
Less: proceeds of capital lease	(90,329)
Add: Net income of the Self-Insurance Internal Service Fund	29,992
Less: Excess of compensated absences earned over compensated absences used	(59,862)
Less: OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(741,686)
Less: Net effect of pension liability recognition	(425,295)
Add: Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	<u>102</u>
Total changes in net position at December 31, 2017 per Statement of Activities	<u>\$ (863,247)</u>

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

CITY OF ABBEVILLE, LOUISIANA

Comparative Statement of Net Position
Proprietary Funds
December 31, 2017 and 2016

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2017	2016	2017	2016
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 2,318,004	\$ 2,852,775	\$ 160,700	\$ 251,340
Receivables:				
Accounts	1,158,536	1,176,869	-	-
Unbilled utility receivables	852,315	757,831	-	-
Other	-	214,922	133,972	1,060
Inventory - materials and supplies, at cost	317,857	319,919	-	-
Total current assets	<u>4,646,712</u>	<u>5,322,316</u>	<u>294,672</u>	<u>252,400</u>
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	963,289	940,251	-	-
Capital assets, net of accumulated depreciation	14,877,846	15,455,766	-	-
Total noncurrent assets	<u>15,841,135</u>	<u>16,396,017</u>	<u>-</u>	<u>-</u>
Total assets	<u>20,487,847</u>	<u>21,718,333</u>	<u>294,672</u>	<u>252,400</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liabilities	<u>796,502</u>	<u>536,550</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	604,582	896,480	143,586	131,306
Accrued salaries payable	19,894	13,094	-	-
Other accrued liabilities	36,847	37,568	-	-
Total current liabilities	<u>661,323</u>	<u>947,142</u>	<u>143,586</u>	<u>131,306</u>
Noncurrent liabilities:				
Customers' deposits	963,289	940,251	-	-
OPEB obligations	3,141,254	2,955,833	-	-
Net pension liability	1,635,168	1,498,982	-	-
Total noncurrent liabilities	<u>5,739,711</u>	<u>5,395,066</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,401,034</u>	<u>6,342,208</u>	<u>143,586</u>	<u>131,306</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension liabilities	<u>76,308</u>	<u>50,954</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	14,877,846	15,455,766	-	-
Unrestricted	<u>(70,839)</u>	<u>405,954</u>	<u>151,086</u>	<u>121,094</u>
Total net position	<u>\$14,807,007</u>	<u>\$15,861,720</u>	<u>\$ 151,086</u>	<u>\$ 121,094</u>

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

CITY OF ABBEVILLE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 Years Ended December 31, 2017 and 2016

	Business-type Activities- Enterprise Fund		Governmental Activities - Internal Service Funds	
	2017	2016	2017	2016
Operating revenues:				
Charges for services	\$16,614,923	\$17,280,933	\$2,458,112	\$2,279,724
Other	426,149	357,236	432,618	104,512
Total operating revenues	<u>17,041,072</u>	<u>17,638,169</u>	<u>2,890,730</u>	<u>2,384,236</u>
Operating expenses:				
Electric department	8,447,979	9,569,073	-	-
Water department	1,636,608	1,610,849	-	-
Sewerage department	1,489,017	1,493,323	-	-
Depreciation	1,185,162	1,144,675	-	-
Self insurance expenses	-	-	2,861,323	2,263,648
Total operating expenses	<u>12,758,766</u>	<u>13,817,920</u>	<u>2,861,323</u>	<u>2,263,648</u>
Operating income (loss)	<u>4,282,306</u>	<u>3,820,249</u>	<u>29,407</u>	<u>120,588</u>
Nonoperating revenues:				
Interest income	14,090	11,863	585	407
Federal grant revenues	140,254	275,477	-	-
Total nonoperating revenues	<u>154,344</u>	<u>287,340</u>	<u>585</u>	<u>407</u>
Income before contributions and transfers	<u>4,436,651</u>	<u>4,107,589</u>	<u>29,992</u>	<u>120,995</u>
Transfers in (out):				
Transfers in	503,508	642,184	-	-
Transfers out	<u>(5,994,872)</u>	<u>(5,603,129)</u>	<u>-</u>	<u>-</u>
Total transfers in (out)	<u>(5,491,364)</u>	<u>(4,960,945)</u>	<u>-</u>	<u>-</u>
Change in net position	(1,054,713)	(853,356)	29,992	120,995
Net position, beginning,	<u>15,861,720</u>	<u>16,715,076</u>	<u>121,094</u>	<u>99</u>
Net position, ending	<u>\$14,807,007</u>	<u>\$15,861,720</u>	<u>\$ 151,086</u>	<u>\$ 121,094</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, 2017 and 2016

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2017	2016	2017	2016
Cash flows from operating activities:				
Receipts from customers	\$ 16,538,772	\$ 17,316,376	\$ -	\$ -
Receipts from interfund services provided	-	-	2,458,112	2,279,724
Payments to suppliers	(9,344,057)	(9,895,639)	(2,849,043)	(2,359,029)
Payments to employees	(2,426,295)	(2,298,436)	-	-
Other receipts	426,149	357,236	299,706	120,837
Net cash provided (used) by operating activities	<u>5,194,569</u>	<u>5,479,537</u>	<u>(91,225)</u>	<u>41,532</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	503,508	642,184	-	-
Transfers to other funds	<u>(5,994,872)</u>	<u>(5,603,129)</u>	-	-
Net cash used by noncapital financing activities	<u>(5,491,364)</u>	<u>(4,960,945)</u>	-	-
Cash flows from capital and related financing activities:				
Net proceeds of meter deposits	23,038	4,408	-	-
Federal grants	355,176	60,555	-	-
Acquisition of property, plant and equipment	<u>(607,242)</u>	<u>(659,968)</u>	-	-
Net cash used by capital and related financing activities	<u>(229,028)</u>	<u>(595,005)</u>	-	-
Cash flows from investing activities:				
Interest on investments	<u>14,090</u>	<u>11,863</u>	<u>585</u>	<u>407</u>
Net cash provided by investing activities	<u>14,090</u>	<u>11,863</u>	<u>585</u>	<u>407</u>
Net increase (decrease) in cash and cash equivalents	(511,733)	(64,550)	(90,640)	41,939
Cash and cash equivalents, beginning of year	<u>3,793,026</u>	<u>3,857,576</u>	<u>251,340</u>	<u>209,401</u>
Cash and cash equivalents, end of year	<u>\$ 3,281,293</u>	<u>\$ 3,793,026</u>	<u>\$ 160,700</u>	<u>\$ 251,340</u>

(continued)

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

CITY OF ABBEVILLE, LOUISIANA

Comparative Statement of Cash Flows
 Proprietary Funds (Continued)
 Years Ended December 31, 2017 and 2016

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2017	2016	2017	2016
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 4,282,306	\$ 3,820,249	\$ 29,407	\$ 120,588
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,185,162	1,144,675	-	-
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	(76,151)	35,443	-	-
(Increase) decrease in other receivables	-	-	(132,912)	16,325
(Increase) decrease in inventory	2,062	(24,471)	-	-
Increase (decrease) in accounts payable	(291,898)	221,087	12,280	(95,381)
Increase (decrease) in accrued salaries payable	6,800	8,183	-	-
Increase (decrease) in other accrued liabilities	(721)	7,347	-	-
Increase (decrease) in OPEB obligations	185,421	180,774	-	-
Increase (decrease) in pension obligations	(98,412)	86,250	-	-
Net cash provided (used) by operating activities	<u>\$ 5,194,569</u>	<u>\$ 5,479,537</u>	<u>\$ (91,225)</u>	<u>\$ 41,532</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning of year -				
Cash and interest-bearing deposits - unrestricted	\$ 2,852,775	\$ 1,568,028	\$ 251,340	\$ 209,401
Cash and interest-bearing deposits - restricted	<u>940,251</u>	<u>2,289,548</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>3,793,026</u>	<u>3,857,576</u>	<u>251,340</u>	<u>209,401</u>
Cash and cash equivalents, end of year -				
Cash and interest-bearing deposits - unrestricted	2,318,004	2,852,775	160,700	251,340
Cash and interest-bearing deposits - restricted	<u>963,289</u>	<u>940,251</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>3,281,293</u>	<u>3,793,026</u>	<u>160,700</u>	<u>251,340</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (511,733)</u>	<u>\$ (64,550)</u>	<u>\$ (90,640)</u>	<u>\$ 41,939</u>

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

CITY OF ABBEVILLE, LOUISIANA

Statement of Fiduciary Net Position

December 31, 2017

With Comparative Totals for December 31, 2016

	Agency Funds	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and interest-bearing deposits	\$ 70,029	\$ 72,919
LIABILITIES		
Due to others	<u>70,029</u>	<u>72,919</u>
NET POSITION		
Total net position	<u>\$ -</u>	<u>\$ -</u>

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. 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 position 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 1 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'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 fund is 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 position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

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

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

Basis of Accounting

In the government-wide statement of net position and 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 Position, 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 Position.

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.

Accounts receivable is stated at cost, net of any allowance for doubtful accounts. The City maintains allowances for doubtful accounts for estimated losses resulting from the failure of customers to make required payments. The City reviews the accounts receivable on a periodic basis and makes allowances where there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the City considers many factors, including the age of the balance, the customer's payment history, its current credit-worthiness and current economic trends. Based on the management's evaluation of each customer, the City considers all remaining accounts receivable to be fully collectible and, therefore, did not provide for an allowance for doubtful accounts.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, 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 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.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 system customer's meter deposits and, when applicable, certain bond proceeds designated for electric, water and sewer system improvements.

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 noncurrent liabilities.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net other post-employment benefit obligations

In accordance with the transition rules of GASB Statement No. 45, the City has elected to apply its measurement and recognition requirement on a prospective basis. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of the City plus or minus ARC adjustments and interest. The ARC is calculated using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The OPEB obligation at December 31, 2017 is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources 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 position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – 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 position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified inventory and prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which the constraints that have been placed on the use of resources are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the members of the City Council of Abbeville, which is the entity's highest level of decision-making authority. These amounts cannot be used for any other purposes unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City of Abbeville did not have any committed resources as of year end.
- **Assigned:** This classification includes amounts that are constrained by the City of Abbeville's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the City Council of Abbeville. The City has assigned resources in the debt service funds for the payment of principal and interest on outstanding debt.
- **Unassigned:** This classification is the residual fund balance of the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When fund balance resources are available for a specific purpose in multiple classifications, the City of Abbeville will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the City of Abbeville reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

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.

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:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 11
Ad valorem tax (1.33 mills)	City sewer facilities
VPPJ fire prevention revenue	Construction, acquisition, improvement, and maintenance of fire department facilities

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general fund and each special revenue fund 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.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

The City has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 introduced and defined deferred outflows of resources and deferred inflows of resources as consumption and an acquisition, respectively, of net assets by the government that is applicable to a future reporting period. It also identifies net position, rather than net assets, as the residual of all elements presented in a statement of net position.

During the year ended December 31, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. These statements require the City to calculate and recognize its proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense for the three defined benefit plans in which its employees participate. See Note 10 for further details.

Subsequent Events

We have evaluated events subsequent to the balance sheet date through June 14, 2018, the date the financial statements were available to be issued.

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2017, the City has cash and interest-bearing deposits (book balances) totaling \$6,517,781 as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary</u>	<u>Total</u>
Demand deposits	\$ 61,075	\$ 40,342	\$ -	\$ 101,417
Money market accounts	3,005,384	2,340,951	70,029	5,416,364
Time deposits	<u>100,000</u>	<u>900,000</u>	<u>-</u>	<u>1,000,000</u>
	<u>\$ 3,166,459</u>	<u>\$ 3,281,293</u>	<u>\$ 70,029</u>	<u>\$ 6,517,781</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 2 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) of \$6,902,448 at December 31, 2017, are secured as follows:

Federal deposit insurance	\$ 1,000,000
Pledged securities (Category 3)	<u>8,525,804</u>
Total	<u>\$ 9,525,804</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.

NOTE 3 RECEIVABLES

Receivables at December 31, 2017 totaling \$2,740,385 consist of the following:

	General	Sales Tax	Other Governmental	Utility	Health Insurance	Total
Accounts	\$ -	\$ -	\$ -	\$1,158,536	\$ -	\$1,158,536
Unbilled utility	-	-	-	852,315	-	852,315
Taxes:						
Ad valorem	98,113	-	24,529	-	-	122,642
Sales	-	287,351	-	-	-	287,351
Franchise fees	177,516	-	-	-	-	177,516
Other	<u>8,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,972</u>	<u>142,025</u>
Totals	<u>\$283,682</u>	<u>\$287,351</u>	<u>\$ 24,529</u>	<u>\$2,010,851</u>	<u>\$133,972</u>	<u>\$2,740,385</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 4 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following at December 31, 2017:

City Court of Abbeville for court fines and witness fees	\$ 5,675
State of Louisiana for aviation improvements grants	22,888
Federal Aviation Administration for aviation improvements grant	18,360
Vermilion Parish School Board for resource officer	2,770
Abbeville Public Housing Authority for payment in lieu of taxes	20,614
State of Louisiana for beer taxes	<u>5,884</u>
Total	<u>\$ 76,191</u>

NOTE 5 RESTRICTED ASSETS - PROPRIETARY FUND TYPE (UTILITY FUND)

Restricted assets consisted of the following at December 31, 2017:

Customers' deposits	<u>\$ 963,289</u>
---------------------	-------------------

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 898,029	\$ -	\$ -	\$ 898,029
Other capital assets:				
Buildings	3,436,885	39,156	-	3,476,041
Infrastructure	33,198,415	101,661	-	33,300,076
Equipment, furniture and fixtures	5,672,805	756,481	353,780	6,075,506
Improvements other than buildings	<u>19,114,401</u>	<u>350,931</u>	-	<u>19,465,332</u>
Total	<u>62,320,535</u>	<u>1,248,229</u>	<u>353,780</u>	<u>63,214,984</u>
Less accumulated depreciation				
Buildings	\$ 1,536,846	\$ 74,348	\$ -	\$ 1,611,194
Infrastructure	26,053,056	649,701	-	26,702,757
Equipment, furniture and fixtures	3,526,376	355,482	350,380	3,531,478
Improvements other than buildings	<u>13,712,717</u>	<u>365,961</u>	-	<u>14,078,678</u>
Total accumulated depreciation	<u>44,828,995</u>	<u>1,445,492</u>	<u>350,380</u>	<u>45,924,107</u>
Governmental activities, Capital assets, net	<u>\$ 17,491,540</u>	<u>\$ (197,263)</u>	<u>\$ 3,400</u>	<u>\$ 17,290,877</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 70,929	\$ -	\$ -	\$ 70,929
Other capital assets:				
Electric system	13,089,826	24,983	-	13,114,809
Water system	10,591,454	36,040	-	10,627,494
Sewer system	18,234,458	534,215	-	18,768,673
Building, machinery and equipment	<u>1,938,860</u>	<u>12,004</u>	-	<u>1,950,864</u>
Total	<u>43,925,527</u>	<u>607,242</u>	-	<u>44,532,769</u>
Less accumulated depreciation				
Electric system	8,978,526	319,700	-	9,298,226
Water system	6,877,165	265,622	-	7,142,787
Sewer system	11,245,763	479,801	-	11,725,564
Building, machinery and equipment	<u>1,368,307</u>	<u>120,039</u>	-	<u>1,488,346</u>
Total accumulated depreciation	<u>28,469,761</u>	<u>1,185,162</u>	-	<u>29,654,923</u>
Business-type activities, Capital assets, net	<u>\$15,455,766</u>	<u>\$ (577,920)</u>	<u>\$ -</u>	<u>\$14,877,846</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 276,796
Police	112,928
Fire	203,859
Streets	775,785
Culture and recreation	<u>76,124</u>
Total depreciation expense	<u>\$1,445,492</u>

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

Electric	\$ 367,716
Water	301,633
Sewer	<u>515,813</u>
	<u>\$1,185,162</u>

NOTE 7 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.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 7 AD VALOREM TAXES (CONTINUED)

For the year ended December 31, 2017, taxes of 6.65 mills were levied on property with assessed valuations totaling \$62,169,505 and were dedicated as follows:

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

Total taxes levied were \$413,335. Taxes receivable at December 31, 2017 were \$122,642.

NOTE 8 ACCOUNTS, SALARIES, AND OTHER PAYABLES

The accounts, salaries, and other payables consisted of the following at December 31, 2017:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 189,326	\$ 604,582	\$ 793,908
Accrued salaries	145,303	19,894	165,197
Internal service fund claims	143,586	-	143,586
Accrued interest	32,145	-	32,145
Other liabilities	<u>70,522</u>	<u>36,847</u>	<u>107,369</u>
Totals	<u>\$ 580,882</u>	<u>\$ 661,323</u>	<u>\$ 1,242,205</u>

NOTE 9 CHANGES IN LONG TERM DEBT

The following is a summary of governmental activities bonds, business-type activities bonds, capital lease obligations, and compensated absences transactions of the City for the year ended December 31, 2017:

	General Obligations	Capital lease Obligations	Compensated Absences	Total
Long-term debt, 12/31/2016	\$ 5,031,000	\$ 49,346	\$ 547,698	\$ 5,628,044
Additions	-	90,329	59,862	150,191
Retirements	<u>(581,000)</u>	<u>(49,346)</u>	<u>-</u>	<u>(630,346)</u>
Long-term debt, 12/31/2017	<u>\$ 4,450,000</u>	<u>\$ 90,329</u>	<u>\$ 607,560</u>	<u>\$ 5,147,889</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 9 CHANGES IN LONG TERM DEBT (CONTINUED)

Governmental activities debt at December 31, 2017 is comprised of the following:

Revenue Refunding Bonds, Series 2012, due in annual installments of \$362,000 - \$474,000 through March 1, 2022; bearing interest at 0.50 - 2.25 percent per annum, secured by excess annual revenue.	\$ 2,237,000
Sales Tax Revenue Bonds, Series 2014, due in annual installments of \$157,000 - \$198,000 through May 1, 2026; bearing interest at 2.33 percent per annum, secured by annual sales tax revenue.	1,625,000
Revenue Bonds, Series 2016, due in annual installments of \$12,000 - \$86,000 through March 1, 2026; bearing interest at 1.00 - 2.25 percent per annum, secured by excess annual revenue.	<u>588,000</u>
Total	<u>\$ 4,450,000</u>

The debt service requirements for these obligations are as follows:

Year Ending December 31,	Governmental Activities	
	Bond Principal	Bond Interest
2018	\$ 597,000	\$ 94,346
2019	615,000	80,656
2020	694,000	65,920
2021	714,000	50,035
2022	733,000	33,614
2023-2026	<u>1,097,000</u>	<u>51,314</u>
Total	<u>\$ 4,450,000</u>	<u>\$ 375,885</u>

NOTE 10 EMPLOYEE RETIREMENT

Plan Descriptions

The City participates in three state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the City's full-time employees: Municipal Employees' Retirement System (MERS), Municipal Police Employees' Retirement System (MPERS), and Firefighters' Retirement System (FRS) of the State of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual, publicly-available financial reports that include financial statements and required supplementary information for the systems. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

Additional disclosures with respect to GASB 68 to the City's participation in these systems are provided below. The reports for MERS, MPERS, and FRS may be obtained at www.mersla.com, www.lampers.org, and www.lafirefightersret.com respectively. The Municipal Employees' Retirement System (MERS) issues a publicly available financial report, which may be obtained by writing to that system at 9737 Office Park Boulevard, Baton Rouge, LA 70809. The financial report for the Municipal Police Employees' Retirement System (MPERS) may be obtained by writing to that system at 8401 United Plaza Boulevard Suite 270, Baton Rouge, LA 70809-7017. The financial report for the Firefighters' Retirement System (FRS) may be obtained by writing to that system at P.O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095.

Plan Description - MERS

MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana and is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City of Abbeville are members of Plan B. 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 MERS.

Plan Description – MPERS

All full-time police department employees engaged in law enforcement are required to participate in MPERS providing he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Plan Description – FRS

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

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

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

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

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

Benefits Provided

Retirement Benefits – MERS (Plan B)

Any member of Plan B hired before January 1, 2013 may retire at any age with 30 years of creditable service or at age 60 with at least 10 years of creditable service. Any member of Plan B hired on or after January 1, 2013 may retire at age 67 with at least 7 years of creditable service, at age 62 with at least 10 years of creditable service, or at age 55 with at least 30 years of creditable service.

Members hired on or after January 1, 2013 are also eligible to retire at any age with at least 25 years of creditable service, but their benefit will be actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any of the previously mentioned provisions, if the member had continued in service to that age.

Members are entitled to a retirement benefit, payable monthly for life, equal to 2% of the member's final compensation (defined below) multiplied by the member's years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. 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.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

Final compensation is the employee's average salary over the 36 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system on or before June 30, 2006. Final compensation is the employee's average salary over the 60 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system after June 30, 2006. 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.

Retirement Benefits – MPERS

Members of MPERS with membership beginning prior to January 1, 2013 are eligible for regular retirement after he or she has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he or she has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent (3.33%) of the member's final compensation (employee's average salary over the 36 consecutive or joined months that produce the highest average) multiplied by the member's years of creditable service.

Members of MPERS with membership beginning on or after January 1, 2013 are eligible for regular retirement, early retirement, disability and survivor benefits based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he or she has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he or she has been a member of MPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55 or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he or she has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. This is available to MPERS members who are eligible for regular retirement but have not participated in DROP. This program provides both a one-time single sum payment of up to 36 months of the regular monthly retirement benefit, plus a reduced monthly retirement benefit for life.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

Retirement Benefits – FRS

All full-time firefighters for the City who are engaged in fire protection are eligible to participate in FRS. A member who has completed 20 years of creditable service, has been a member at least 1 year, and has reached the age of 50 is eligible for retirement. A member with at least 12 years of service who has reached the age of 55 is eligible for retirement provided he has been a member for at least 1 year. Upon retirement the benefit amount is 3-1/3 percent of average final compensation multiplied by years of creditable service, not to exceed his average final compensation. Average final compensation is the member's average annual earned compensation for any period of 36 successive or joined months of service that produces the highest average. The system also provides death and disability benefits. Benefits are established by state statute.

Deferred Retirement Option

In lieu of terminating employment and accepting a service retirement allowance, any member of MERS who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. A MERS member may participate in DROP only once. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment, are credited to the MERS member's individual DROP account. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the member may receive a lump sum from the account or a true annuity based on the account balance. If employment is not terminated at the end of the three year DROP participation period, payments into the DROP account cease and the person resumes active contributing membership in MERS.

A member of MPERS is eligible to enter DROP when he or she is eligible for regular retirement based on the members' sub plan participation. At the entry date into DROP, employee and employer contributions cease. The amount deposited into the DROP account for MPERS members is equal to the benefit computed under the retirement plan elected by participant date of application. Interest is earned when the MPERS member has completed DROP participation.

Upon termination of employment prior to or at the end of the participation period, the MPERS member may receive a lump sum from the account or a true annuity based on the account balance.

A member of FRS may elect to participate in the deferred retirement option plan (DROP) for up to 36 months, after completing 20 years of creditable service and age 50 or 25 years at any age. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires. Effective June 16, 1999, members eligible to retire who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rates as the DROP account.

Disability Benefits

A member of MERS Plan B is eligible to retire and receive a disability benefit if he or she has at least 10 years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board.

The monthly maximum retirement benefit under Plan B of MERS is the lesser of an amount equal to two percent of member's final compensation multiplied by years of service (not less than 30% of member's final compensation) or an amount equal to what the member's normal retirement benefit would be based on final compensation at time of disability, but assuming continuous service until member's earliest normal retirement age.

A member of MPERS is eligible to retire and receive a disability benefit if he or she has been certified as disabled by the State Medical Disability Board. If the disability incurred is job-related, there is no minimum creditable service requirement. If the disability is non-job-related, a minimum of 10 years of creditable service is required if the member was employed on or after July 1, 2008. Members of MPERS employed prior to July 1, 2008 must have a minimum of 5 years of creditable service to be eligible to retire with disability benefits if the disability incurred is non-job-related. The disability benefit received by a MPERS member is equal to three percent of his or her final average compensation multiplied by years of creditable service (not less than 40%, nor more than 60% of final average compensation). At the time the disabled MPERS member reaches normal retirement age, he or she will have the option to continue to receive the disability retirement benefit or to receive his or her vested retirement benefit.

A member of FRS is eligible to retire and receive a disability benefit if he or she has been officially certified as disabled by the State Medical Disability Board. Any member totally disabled from injury in the line of duty, shall be paid, on a monthly basis, an annual pension of 60.0% of the average final compensation being received at the time of disability. Any member who has become disabled or incapacitated because of continued illness or as a result of any injury received, even though not in the line of duty, and who has 5 years of creditable service, but is not eligible for retirement under the provisions of R. S. 11:2256 may apply for retirement under the provisions of R. S. 11:2258 and shall be retired on 75.0% of the retirement salary to which he would be entitled under R. S. 11:2256 if he were otherwise

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

eligible there under or 25.0% of the member's average salary, whichever is greater. Any retired member or DROP plan participant who becomes disabled for any reason provided for by law shall be permitted to apply for conversion of a service retirement to a service connected disability retirement under R. S. 11:2258(B)(1)(e). Should a member who is on disability retirement die and leave a surviving spouse, the surviving spouse shall receive a benefit of \$200 per month. When the member takes disability retirement, he may, in addition, take an actuarially reduced benefit in which case the member's surviving spouse shall receive 50% of the disability benefit being paid immediately prior to the death of the disabled retiree. If the surviving spouse remarries prior to age 55, such benefits shall cease; however, the benefits shall resume upon subsequent divorce or death of the new spouse, and the approval of the board of trustees.

Survivor's Benefit

The surviving spouse (defined as someone married to the deceased member for at least 12 months immediately preceding the member's death) of a MERS Plan B member (not eligible for retirement at the time of death) will receive a survivor benefit, provided that the member had 5 or more years of creditable service.

The surviving spouse will be paid either a monthly benefit equal to 30% of member's final compensation, payable when surviving spouse attains the age of 60 or becomes disabled, or a monthly benefit equal to actuarial equivalent of the benefit described previously (not less than 15% of member's final compensation), payable upon the death of the member. A MERS Plan B member who is eligible for normal retirement at the time of death will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse upon the date of death. Benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Survivor benefits for MPERS members are payable to the surviving spouse or surviving minor child/children of a deceased active contributing member or a deceased disability retiree. Survivor benefits are not payable to survivors of retirees receiving benefits under the provisions of early or normal service retirement. The maximum benefit for a surviving spouse of a MPERS member is equal to the regular retirement formula, regardless of age, but not less than 40% or more than 60% of the deceased member's final average compensation. There is no requirement for minimum years of creditable service.

If the MPERS member is killed in the line of duty, the surviving spouse shall receive a benefit equal to 100% of the deceased member's final average compensation, less any survivor benefits payable to a child or children. Each surviving minor child of the MPERS member will receive a benefit equal to 10% of deceased member's final average compensation or \$200 per month, whichever is greater. Benefits for a surviving child cease upon the child's attainment of age 18 or upon marriage, whichever occurs first. The benefit may continue after age 18 if the child meets certain educational or disability requirements. The surviving minor child may receive an increased benefit if there is no surviving spouse of the MPERS member.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

Survivor benefits for FRS are payable to survivors of a deceased member who dies and is not eligible for retirement as follows. If any member is killed in the line of duty and leaves a surviving eligible spouse, the spouse is entitled to an annual benefit equal to two-thirds of the deceased member's final compensation. If any member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3% of the deceased member's average final compensation multiplied by his total years of creditable service; however, in no event is the annual benefit less than 40% nor more than 60% of the deceased member's average final compensation. Children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200 per month or 10% of average final compensation (not to exceed 100% of average final compensation) until reaching the age of eighteen or until the age of twenty-two if enrolled full-time in an institution of higher learning, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse, but at least one minor child, each child is entitled to receive forty percent of the deceased's average final compensation, not to exceed an aggregate of sixty percent of average final compensation.

Cost of Living Increases

MERS is authorized under state law to grant an annual cost of living adjustment to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit and may only be granted if sufficient funds are available. The cost of living increase must be paid from investment income in excess of normal requirements.

MPERS is authorized to provide annual cost of living adjustments to members who have been retired for at least one full fiscal year. The adjustment cannot exceed 3% in any given year. MPERS members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

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

Contributions

The MERS, MPERS, and FRS employer contribution rates are established annually under LRS 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. Each plan pays a separate actuarially-determined employer contribution rate. For January 1, 2017 through June 30, 2017, the employer contribution rates for MERS Plan B, MPERS, and FRS were 11.25%; 33.75%; and 27.25%, respectively. For July 1, 2017 through December 31, 2017, the employer contribution rates for MERS Plan B, MPERS, and FRS were 13.25%; 30.75%; and 28.50%, respectively. Employer contributions to MERS, MPERS, and FRS were \$256,915; \$334,457; and \$338,955 respectively, for the year ended December 31, 2017.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

Employees participating in MERS are required to contribute 5.00%; employees participating in MPERS are required to contribute 8.00%; employees participating in the FRS are required to contribute 10.00%.

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. MERS receives ad valorem taxes and state revenue sharing funds. MPERS receives insurance premium tax monies appropriated by the legislature each year based on an actuarial study. FRS receives insurance premium tax monies appropriated by the legislature each year based on an actuarial study. The City of Abbeville recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2017, the City of Abbeville recognized revenue as a result of support received from non-employer contributing entities of \$75,331 for its participation in MERS; \$72,656 for its participation in MPERS; and \$147,012 for its participation in the FRS.

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

The following table reflects the City's reported net pension liability, pension expense, proportionate share of the net pension liability and changes in proportion as of December 31, 2017:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Total</u>
Net Pension Liability	<u>\$2,617,937</u>	<u>\$3,322,738</u>	<u>\$9,269,916</u>	<u>\$15,210,591</u>
Pension Expense	<u>\$ 398,551</u>	<u>\$ 632,568</u>	<u>\$ 432,604</u>	<u>\$ 1,463,723</u>
Proportion of Net Pension Liability	3.0257%	0.3806%	0.5808%	
Change in Proportion Increase (Decrease)	0.1047%	(0.0026)%	(0.1001)%	

The net pension liabilities were measured as of June 30, 2017 and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The City of Abbeville's proportion of the net pension liability for each retirement system was based on a projection of the City of Abbeville's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

At December 31, 2017, the City of Abbeville reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Total</u>
Differences between expected and actual	\$ 13,714	\$ 21,757	\$ -	\$ 35,471
Changes in assumptions	115,270	236,431	139,247	490,948
Net difference between projected and actual earnings on pension plan investments	255,683	66,197	133,175	455,055
Changes in:				
Proportion and differences between employer contributions and proportionate share of:				
Contributions	84,540	259,204	28,047	371,791
Employer contributions subsequent to measurement date	141,604	160,155	173,519	475,278
Total	<u>\$ 610,811</u>	<u>\$ 743,744</u>	<u>\$ 473,988</u>	<u>\$ 1,828,543</u>

Deferred Inflows of Resources

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Total</u>
Differences between expected and actual	\$ 56,832	\$ 25,539	\$ 185,662	\$ 268,033
Changes in assumptions	-	-	794	794
Changes in proportion	36,598	307,928	845,926	1,190,452
Differences between employer contributions and proportionate share of contributions	28,741	52,964	2,868	84,573
Total	<u>\$ 122,171</u>	<u>\$ 386,431</u>	<u>\$ 1,035,250</u>	<u>\$ 1,543,852</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

During the year ended December 31, 2017, employer contributions totaling \$141,604, \$160,155, and \$173,519 were made subsequent to the measurement date for MERS, MPERS, and FRS respectively. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Total</u>
2018	\$ 271,815	\$ 116,490	\$ (37,403)	\$ 350,902
2019	240,053	233,704	19,949	493,706
2020	132,763	200,239	(114,682)	218,320
2021	(297,595)	(353,275)	(256,269)	(907,139)
2022	-	-	(126,958)	(126,958)
2023	-	-	(219,418)	(219,418)
Total	<u>\$ 347,036</u>	<u>\$ 197,158</u>	<u>\$(734,781)</u>	<u>\$ (190,587)</u>

Actuarial Assumptions

The total pension liabilities for MERS, MPERS, and FRS in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>MERS</u>
Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years for Plan B
Investment rate of return	7.40% net of investment expense
Inflation rate	2.775%
Projected salary increases	5.00% (2.775% inflation, 2.225% merit)
Cost of living adjustments	None
Mortality	For Annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality tables (set forward 2 years for males and set forward 1 year for females) for employees, the RP-2000 Disabled Lives Mortality Table (set back 5 years for males and set back 3 years for females) was selected for disabled annuitants.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

MPERS		
Actuarial cost method	Entry Age Normal	
Expected remaining service lives	4 years	
Investment rate of return	7.325% net of investment expense	
Inflation rate	2.70%	
	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Projected salary increases	1 - 2	9.75%
	2 - 23	4.75%
	24 & over	4.25%
Cost of living adjustments	None	
Mortality	Based on an experience study for the period July 1, 2010 - June 30, 2014. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) were selected for annuitant and beneficiary mortality. For employees, the RP-2000 Employee table set back 4 years for males and set back 3 years for females were selected for disabled annuitants. The RP-2000 Disabled Lives Mortality Table (set back 5 years for males and set back 3 years for females) was selected for disabled annuitants.	

FRS	
Actuarial cost method	Entry Age Normal
Expected remaining service lives	7 years
Investment rate of return	7.50% net of investment expense
Inflation rate	2.775%
Projected salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of living adjustments	Only those previously granted
Mortality	The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table (set back 5 years for males and set back 3 years for females) was selected for disabled annuitants.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

The MERS and FRS actuarial assumptions used were based on the results of an experience study for the period July 1, 2009 through June 30, 2014. The MPERS actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2014.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 7.20%, MPERS is 8.19%, and FRS is 8.29% for the year ended June 30, 2017.

Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.40%, MPERS was 7.325%, and FRS was 7.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the actuary.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS, MPERS and FRS as of June 30, 2017 are summarized in the following table:

Asset Class	Expected Rate of Return					
	Target Asset Allocation			Long-Term Expected Portfolio Real Rate of Return		
	MERS	MPERS	FRS	MERS	MPERS	FRS
Fixed income	35%	21%	23%	1.60%	0.52%	2.04%
Equity	50%	53%	57%	2.30%	3.66%	6.82%
Alternatives	15%	20%	10%	0.70%	1.10%	6.68%
Real assets	<u>0%</u>	<u>6%</u>	<u>10%</u>	<u>0.00%</u>	<u>0.16%</u>	<u>4.60%</u>
Totals	<u>100%</u>	<u>100%</u>	<u>100%</u>	4.60%	5.44%	5.54%
Inflation				<u>2.60%</u>	<u>2.75%</u>	<u>2.75%</u>
Expected Arithmetic Nominal Return				<u>7.20%</u>	<u>8.19%</u>	<u>8.29%</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

Based on those assumptions, the net position of MERS, MPERS, and FRS were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City of Abbeville's proportionate share of the net pension liability using the discount rate of 7.40% for MERS, 7.325% for MPERS, and 7.40% for FRS as well as what the City of Abbeville's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.40% for MERS, 6.325% for MPERS, and 6.40% for FRS) or one percentage-point higher (8.40% for MERS, 8.325% for MPERS, and 8.40% for FRS) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
MERS	\$ 3,387,317	\$ 2,617,937	\$ 1,961,379
MPERS	4,590,683	3,322,738	2,259,023
FRS	<u>4,783,991</u>	<u>3,329,241</u>	<u>2,106,315</u>
Total	<u>\$ 12,761,991</u>	<u>\$ 9,269,916</u>	<u>\$ 6,326,717</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued financial reports for MERS, MPERS and FRS and can be obtained on the plans' respective websites or on the Louisiana Legislative Auditor's website: www.la.gov.

Payables to the Pension Plan

At December 31, 2017, payables to MERS, MPERS, and FRS were \$32,646, \$25,534, and \$31,266, respectively for employee and employer legally-required contributions.

[Remainder of this page intentionally left blank]

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 11 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 (2017 - \$1,396,311; 2016 - \$1,402,515) 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 (2017 - \$1,396,311; 2016 - \$1,402,515) for paying a portion of the salaries and benefits of City employees.

One quarter of one percent sales and use tax (2017 - \$698,155; 2016 - \$701,257) shall be allocated periodically for the purpose of increasing the salaries for public safety employees of the City.

NOTE 12 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, 2017 follows:

	<u>Electric</u>	<u>Water</u>	<u>Sewerage</u>	<u>Total</u>
Operating revenues	<u>\$ 13,383,378</u>	<u>\$ 1,851,101</u>	<u>\$ 1,806,593</u>	<u>\$ 17,041,072</u>
Operating expenses:				
Depreciation	367,716	301,633	515,813	1,185,162
Other	<u>8,447,978</u>	<u>1,636,609</u>	<u>1,489,017</u>	<u>11,573,604</u>
Total operating expenses	<u>8,815,694</u>	<u>1,938,242</u>	<u>2,004,830</u>	<u>12,758,766</u>
Operating income (loss)	<u>\$ 4,567,684</u>	<u>\$ (87,141)</u>	<u>\$ (198,237)</u>	<u>\$ 4,282,306</u>

NOTE 13 INTERNAL SERVICE FUND

The City has 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.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 14 COMPENSATION OF CITY OFFICIALS

A detail of compensation paid to the Mayor and Council for the year ended December 31, 2017 follows:

Mark Piazza, Mayor	\$ 67,000
Francis Plaisance, Councilman-at-large	16,725
Wayne Landry, Councilman	15,400
R. Brady Broussard, Jr., Councilman	15,400
Francis Touchet, Councilman	15,400
Louis J. Hardy, Councilman	15,400
	<u>\$ 145,325</u>

NOTE 15 POST EMPLOYMENT BENEFITS

Plan Description – The City of Abbeville’s medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

The employees are covered by one of several retirement systems: the Municipal Employees' Retirement System of Louisiana (MERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; the Municipal Police Retirement System of Louisiana (MPERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; the Firefighters' Retirement System of Louisiana (FRS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. Complete plan provisions are included in the official plan documents.

Life insurance coverage is available to retirees and based on an average blended rate (active and retired). The employer pays 100% of the "cost" of the retiree life insurance, but it is based on the blended rate and there is therefore an implied employer subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Retiree insurance coverage amounts are a flat \$10,000, reducing to \$5,000 at age 70 1/2.

Fund Policy – Until 2008, the City of Abbeville recognized the cost of providing post-employment medical and life insurance benefits (the City of Abbeville’s portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the City of Abbeville’s portion of health care and life insurance funding cost for retired employees totaled \$180,783 and \$167,391, respectively.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POST EMPLOYMENT BENEFITS (CONTINUED)

Contribution Rates – Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Effective January 1, 2008, the City of Abbeville implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB Codification P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The City of Abbeville’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal cost	\$ 624,028	\$ 600,027
30-year UAL amortization amount	747,376	718,631
Annual required contribution (ARC)	<u>\$ 1,371,404</u>	<u>\$ 1,318,658</u>

Net Post-employment Benefit Obligation (Asset) – The table below shows the City of Abbeville’s Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending December 31:

	2017	2016
Beginning Net OPEB Obligation	\$ 14,779,160	\$ 13,875,291
Annual required contribution	1,371,404	1,318,658
Interest on Net OPEB Obligation	591,166	555,012
ARC Adjustment	<u>(854,680)</u>	<u>(802,409)</u>
OPEB Cost	1,107,890	1,071,260
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(180,783)</u>	<u>(167,391)</u>
Change in Net OPEB Obligation	<u>927,107</u>	<u>903,868</u>
Ending Net OPEB Obligation	<u>\$ 15,706,267</u>	<u>\$ 14,779,160</u>

The following table shows the City of Abbeville’s annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for last year and this year:

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POST EMPLOYMENT BENEFITS (CONTINUED)

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
December 31, 2017	\$ 1,107,890	15.63%	\$ 15,706,267
December 31, 2016	\$ 1,071,260	15.63%	\$ 14,779,160

Funded Status and Funding Progress – In 2017 and 2016, the City of Abbeville made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero.

Based on actuarial valuation the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2017 was \$13,440,829 which is defined as that portion, as determined by a particular actuarial cost method (the City of Abbeville uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	2017	2016
Actuarial Accrued Liability (AAL)	\$ 13,440,829	\$ 12,923,874
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ 13,440,829	\$ 12,923,874
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 5,774,250	\$ 5,583,782
UAAL as a percentage of covered payroll	232.77%	231.45%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Abbeville and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Abbeville and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Abbeville and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

Post employment Benefit Plan Eligibility Requirements – Based on past experience, it has been assumed that entitlement to benefits will commence upon retirement at three years after D.R.O.P. entry, which, in turn, has been assumed to be the later of 27 years of service or age 57 and 10 years of service. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POST EMPLOYMENT BENEFITS (CONTINUED)

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical, dental and life insurance for the retirees and dependents. Since blended rates (active and retired) were provided, unblended rates applicable both before and after Medicare eligibility were estimated and were used pursuant to GASB Codification Section P50's mandate. It was estimated that the pre-Medicare retiree rates were 130% of the blended rate and post-Medicare rates were 100% of the blended rate.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	<u>OPEB Costs and Contributions</u>		
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
OPEB Cost	\$ 1,036,255	\$ 1,071,260	\$ 1,107,890
Contribution	-	-	-
Retiree premium	<u>154,992</u>	<u>167,391</u>	<u>180,783</u>
Total contribution and premium	<u>154,992</u>	<u>167,391</u>	<u>180,783</u>
Change in net OPEB obligation	<u>\$ 881,263</u>	<u>\$ 903,869</u>	<u>\$ 927,107</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	14.96%	15.63%	16.32%

NOTE 16 CONTRACT FOR ELECTRIC POWER – ENTERPRISE FUND

The City has entered into an agreement with Exelon Generation Company, LLC for electric power supply service. This agreement is effective from June 1, 2017 through May 31, 2021.

NOTE 17 CAPITAL LEASE OBLIGATIONS

On April 26, 2017, the City of Abbeville entered into a capital lease agreement with Ford Motor Credit for the acquisition of (5) Police Units. The capital lease requires three annual payments of \$48,924 beginning on April 28, 2017.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 18 INTERFUND TRANSFERS

Interfund transfers consist of the following at December 31, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$ 7,691,154	\$ 10,363
Special revenue funds:		
Sales Tax Special Revenue Fund	89,006	2,804,726
Public Improvement - Sewer Fund	-	93,375
Maintenance and Operation - Fire Department Fund	-	88,232
Debt service funds:		
2012 Revenue Refunding Bonds Fund	469,848	-
2014 Sales Tax Revenue Bonds Fund	202,113	-
2016 Revenue Bonds Fund	25,576	
Capital projects funds:		
Airport Improvement Fund	<u>10,363</u>	<u>-</u>
Total governmental funds	<u>8,488,060</u>	<u>2,996,696</u>
Proprietary funds:		
Enterprise Fund	<u>503,508</u>	<u>5,994,872</u>
Total	<u>\$ 8,991,568</u>	<u>\$ 8,991,568</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.

NOTE 19 COMPENSATION, BENEFITS AND OTHER PAYMENTS TO MAYOR

A detail of compensation, benefits, and other payments made to Mayor, Mark Piazza for the year ended December 31, 2017 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 67,000
Benefits - Health insurance	8,704
Benefits - Retirement	8,208
Vehicle provided by government	300

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 20 COMMITMENTS AND CONTINGENCIES

Litigation

Reserves for claims losses are established and recorded as liabilities 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, which totaled \$590,359

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance - Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 353,000	\$ 356,000	\$ 363,650	\$ 7,650	\$ 365,798
Licenses and permits	608,000	618,000	617,537	(463)	609,588
Intergovernmental	230,500	196,000	243,292	47,292	204,342
Fines and forfeitures	120,000	145,000	162,972	17,972	87,305
Miscellaneous	<u>442,500</u>	<u>505,000</u>	<u>495,899</u>	<u>(9,101)</u>	<u>553,241</u>
Total revenues	<u>1,754,000</u>	<u>1,820,000</u>	<u>1,883,350</u>	<u>63,350</u>	<u>1,820,274</u>
Expenditures:					
Current -					
General government	1,760,000	1,777,000	1,722,867	54,133	1,702,594
Public safety:					
Police	3,090,000	3,020,000	3,053,915	(33,915)	3,071,691
Fire	3,190,000	3,130,000	3,124,158	5,842	3,055,601
Highways and streets	1,045,000	1,055,000	1,072,537	(17,537)	1,071,993
Culture and recreation	410,000	420,000	417,145	2,855	396,773
Capital outlay	<u>470,000</u>	<u>123,000</u>	<u>105,145</u>	<u>17,855</u>	<u>16,076</u>
Total expenditures	<u>9,965,000</u>	<u>9,525,000</u>	<u>9,495,767</u>	<u>29,233</u>	<u>9,314,728</u>
Deficiency of revenues over expenditures	<u>(8,211,000)</u>	<u>(7,705,000)</u>	<u>(7,612,417)</u>	<u>92,583</u>	<u>(7,494,454)</u>
Other financing sources (uses):					
Transfers in	7,717,500	7,703,000	7,691,154	(11,846)	7,385,520
Transfers out	<u>-</u>	<u>-</u>	<u>(10,363)</u>	<u>(10,363)</u>	<u>(85,535)</u>
Total other financing sources (uses)	<u>7,717,500</u>	<u>7,703,000</u>	<u>7,680,791</u>	<u>(22,209)</u>	<u>7,299,985</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(493,500)	(2,000)	68,374	70,374	(194,469)
Fund balance, beginning	<u>1,022,325</u>	<u>1,022,325</u>	<u>1,022,325</u>	<u>-</u>	<u>1,216,794</u>
Fund balance, ending	<u>\$ 528,825</u>	<u>\$ 1,020,325</u>	<u>\$ 1,090,699</u>	<u>\$ 70,374</u>	<u>\$ 1,022,325</u>

CITY OF ABBEVILLE, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017		Actual	Variance - Positive (Negative)	2016 Actual
	Budget				
	Original	Final			
Revenues:					
Sales tax	\$3,337,500	\$3,500,000	\$3,490,777	\$ (9,223)	\$3,506,287
Intergovernmental - state	17,000	7,000	6,275	(725)	36,725
Miscellaneous - interest and other	3,000	2,000	2,497	497	26,917
Total revenues	<u>3,357,500</u>	<u>3,509,000</u>	<u>3,499,549</u>	<u>(9,451)</u>	<u>3,569,929</u>
Expenditures:					
Current -					
General government	10,000	10,000	8,042	1,958	9,307
Public safety:					
Police	42,000	42,000	19,459	22,541	25,940
Fire	20,000	30,000	33,412	(3,412)	13,471
Highways and streets	115,000	176,000	159,121	16,879	211,169
Culture and recreation	10,000	10,000	9,563	437	10,334
Capital outlay	590,000	469,000	443,415	25,585	311,117
Debt service -					
Principal	50,000	50,000	49,346	654	46,553
Interest	3,000	3,000	2,961	39	5,754
Total expenditures	<u>840,000</u>	<u>790,000</u>	<u>725,319</u>	<u>64,681</u>	<u>633,645</u>
Excess of revenues over expenditures	<u>2,517,500</u>	<u>2,719,000</u>	<u>2,774,230</u>	<u>55,230</u>	<u>2,936,284</u>
Other financing sources (uses):					
Proceeds of capital lease	-	90,000	90,329	329	-
Transfers in -	-	102,000	89,006	(12,994)	92,996
Transfers out -					
General Fund -					
Salaries	(667,500)	(720,000)	(704,000)	16,000	(673,000)
Retirement	(522,000)	(490,000)	(487,997)	2,003	(516,591)
Health insurance	(593,000)	(593,000)	(592,800)	200	(592,800)
Capital outlay and other costs	-	-	(491)	(491)	-
Debt Service Fund	(602,000)	(609,000)	(609,305)	(305)	(601,216)
Capital Projects Funds	-	-	-	-	-
Utility Fund -					
Retirement	(40,000)	(140,000)	(143,174)	(3,174)	(104,731)
Health insurance	(187,000)	(187,000)	(187,200)	(200)	(187,200)
Capital outlay and other costs	(220,000)	(146,000)	(79,759)	66,241	(255,711)
Total other financing sources (uses)	<u>(2,831,500)</u>	<u>(2,693,000)</u>	<u>(2,625,391)</u>	<u>67,609</u>	<u>(2,838,253)</u>
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	(314,000)	26,000	148,839	122,839	98,031
Fund balance, beginning	<u>1,090,024</u>	<u>1,090,024</u>	<u>1,090,024</u>	<u>-</u>	<u>991,993</u>
Fund balance, ending	<u>\$ 776,024</u>	<u>\$ 1,116,024</u>	<u>\$ 1,238,863</u>	<u>\$ 122,839</u>	<u>\$ 1,090,024</u>

CITY OF ABBEVILLE, LOUISIANA
POST RETIREMENT BENEFITS

Schedule of Funding Progress for the Employees'
Health Insurance Program After Retirement
Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll
1/1/2008	\$ -	\$ 19,217,507	\$ 19,217,507	0.00%	\$ 5,761,164	333.57%
1/1/2009	\$ -	\$ 20,684,957	\$ 20,684,957	0.00%	\$ 5,426,874	381.16%
1/1/2010	\$ -	\$ 22,140,724	\$ 22,140,724	0.00%	\$ 5,693,845	388.85%
1/1/2011	\$ -	\$ 32,894,015	\$ 32,894,015	0.00%	\$ 5,737,270	573.34%
1/1/2012	\$ -	\$ 35,301,616	\$ 35,301,616	0.00%	\$ 5,628,526	627.19%
1/1/2013	\$ -	\$ 12,884,454	\$ 12,884,454	0.00%	\$ 5,668,254	227.31%
1/1/2014	\$ -	\$ 13,399,832	\$ 13,399,832	0.00%	\$ 5,448,077	245.96%
1/1/2015	\$ -	\$ 12,426,802	\$ 12,426,802	0.00%	\$ 5,472,103	227.09%
1/1/2016	\$ -	\$ 12,923,874	\$ 12,923,874	0.00%	\$ 5,583,782	231.45%

CITY OF ABBEVILLE, LOUISIANA
EMPLOYEE RETIREMENT

Schedule of Proportionate Share of Net Pension Liability
Year Ended December 31, 2017

Fiscal Year	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered employee payroll	Share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Municipal Employees' Retirement System					
2017	3.02570%	\$ 2,617,937	\$ 2,097,862	124.79%	63.49%
2016	2.92099%	\$ 2,421,235	\$ 1,962,066	123.40%	63.30%
2015	2.93837%	\$ 1,997,053	\$ 2,001,427	99.78%	68.71%
Municipal Police Employees' Retirement System					
2017	0.38059%	\$ 3,322,738	\$ 997,410	333.14%	70.08%
2016	0.38315%	\$ 3,591,195	\$ 969,480	370.42%	66.00%
2015	0.40739%	\$ 3,191,490	\$ 1,063,951	299.97%	70.73%
Firefighters' Retirement System					
2017	0.58083%	\$ 3,329,241	\$ 1,309,980	254.14%	73.55%
2016	0.68091%	\$ 4,453,793	\$ 1,471,020	302.77%	68.20%
2015	0.75836%	\$ 4,092,960	\$ 1,544,795	264.95%	72.45%

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

CITY OF ABBEVILLE, LOUISIANA
EMPLOYEE RETIREMENT

Schedule of Contributions
Year Ended December 31, 2017

Fiscal Year	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Municipal Employees' Retirement System					
2017	\$ 257,211	\$ 256,915	\$ 296	\$ 2,097,862	12.2%
2016	\$ 203,877	\$ 222,341	\$ (18,464)	\$ 1,962,066	11.3%
2015	\$ 190,136	\$ 190,136	\$ -	\$ 2,001,427	9.5%
Municipal Police Employees' Retirement System					
2017	\$ 321,988	\$ 334,457	\$ (12,469)	\$ 997,410	33.5%
2016	\$ 343,269	\$ 352,248	\$ (8,979)	\$ 969,480	36.3%
2015	\$ 324,732	\$ 324,732	\$ -	\$ 1,063,951	30.5%
Fire fighters' Retirement System					
2017	\$ 365,154	\$ 338,955	\$ 26,199	\$ 1,309,980	25.9%
2016	\$ 418,372	\$ 386,775	\$ 31,597	\$ 1,471,020	26.3%
2015	\$ 451,853	\$ 451,853	\$ -	\$ 1,544,795	29.3%

*Amounts presented were determined as of the end of the fiscal year.

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

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Revenues
Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017				
	Budget		Actual	Variance - Favorable (Unfavorable)	2016 Actual
	Original	Final			
Taxes:					
Ad valorem	\$ 328,000	\$ 328,000	\$ 330,706	\$ 2,706	\$ 332,884
Housing authority payment in lieu of taxes	12,000	15,000	20,614	5,614	20,284
Chain store	<u>13,000</u>	<u>13,000</u>	<u>12,330</u>	<u>(670)</u>	<u>12,630</u>
Total taxes	<u>353,000</u>	<u>356,000</u>	<u>363,650</u>	<u>7,650</u>	<u>365,798</u>
Licenses and permits:					
Occupational licenses	548,000	558,000	557,189	(811)	548,185
Beer and liquor licenses	19,000	19,000	17,534	(1,466)	25,376
Building and other permits	<u>41,000</u>	<u>41,000</u>	<u>42,814</u>	<u>1,814</u>	<u>36,027</u>
Total licenses and permits	<u>608,000</u>	<u>618,000</u>	<u>617,537</u>	<u>(463)</u>	<u>609,588</u>
Intergovernmental:					
Vermilion Parish Police Jury/School Board -					
Fire insurance tax	76,000	-	-	-	76,202
Resource officer	25,000	25,000	32,016	7,016	27,925
State of Louisiana -					
Beer taxes	25,000	25,000	24,792	(208)	26,491
State grants	34,500	76,000	115,089	39,089	38,041
Federal -					
FEMA	50,000	50,000	50,781	781	-
Police department grants	<u>20,000</u>	<u>20,000</u>	<u>20,614</u>	<u>614</u>	<u>35,683</u>
Total intergovernmental	<u>230,500</u>	<u>196,000</u>	<u>243,292</u>	<u>47,292</u>	<u>204,342</u>
Fines and forfeitures	<u>120,000</u>	<u>145,000</u>	<u>162,972</u>	<u>17,972</u>	<u>87,305</u>
Miscellaneous:					
Rental income	105,000	108,000	112,607	4,607	102,345
Franchise fees - Reliant	61,000	61,000	67,610	6,610	64,143
Franchise fees - Cable TV	83,000	83,000	74,537	(8,463)	74,540
Franchise fees - Bell South	21,000	18,000	12,735	(5,265)	17,827
Franchise fees - La Competitive	6,000	6,000	8,524	2,524	6,565
Franchise fees - Entergy	35,000	38,000	38,111	111	38,280
Interest income	1,000	1,000	2,719	1,719	2,525
Witness fees	10,000	15,000	17,862	2,862	8,199
Youth recreation revenues	43,000	19,000	18,795	(205)	43,034
Oil and mineral leases	25,000	101,500	96,450	(5,050)	119,346
Other sources	<u>52,500</u>	<u>54,500</u>	<u>45,949</u>	<u>(8,551)</u>	<u>76,437</u>
Total miscellaneous	<u>442,500</u>	<u>505,000</u>	<u>495,899</u>	<u>(9,101)</u>	<u>553,241</u>
Total revenues	<u>\$ 1,754,000</u>	<u>\$ 1,820,000</u>	<u>\$ 1,883,350</u>	<u>\$ 63,350</u>	<u>\$ 1,820,274</u>

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures
Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017		Actual	Variance - Favorable (Unfavorable)	2016 Actual
	Budget				
	Original	Final			
General government:					
Administrative -					
Salaries	\$ 354,000	\$ 352,000	\$ 352,138	\$ (138)	\$ 346,328
Employees' insurance	206,000	206,000	211,225	(5,225)	191,675
Payroll taxes	31,000	31,000	30,935	65	30,448
Retirement	31,500	37,500	42,702	(5,202)	33,450
General insurance	34,000	32,000	35,248	(3,248)	34,023
Equipment operating expense	13,000	13,000	13,355	(355)	10,993
Dues and subscriptions	3,000	3,000	3,852	(852)	3,486
Janitorial	15,000	15,000	12,650	2,350	12,900
Legal and accounting	140,000	147,000	135,652	11,348	137,575
Maintenance and repairs	14,000	14,000	14,639	(639)	16,600
Other professional fees	66,000	52,000	49,030	2,970	53,029
Travel and convention expenses	6,500	6,500	5,060	1,440	3,972
Office supplies	32,500	27,500	28,660	(1,160)	26,806
Postage	12,500	12,500	8,907	3,593	8,400
Publications	30,000	25,000	23,879	1,121	25,125
Telephone	28,000	28,000	28,077	(77)	28,928
Rents	7,500	7,500	7,200	300	7,200
Utilities	13,000	13,000	11,722	1,278	14,233
Employee drug testing	2,500	2,000	625	1,375	912
Security guard	24,000	21,000	20,350	650	17,025
Main Street and related projects	47,000	47,000	42,929	4,071	49,106
Economic development	15,000	7,500	7,500	-	15,000
Drug task force	35,000	35,000	35,000	-	35,000
Miscellaneous	31,000	30,000	51,731	(21,731)	43,217
Total administrative	<u>1,192,000</u>	<u>1,165,000</u>	<u>1,173,066</u>	<u>(8,066)</u>	<u>1,145,431</u>
Airport expenses -					
Salaries	22,000	22,000	20,000	2,000	20,000
Payroll taxes	1,500	1,500	1,530	(30)	1,530
Safety director	6,000	2,000	1,500	500	6,000
Utilities and telephone	14,000	13,000	13,762	(762)	13,840
Equipment operating expense	5,000	5,000	2,035	2,965	3,133
Repairs and maintenance	10,000	9,000	6,135	2,865	6,751
Professional services	23,000	66,000	22,745	43,255	22,886
Supplies	12,000	12,000	13,303	(1,303)	20,717
Miscellaneous	1,500	1,500	1,504	(4)	1,563
Total airport	<u>95,000</u>	<u>132,000</u>	<u>82,514</u>	<u>49,486</u>	<u>96,420</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2017

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2017				
	Budget		Actual	Variance - Favorable (Unfavorable)	2016 Actual
	Original	Final			
City Court -					
Salaries	\$ 105,000	\$ 105,000	\$ 99,660	\$ 5,340	\$ 98,684
Employees' insurance	110,000	110,000	109,515	485	108,922
Payroll taxes	9,000	9,000	8,787	213	8,744
Retirement	20,000	20,000	24,060	(4,060)	22,650
General insurance	20,000	20,000	21,305	(1,305)	20,356
Equipment operating expense	7,000	7,000	4,752	2,248	5,209
Repair and maintenance	4,000	4,000	829	3,171	1,494
Utilities	4,000	4,000	3,824	176	3,619
Witness fees	15,000	13,000	10,100	2,900	11,850
Legal	32,000	32,000	28,800	3,200	28,800
Miscellaneous	1,000	1,000	968	32	1,131
Total city court	<u>327,000</u>	<u>325,000</u>	<u>312,600</u>	<u>12,400</u>	<u>311,459</u>
Tax & Licenses -					
Salaries	66,000	66,000	66,937	(937)	62,783
Employees' insurance	21,000	21,000	23,434	(2,434)	28,075
Payroll taxes	4,500	5,000	4,951	49	4,631
Retirement	4,500	8,000	8,090	(90)	6,662
Postage	3,000	3,500	849	2,651	3,487
Supplies	9,000	12,000	12,502	(502)	11,583
Miscellaneous	1,000	500	172	328	223
Total motor pool	<u>109,000</u>	<u>116,000</u>	<u>116,935</u>	<u>(935)</u>	<u>117,444</u>
Civil Service -					
Salaries	16,000	17,000	17,975	(975)	15,484
Payroll taxes	1,500	1,500	1,326	174	1,126
Supplies	2,500	2,500	255	2,245	998
Medical services	12,000	13,000	13,496	(496)	7,882
Legal fees	5,000	5,000	4,700	300	6,100
Miscellaneous	-	-	-	-	250
Total civil service	<u>37,000</u>	<u>39,000</u>	<u>37,752</u>	<u>1,248</u>	<u>31,840</u>
Total general government	<u>1,760,000</u>	<u>1,777,000</u>	<u>1,722,867</u>	<u>54,133</u>	<u>1,702,594</u> (continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017		Actual	Variance - Favorable (Unfavorable)	2016 Actual
	Budget				
	Original	Final			
Public Safety:					
Police -					
Salaries	\$ 1,483,500	\$ 1,408,500	\$ 1,405,790	\$ 2,710	\$ 1,503,510
Employees' insurance	563,500	563,500	623,744	(60,244)	563,068
Payroll taxes	26,000	26,000	25,140	860	34,545
Retirement	360,000	345,000	333,564	11,436	352,248
General insurance	235,000	235,000	254,930	(19,930)	237,707
Equipment operating expense	163,000	185,000	147,074	37,926	151,877
Uniforms	20,000	20,000	17,314	2,686	20,062
Supplies	50,000	48,000	59,171	(11,171)	42,417
Membership dues	8,000	8,000	8,963	(963)	6,833
Prisoner housing	75,000	75,000	73,919	1,081	58,223
Utilities	15,000	15,000	11,937	3,063	12,774
Telephone	32,000	32,000	33,037	(1,037)	32,708
Dog expenses	5,000	5,000	4,069	931	4,913
DARE program	5,000	5,000	4,058	942	6,449
Schools and convention	10,000	10,000	9,794	206	2,872
Professional fees	23,000	23,000	24,607	(1,607)	20,647
Miscellaneous	16,000	16,000	16,804	(804)	20,838
Total police	<u>3,090,000</u>	<u>3,020,000</u>	<u>3,053,915</u>	<u>(33,915)</u>	<u>3,071,691</u>
Fire -					
Salaries	1,680,000	1,655,000	1,662,257	(7,257)	1,622,415
Employees' insurance	590,000	590,000	612,233	(22,233)	564,485
Payroll taxes	140,000	140,000	136,778	3,222	128,192
Retirement	425,000	350,000	339,075	10,925	386,775
General insurance	170,000	190,000	187,505	2,495	164,530
Equipment operating expense	45,000	56,000	51,515	4,485	44,970
Uniforms	20,000	20,000	18,295	1,705	19,310
Supplies	51,000	51,000	42,172	8,828	42,236
Utilities	20,000	20,000	21,975	(1,975)	20,355
Telephone	6,000	10,000	9,731	269	10,587
Maintenance and repairs	5,000	5,000	6,806	(1,806)	7,759
Professional services	5,000	10,000	6,882	3,118	12,256
Schools and conventions	20,000	20,000	15,380	4,620	20,720
Miscellaneous	13,000	13,000	13,554	(554)	11,011
Total fire	<u>3,190,000</u>	<u>3,130,000</u>	<u>3,124,158</u>	<u>5,842</u>	<u>3,055,601</u>
Total public safety	<u>6,280,000</u>	<u>6,150,000</u>	<u>6,178,073</u>	<u>(28,073)</u>	<u>6,127,292</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017		Actual	Variance - Favorable (Unfavorable)	2016 Actual
	Budget				
	Original	Final			
Highways and Streets:					
Salaries	\$ 330,000	\$ 330,000	\$ 332,437	\$ (2,437)	\$ 329,784
Employees' insurance	120,000	120,000	127,084	(7,084)	115,853
Payroll taxes	23,000	24,000	24,549	(549)	24,509
Retirement	27,000	32,000	31,238	762	27,875
General insurance	160,000	160,000	168,544	(8,544)	167,652
Equipment operating expense	62,000	62,000	73,631	(11,631)	97,346
Utilities and telephone	24,000	24,000	22,016	1,984	25,820
Professional services	2,500	2,500	2,473	27	250
Maintenance of grass	125,000	125,000	111,700	13,300	110,150
Small tools and supplies	8,500	8,500	14,680	(6,180)	18,101
Maintenance materials	72,000	72,000	63,663	8,337	67,030
Electricity for street lights	80,000	80,000	76,154	3,846	69,744
Uniforms	5,000	5,000	5,929	(929)	7,107
Miscellaneous	6,000	10,000	18,439	(8,439)	10,772
Total highways and streets	<u>1,045,000</u>	<u>1,055,000</u>	<u>1,072,537</u>	<u>(17,537)</u>	<u>1,071,993</u>
Culture and Recreation:					
Parks -					
Salaries	124,000	94,000	95,156	(1,156)	111,008
Employees' insurance	20,000	20,000	21,686	(1,686)	21,366
Payroll taxes	8,500	6,500	7,088	(588)	8,292
Retirement	8,000	8,000	8,716	(716)	7,938
General insurance	15,000	15,000	12,840	2,160	12,976
Equipment operating expenses	8,000	8,000	4,417	3,583	7,977
Supplies	12,500	14,500	11,577	2,923	14,937
Repairs and maintenance	69,500	71,000	69,617	1,383	69,530
Utilities and telephone	59,750	63,750	65,386	(1,636)	62,159
Security and janitorial	24,000	18,500	18,085	415	25,160
Youth recreation expenses	52,000	92,000	90,601	1,399	48,300
Miscellaneous	8,750	8,750	11,976	(3,226)	7,130
Total parks	<u>410,000</u>	<u>420,000</u>	<u>417,145</u>	<u>2,855</u>	<u>396,773</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017		Actual	Variance - Favorable (Unfavorable)	2016 Actual
	Budget				
	Original	Final			
Capital outlay:					
General government -					
Administrative	\$ -	\$ -	\$ -	\$ -	\$ 16,076
Airport	465,000	118,000	105,145	12,855	-
Public safety -					
Police	<u>5,000</u>	<u>5,000</u>	-	<u>5,000</u>	-
Total capital outlay	<u>470,000</u>	<u>123,000</u>	<u>105,145</u>	<u>17,855</u>	<u>16,076</u>
Total expenditures	<u>\$ 9,965,000</u>	<u>\$ 9,525,000</u>	<u>\$ 9,495,767</u>	<u>\$ 29,233</u>	<u>\$ 9,314,728</u>

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Other Financing Sources (Uses)
Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017		Actual	Variance - Favorable (Unfavorable)	2016 Actual
	Budget				
	Original	Final			
Other financing sources:					
Transfers from other funds -					
Utility Fund	\$5,935,000	\$ 5,900,000	\$ 5,905,866	\$ 5,866	\$ 5,603,129
Sales Tax Fund	1,782,500	1,803,000	1,785,288	(17,712)	1,782,391
Transfers to other funds -					
Sales Tax Fund	-	-	-	-	(77,023)
Airport Improvement Fund	-	-	(10,363)	(10,363)	(8,512)
 Total other financing sources	<u>\$7,717,500</u>	<u>\$ 7,703,000</u>	<u>\$ 7,680,791</u>	<u>\$ (22,209)</u>	<u>\$ 7,299,985</u>

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
December 31, 2017
With comparative Totals for December 31, 2016

	Special Revenue	Debt Service	Capital Projects	Totals	
				2017	2016
ASSETS					
Cash and interest-bearing deposits	\$ 408,033	\$ 501,007	\$ -	\$ 909,040	\$ 1,247,901
Receivables -					
Ad valorem taxes	24,529	-	-	24,529	10,461
Due from other governments	<u>-</u>	<u>-</u>	<u>19,160</u>	<u>19,160</u>	<u>111,033</u>
Total assets	<u>\$ 432,562</u>	<u>\$ 501,007</u>	<u>\$ 19,160</u>	<u>\$ 952,729</u>	<u>\$ 1,369,395</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 8,250	\$ -	\$ -	\$ 8,250	\$ 201,852
Due to other fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>8,250</u>	<u>-</u>	<u>-</u>	<u>8,250</u>	<u>201,852</u>
Fund balances:					
Restricted for economic development	24,078	-	-	24,078	24,109
Restricted for fire protection	317,723	-	-	317,723	561,397
Restricted for sewer improvement	82,511	-	-	82,511	93,236
Assigned for debt service	-	501,007	-	501,007	488,801
Unassigned	<u>-</u>	<u>-</u>	<u>19,160</u>	<u>19,160</u>	<u>-</u>
Total fund balances	<u>424,312</u>	<u>501,007</u>	<u>19,160</u>	<u>944,479</u>	<u>1,167,543</u>
Total liabilities and fund balances	<u>\$ 432,562</u>	<u>\$ 501,007</u>	<u>\$ 19,160</u>	<u>\$ 952,729</u>	<u>\$ 1,369,395</u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	Special Revenue	Debt Service	Capital Projects	Totals	
				2017	2016
Revenues:					
Taxes	\$ 82,629	\$ -	\$ -	\$ 82,629	\$ 83,274
Intergovernmental	415,976	-	151,818	567,794	1,541,655
Miscellaneous	<u>6,161</u>	<u>767</u>	<u>-</u>	<u>6,928</u>	<u>48,671</u>
Total revenues	<u>504,766</u>	<u>767</u>	<u>151,818</u>	<u>657,351</u>	<u>1,673,600</u>
Expenditures:					
Current -					
General government	31	-	20,000	20,031	-
Fire protection	910	-	-	910	447
Capital outlay	576,648	-	123,021	699,669	1,622,603
Debt service -					
Principal retirement	-	581,000	-	581,000	553,000
Interest and fiscal charges	<u>-</u>	<u>105,098</u>	<u>-</u>	<u>105,098</u>	<u>102,422</u>
Total expenditures	<u>577,589</u>	<u>686,098</u>	<u>143,021</u>	<u>1,406,708</u>	<u>2,278,472</u>
Excess (deficiency) of revenues over expenditures	<u>(72,823)</u>	<u>(685,331)</u>	<u>8,797</u>	<u>(749,357)</u>	<u>(604,872)</u>
Other financing sources (uses):					
Proceeds of bond issuance	-	-	-	-	600,000
Transfers in	-	697,537	10,363	707,900	688,589
Transfers out	<u>(181,607)</u>	<u>-</u>	<u>-</u>	<u>(181,607)</u>	<u>(189,376)</u>
Total financing sources (uses)	<u>(181,607)</u>	<u>697,537</u>	<u>10,363</u>	<u>526,293</u>	<u>1,099,213</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(254,430)	12,206	19,160	(223,064)	494,341
Fund balance, beginning	<u>678,742</u>	<u>488,801</u>	<u>-</u>	<u>1,167,543</u>	<u>673,202</u>
Fund balance, ending	<u>\$ 424,312</u>	<u>\$ 501,007</u>	<u>\$ 19,160</u>	<u>\$ 944,479</u>	<u>\$ 1,167,543</u>

NONMAJOR SPECIAL REVENUE FUNDS

Public Improvement (Sewer) Fund

This fund accounts 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

This fund accounts 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.

Economic Development District No. 1

This fund accounts for the receipt and disbursement of proceeds from the half cent sales and use tax within the boundaries of Economic District No. 1.

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
December 31, 2017
With Comparative Totals for December 31, 2016

	<u>Public Improvement Sewer Fund</u>	<u>Maint. and Operation - Fire Dept. Fund</u>	<u>Economic Development District No. 1 Fund</u>	<u>Totals</u>	
				2017	2016
ASSETS					
Interest-bearing deposits	\$ 57,982	\$ 325,973	\$ 24,078	\$408,033	\$668,281
Receivables:					
Ad valorem taxes	<u>24,529</u>	<u>-</u>	<u>-</u>	<u>24,529</u>	<u>10,461</u>
Total assets	<u>\$ 82,511</u>	<u>\$ 325,973</u>	<u>\$ 24,078</u>	<u>\$432,562</u>	<u>\$678,742</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 8,250	\$ -	\$ 8,250	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>8,250</u>	<u>-</u>	<u>8,250</u>	<u>-</u>
Fund balances:					
Restricted for economic development	-	-	24,078	24,078	24,109
Restricted for fire protection	-	317,723	-	317,723	561,397
Restricted for sewer improvements	<u>82,511</u>	<u>-</u>	<u>-</u>	<u>82,511</u>	<u>93,236</u>
Total fund balances	<u>82,511</u>	<u>317,723</u>	<u>24,078</u>	<u>424,312</u>	<u>678,742</u>
Total liabilities and fund balances	<u>\$ 82,511</u>	<u>\$ 325,973</u>	<u>\$ 24,078</u>	<u>\$432,562</u>	<u>\$678,742</u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	Public Improvement Sewer Fund	Maint. and Operation - Fire Dept. Fund	Economic Development District No. 1 Fund	Totals	
				2017	2016
Revenues:					
Taxes	\$ 82,629	\$ -	\$ -	\$ 82,629	\$ 83,274
Intergovernmental	-	415,976	-	415,976	278,690
Other revenues	<u>21</u>	<u>6,140</u>	<u>-</u>	<u>6,161</u>	<u>47,937</u>
Total revenues	<u>82,650</u>	<u>422,116</u>	<u>-</u>	<u>504,766</u>	<u>409,901</u>
Expenditures:					
Current -					
General government -					
Economic development	-	-	31	31	-
Public safety -					
Fire protection	-	910	-	910	447
Capital outlay	<u>-</u>	<u>576,648</u>	<u>-</u>	<u>576,648</u>	<u>367,099</u>
Total expenditures	<u>-</u>	<u>577,558</u>	<u>31</u>	<u>577,589</u>	<u>367,546</u>
Excess (deficiency) of revenues over expenditures					
	<u>82,650</u>	<u>(155,442)</u>	<u>(31)</u>	<u>(72,823)</u>	<u>42,355</u>
Other financing sources (uses):					
Proceeds of bond issuance	-	-	-	-	600,000
Transfers out	<u>(93,375)</u>	<u>(88,232)</u>	<u>-</u>	<u>(181,607)</u>	<u>(173,403)</u>
Total financing sources (uses)	<u>(93,375)</u>	<u>(88,232)</u>	<u>-</u>	<u>(181,607)</u>	<u>426,597</u>
Excess (deficiency) of revenues over expenditures and other financing uses					
	(10,725)	(243,674)	(31)	(254,430)	468,952
Fund balances, beginning	<u>93,236</u>	<u>561,397</u>	<u>24,109</u>	<u>678,742</u>	<u>209,790</u>
Fund balances, ending	<u>\$ 82,511</u>	<u>\$ 317,723</u>	<u>\$ 24,078</u>	<u>\$424,312</u>	<u>\$678,742</u>

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, 2017
 With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance - Favorable (Unfavorable)	2016 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Taxes -					
Ad valorem taxes	\$ 82,000	\$ 82,000	\$ 82,629	\$ 629	\$ 83,274
Other revenues -					
Interest	-	-	21	21	131
Total revenues	<u>82,000</u>	<u>82,000</u>	<u>82,650</u>	<u>650</u>	<u>83,405</u>
Expenditures:					
Current -					
General government	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	82,000	82,000	82,650	650	83,405
Other financing sources (uses):					
Transfers out	<u>(60,000)</u>	<u>(105,000)</u>	<u>(93,375)</u>	<u>11,625</u>	<u>(94,542)</u>
Total other financing sources (uses)	<u>(60,000)</u>	<u>(105,000)</u>	<u>(93,375)</u>	<u>11,625</u>	<u>(94,542)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	22,000	(23,000)	(10,725)	12,275	(11,137)
Fund balance, beginning	<u>93,236</u>	<u>93,236</u>	<u>93,236</u>	<u>-</u>	<u>104,373</u>
Fund balance, ending	<u>\$ 115,236</u>	<u>\$ 70,236</u>	<u>\$ 82,511</u>	<u>\$ 12,275</u>	<u>\$ 93,236</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, 2017
 With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance - Favorable (Unfavorable)	2016 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Intergovernmental -					
Federal grants	\$ -	\$ 165,000	\$ 165,334	\$ 334	\$ -
Vermilion Parish Police Jury -					
Fire protection	95,000	95,000	95,140	140	278,690
Fire insurance tax	-	82,000	82,444	444	-
Other financial assistance	-	-	73,058	73,058	-
Other -					
Interest and other revenue	-	6,000	6,140	140	47,806
Total revenues	<u>95,000</u>	<u>348,000</u>	<u>422,116</u>	<u>74,116</u>	<u>326,496</u>
Expenditures:					
Maintenance and repairs	10,000	-	910	(910)	-
Small tools and equipment	35,000	10,000	-	10,000	447
Capital outlay	<u>460,000</u>	<u>515,000</u>	<u>576,648</u>	<u>(61,648)</u>	<u>367,099</u>
Total expenditures	<u>505,000</u>	<u>525,000</u>	<u>577,558</u>	<u>(52,558)</u>	<u>367,546</u>
Excess (deficiency) of revenues over expenditures	(410,000)	(177,000)	(155,442)	21,558	(41,050)
Other financing sources (uses):					
Proceeds from bond issuance	-	-	-	-	600,000
Transfers out	<u>(87,000)</u>	<u>(87,000)</u>	<u>(88,232)</u>	<u>(1,232)</u>	<u>(78,861)</u>
Total other financing sources (uses)	<u>(87,000)</u>	<u>(87,000)</u>	<u>(88,232)</u>	<u>(1,232)</u>	<u>521,139</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(497,000)	(264,000)	(243,674)	20,326	480,089
Fund balance, beginning	<u>561,397</u>	<u>561,397</u>	<u>561,397</u>	<u>-</u>	<u>81,308</u>
Fund balance, ending	<u>\$ 64,397</u>	<u>\$ 297,397</u>	<u>\$ 317,723</u>	<u>\$ 20,326</u>	<u>\$ 561,397</u>

CITY OF ABBEVILLE, LOUISIANA
 Nonmajor Special Revenue Fund
 Economic Development District No. 1 Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance –
 Budget (GAAP Basis) and Actual
 Year Ended December 31, 2017
 With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance - Favorable (Unfavorable)	2016 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Taxes -					
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues -					
Interest	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures:					
Current -					
General government -					
Economic development	-	-	31	(31)	-
Total expenditures	-	-	31	(31)	-
Excess of revenues over expenditures					
	-	-	(31)	(31)	-
Fund balance, beginning	<u>24,109</u>	<u>24,109</u>	<u>24,109</u>	-	<u>24,109</u>
Fund balance, ending	<u>\$ 24,109</u>	<u>\$ 24,109</u>	<u>\$ 24,078</u>	<u>\$ (31)</u>	<u>\$ 24,109</u>

NONMAJOR DEBT SERVICE FUNDS

2012 Revenue Refunding Bond Fund

This fund accumulates monies for payment of the \$4,160,000 Revenue Refunding Bonds, Series 2012. Debt service is financed by transfers from the Sales Tax Fund and the Maintenance and Operation – Fire Department Fund.

2014 Sales Tax Revenue Bond Fund

This fund accumulates monies for payment of the \$2,100,000 Sales Tax Revenue Bonds, Series 2014. Debt service is financed by transfers from the Sales Tax Fund.

2016 Revenue Bond Fund

This fund accumulates monies for payment of the \$600,000 Revenue Bonds, Series 2016. 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, 2017
With Comparative Totals for December 31, 2016

	2012 Revenue Refunding Bond Fund	2014 Sales Tax Revenue Bond Fund	2016 Revenue Bond Fund	Totals	
				2017	2016
ASSETS					
Interest - bearing deposits	<u>\$ 370,431</u>	<u>\$ 116,265</u>	<u>\$ 14,311</u>	<u>\$ 501,007</u>	<u>\$ 488,801</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	-	-	-	-	-
Fund balance:					
Assigned for debt service	<u>370,431</u>	<u>116,265</u>	<u>14,311</u>	<u>501,007</u>	<u>488,801</u>
Total liabilities and fund balance	<u>\$ 370,431</u>	<u>\$ 116,265</u>	<u>\$ 14,311</u>	<u>\$ 501,007</u>	<u>\$ 488,801</u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2017
With Comparative Totals for December 31, 2016

	2012	2014	2016	Totals	
	Revenue Refunding Bond Fund	Sales Tax Revenue Bond Fund	Revenue Bond Fund	2017	2016
Revenues:					
Other revenues -					
Interest income	\$ 533	\$ 213	\$ 21	\$ 767	\$ 734
Expenditures:					
Debt service -					
Principal retirement	408,000	161,000	12,000	581,000	553,000
Interest and fiscal charges	<u>52,373</u>	<u>39,758</u>	<u>12,967</u>	<u>105,098</u>	<u>102,422</u>
Total expenditures	<u>460,373</u>	<u>200,758</u>	<u>24,967</u>	<u>686,098</u>	<u>655,422</u>
Deficiency of revenues over expenditures	<u>(459,840)</u>	<u>(200,545)</u>	<u>(24,946)</u>	<u>(685,331)</u>	<u>(654,688)</u>
Other financing sources:					
Transfers in	<u>469,848</u>	<u>202,113</u>	<u>25,576</u>	<u>697,537</u>	<u>680,077</u>
Excess of revenues and other financing sources over expenditures	10,008	1,568	630	12,206	25,389
Fund balance, beginning	<u>360,423</u>	<u>114,697</u>	<u>13,681</u>	<u>488,801</u>	<u>463,412</u>
Fund balance, ending	<u>\$ 370,431</u>	<u>\$ 116,265</u>	<u>\$ 14,311</u>	<u>\$ 501,007</u>	<u>\$ 488,801</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Airport Improvement Fund

This fund accounts for improvement projects at the Abbeville Chris Crusta Memorial Airport. Program expenditures are generally funded by federal and state grants.

DOTD Tourist & Welcome Center Fund

This fund accounts for a Federal project to make improvements related to a Tourist and Welcome Center facility. This grant required local matching funds.

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Capital Projects Funds

Combining Balance Sheet
December 31, 2017
With Comparative Totals for December 31, 2016

	Airport Improvement Fund	DOTD Tourist & Welcome Ctr Fund	Totals	
			2017	2016
ASSETS				
Cash and interest - bearing deposits	\$ -	\$ -	\$ -	\$ 90,819
Due from other governments	<u>19,160</u>	<u>-</u>	<u>19,160</u>	<u>111,033</u>
	<u>\$ 19,160</u>	<u>\$ -</u>	<u>\$ 19,160</u>	<u>\$ 201,852</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ -	-	\$ -	\$ 201,852
Due to other fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,852</u>
Fund balance:				
Unassigned	<u>19,160</u>	<u>-</u>	<u>19,160</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 19,160</u>	<u>\$ -</u>	<u>\$ 19,160</u>	<u>\$ 201,852</u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	Airport Improvement Fund	DOTD Tourist & Welcome Ctr Fund	Totals	
			2017	2016
Revenues:				
Federal grants	\$ 106,347	\$ -	\$ 106,347	\$ 583,336
State grants	<u>45,471</u>	<u>-</u>	<u>45,471</u>	<u>679,629</u>
Total revenues	<u>151,818</u>	<u>-</u>	<u>151,818</u>	<u>1,262,965</u>
Expenditures:				
Current -				
Professional services	20,000	-	20,000	-
Capital outlay -				
Airport improvements	<u>123,021</u>	<u>-</u>	<u>123,021</u>	<u>1,255,504</u>
Total expenditures	<u>143,021</u>	<u>-</u>	<u>143,021</u>	<u>1,255,504</u>
Excess of revenues over expenditures	8,797	-	8,797	7,461
Other financing sources:				
Transfers in	10,363	-	10,363	8,512
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,973)</u>
Total financing sources (uses)	<u>10,363</u>	<u>-</u>	<u>10,363</u>	<u>(7,461)</u>
Excess of revenues and other other financing sources over expenditures	19,160	-	19,160	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 19,160</u>	<u>\$ -</u>	<u>\$ 19,160</u>	<u>\$ -</u>

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility System Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended December 31, 2017 and 2016

	Electric		Water	
	2017	2016	2017	2016
Operating revenues:				
Charges for services	\$ 13,092,322	\$ 13,927,368	\$ 1,783,124	\$ 1,695,300
Other revenues	<u>291,056</u>	<u>287,910</u>	<u>67,977</u>	<u>35,046</u>
Total operating revenues	<u>13,383,378</u>	<u>14,215,278</u>	<u>1,851,101</u>	<u>1,730,346</u>
Operating expenses:				
Salaries	431,881	433,314	454,029	423,113
Employees' insurance	114,562	107,916	143,530	127,711
OPEB expense	40,583	41,311	50,844	48,889
Payroll taxes	32,127	32,216	33,811	31,362
Retirement	38,496	46,078	38,752	74,955
General insurance	95,095	89,751	72,291	68,726
Equipment operating expense	47,141	55,453	32,419	21,711
Maintenance and repairs - systems	303,494	383,294	166,066	183,674
Electricity for pumps	-	-	541	395
Utilities	-	-	137,305	137,256
Materials, tools and supplies	41,317	38,454	198,491	181,765
Electric power purchased	6,912,158	7,944,806	-	-
Office expense, postage and computer processing	-	-	-	-
Bad debts and collection fees	-	-	-	-
Miscellaneous	25,816	29,993	34,549	36,426
Depreciation	319,700	326,333	265,622	264,901
Allocation of general and administrative expenses	<u>413,324</u>	<u>413,077</u>	<u>309,992</u>	<u>309,808</u>
Total operating expenses	<u>8,815,694</u>	<u>9,941,996</u>	<u>1,938,242</u>	<u>1,910,692</u>
Operating income (loss)	<u>\$ 4,567,684</u>	<u>\$ 4,273,282</u>	<u>\$ (87,141)</u>	<u>\$ (180,346)</u>

Sewerage		General and Administrative		Totals	
2017	2016	2017	2016	2017	2016
\$ 1,739,477	\$ 1,658,265	\$ -	\$ -	\$ 16,614,923	\$ 17,280,933
<u>67,116</u>	<u>34,280</u>	<u>-</u>	<u>-</u>	<u>426,149</u>	<u>357,236</u>
<u>1,806,593</u>	<u>1,692,545</u>	<u>-</u>	<u>-</u>	<u>17,041,072</u>	<u>17,638,169</u>
353,118	353,924	398,692	389,108	1,637,720	1,599,459
103,250	85,710	162,088	150,893	523,430	472,230
36,576	32,811	57,418	57,763	185,421	180,774
26,080	26,316	29,520	28,798	121,538	118,692
32,058	55,354	40,380	33,448	149,686	209,835
59,818	58,513	12,838	12,990	240,042	229,980
33,733	29,670	22,722	31,088	136,015	137,922
319,452	305,878	-	-	789,012	872,846
56,887	60,928	-	-	57,428	61,323
96,133	104,779	17,106	25,843	250,544	267,878
72,743	75,469	-	-	312,551	295,688
-	-	-	-	6,912,158	7,944,806
-	-	98,743	93,602	98,743	93,602
-	-	62,939	81,034	62,939	81,034
25,189	29,105	10,823	11,652	96,377	107,176
479,801	436,967	120,039	116,474	1,185,162	1,144,675
<u>309,992</u>	<u>309,808</u>	<u>(1,033,308)</u>	<u>(1,032,693)</u>	<u>-</u>	<u>-</u>
<u>2,004,830</u>	<u>1,965,232</u>	<u>-</u>	<u>-</u>	<u>12,758,766</u>	<u>13,817,920</u>
<u>\$ (198,237)</u>	<u>\$ (272,687)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,282,306</u>	<u>\$ 3,820,249</u>

**COMPLIANCE, INTERNAL CONTROL
AND
OTHER MATTERS**



Darnall, Sikes & Frederick.

(A Corporation of Certified Public Accountants)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Abbeville, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Abbeville, Louisiana's basic financial statements and have issued our report thereon dated June 14, 2018.

Internal Control Over Financial Reporting

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

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

Eugene H. Darnall, CPA, Deceased 2009
J. Stephen Gardes, CPA, CVA*, Retired 2018
E. Larry Sikes, CPA/PFS, CVA*, CFP®
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA PFS
Jennifer S. Ziegler, CPA PFS, CFP®
Chris A. Miller, CPA, CVA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Joan B. Moody, CPA
Lauren V. Hebert, CPA PFS
Erich G. Loefer, III, CPA, M.S. Tax
Jeremy C. Meaux, CPA
Stephen R. Dischler, CPA, MBA
Pamela Maseux Bonin, CPA, CVA
Craig C. Babineaux, CPA PFS, CFP®
Adam J. Curry, CPA, CFP®
Kyle P. Salzman, CPA, CFE
Jacob C. Roberie, CPA

Kevin S. Young, CPA
Christy S. Dew, CPA, MPA
Rachel W. Ashford, CPA
Veronica L. LeBlou, CPA, MBA
Christine Guidry Berwick, CPA, MBA
Brandon L. Porter, CPA
Brandon R. Dunphy, CPA
Robert C. Darnall, CPA, CVA, M.S.
Benjamin J. Baudoin, CPA

* (Emeritus)

2000 Kaliste Saloom
Suite 300
Lafayette, LA 70508
Phone: 337.232.3312
Fax: 337.237.3614

1231 E. Laurel Avenue
Lunice, LA 70335
Phone: 337.457.4146
Fax: 337.457.5060

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
Phone: 985.384.6264
Fax: 985.384.8140

203 S. Jefferson Street
Abbeville, LA 70510
Phone: 337.893.5470
Fax: 337.893.5470

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

www.dsfcpas.com

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dannall, Sikes, & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 14, 2018

CITY OF ABBEVILLE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

PART I SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been expressed on the primary government's governmental activities, business type activities, and each major fund financial statements as of and for the year ended December 31, 2017.

Due to the omission of the financial data of the legally separate component units of the City of Abbeville, Louisiana, we have expressed an adverse opinion on the aggregate discretely presented component units opinion unit.

Internal Control Deficiencies - Financial Reporting

No significant deficiency in internal control over financial reporting was 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

The City of Abbeville, Louisiana expended less than \$750,000 under federal programs during the year ended December 31, 2017, and therefore, an audit under the provisions of OMB Circular A-133 was not applicable.

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

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

PART III FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

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

PART IV MANAGEMENT LETTER

A management letter was not issued for the year ended December 31, 2017.

CITY OF ABBEVILLE, LOUISIANA

Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2017

Prior year audit findings:

There were no prior year audit findings.

CITY OF ABBEVILLE, LOUISIANA

Summary Schedule of Management's Corrective Action Plan
Year Ended December 31, 2017

There are no current audit findings.



Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Deceased 2009

J. Stephen Gardes, CPA, CVA*, Retired 2018

E. Lurry Sikes, CPA/PFS, CVA*, CFP®
 Danny P. Frederick, CPA
 Clayton E. Darnall, CPA, CVA
 Eugene H. Darnall, III, CPA
 Stephanie M. Higginbotham, CPA
 John P. Armato, CPA/PFS
 Jennifer S. Ziegler, CPA/PFS, CFP®
 Chris A. Miller, CPA, CVA
 Steven G. Moosa, CPA
 M. Rebecca Gardes, CPA
 Joan B. Moody, CPA
 Lauren V. Hebert, CPA/PFS
 Erich G. Loewer, III, CPA, M.S. Tax
 Jeremy C. Meaux, CPA
 Stephen R. Dischler, CPA, MBA
 Pamela Mayeux Bonin, CPA, CVA
 Craig C. Babineaux, CPA/PFS, CFP®
 Adam J. Curry, CPA, CFP®
 Kyle P. Saltzman, CPA, CFE
 Jacob C. Roberie, CPA

Kevin S. Young, CPA
 Christy S. Dew, CPA, MPA
 Rachel W. Ashford, CPA
 Veronica L. LeBleu, CPA, MBA
 Christine Guidry Berwick, CPA, MBA
 Brandon L. Porter, CPA
 Brandon R. Dunphy, CPA
 Robert C. Darnall, CPA, CVA, M.S.
 Benjamin J. Baudoin, CPA

* (Emeritus)

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mayor Mark Piazza
City of Abbeville
Abbeville, LA

We have performed the procedures enumerated below, which were agreed to by City of Abbeville (Entity), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the Entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Entity does not have any written policies and procedures), as applicable:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget:

The Entity does not have any written policies and procedures that address the functions noted above.

2000 Kaliste Saloom
Suite 300
Lafayette, LA 70508
Phone: 337.232.3312
Fax: 337.237.3614

1231 E. Laurel Avenue
Eunice, LA 70535
Phone: 337.457.4146
Fax: 337.457.5060

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
Phone: 985.384.6264
Fax: 985.384.8140

203 S. Jefferson Street
Abbeville, LA 70510
Phone: 337.893.5470
Fax: 337.893.5470

Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

www.dsfcpas.com

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes:

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

The Entity does not have any written policies and procedures that address the functions noted above.

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

The Entity does not have any written policies and procedures that address the functions noted above.

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

The Entity does not have any written policies and procedures that address the functions noted above.

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

The Entity does not have any written policies and procedures that address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

The Entity does not have any written policies and procedures that address the functions noted above.

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

The Entity does not have any written policies and procedures that address the functions noted above.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document:
Obtained and reviewed minutes of the board for the fiscal period noting that the board met at least monthly in accordance with the entity's policy.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis):
Minutes do include monthly budget-to-actual comparisons for the General Fund identified as such.
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan:
Deficit spending was not noted during the fiscal period.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.):
The minutes do reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete:
Obtained a listing of client bank accounts from management and management provided representation that the listing is complete.
4. Using the listing provided by management, select all of the Entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
We selected twelve of thirty-six bank accounts maintained by the Entity.
- a) Bank reconciliations have been prepared:
Bank reconciliations have been prepared for all months during the fiscal period for the bank accounts selected.
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and:
Bank reconciliations do include evidence of management's review.

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

One of the twelve bank accounts selected had reconciling items outstanding for more than 6 months, which did have evidence of management researching those items.

Collections

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

Obtained listing of cash collection locations and management provided representation that the listing is complete.

6. Using the listing provided by management, select all of the Entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

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

The Entity does have a surety bond covering each person responsible for collecting cash, function (1) above. The Entity does not have any written policies and procedures that address functions (2) and (3) above.

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

Written documentation was obtained and do address the functions noted above.

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

- Using Entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location:

Cash collection documentation was obtained for the selected weeks and we noted deposits were made within one day of collection.

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

Daily cash collections for the week selected are completely supported by documentation.

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

The Entity does not have any written policies and procedures that address the functions noted above.

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

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

Obtained listing of disbursements and management provided representation that the listing is complete.

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

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

Examined supporting documentation for each of the disbursements selected and noted that purchases were initiated using a purchase order system.

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

Examined supporting documentation for each of the disbursements selected and noted appropriate approval of purchase orders by a person who did not initiate the transaction.

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

Examined supporting documentation for each of the disbursements selected and noted appropriate purchase order, receiving report, and approved invoice.

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

Written policies and procedures provided do not address the function of adding vendors to the entity's purchasing/disbursement system.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Supply of unused checks are not maintained in a locked location with restricted access from those persons with signatory authority.

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

Signature stamps and signature machines are not utilized by the entity, however when checks are printed, signatures are also printed onto the checks. This process is not maintained under the sole control of the signer.

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

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

Obtained listing of all active credit cards and management provided representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner:

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]:

Examined supporting documentation for the monthly statements selected noting the statement did have written evidence of being reviewed and approved.

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

The Entity did not incur finance charges and/or late fees on the selected statements.

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

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

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

Each transaction was supported by an original itemized receipt.

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

Each transaction was supported by documentation of the business/public purpose, however one transaction pertained to meal charges and did not have documentation of the individuals participating.

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

Each transaction was supported by appropriate documentation.

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

No exceptions noted.

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

No exceptions noted.

Travel and Expense Reimbursement

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

Obtained listing of travel and expense reimbursements, by person, and management provided representation that the listing is complete.

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

Written policies were obtained and do address the functions noted above.

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

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

Expenses selected were reimbursed at amounts below GSA rates.

- b) Report whether each expense is supported by:

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

Obtained supporting documentation that identified precisely what was purchased for the items selected for testing.

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

Documentation of business purpose noted for each expense reimbursement selected.

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

Documentation required by written policy noted for each expense reimbursement selected.

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

No exceptions noted.

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

Examined supporting documentation for each expense reimbursement selected noting the reimbursement did not have written evidence of being reviewed and approved.

Contracts

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

Obtained listing of all contracts in effect and management provided representation that the listing is complete.

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

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

A formal/written contract supporting the service arrangements was noted for the vendors selected.

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

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

The five contracts were not subject to the Louisiana Public Bid Law or Procurement code.

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

The Entity provided contract documentation and solicit quotes as a best practice.

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

Contracts selected were not amended.

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

The invoices and related payments selected complied with the terms and conditions of the contract.

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

Obtained documentation of approval for selected contracts as required by policy.

Payroll and Personnel

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

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

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

Employees selected were paid in accordance with the terms and conditions of the employment contract or pay rate structure.

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

Changes to pay rates during the fiscal period for selected employee were approved in writing.

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

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

Documentation of daily attendance and leave was noted for each employee selected.

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

Documentation of supervisor approval for attendance and leave was noted for each employee selected.

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

Documentation of written leave records were maintained for employees selected.

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

Obtained listing of employees terminated during the fiscal period and management provided representation that the listing is complete. Termination payments were made in strict accordance with employment contract and approved by management.

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

Obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period noting that related payments and required reporting forms were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

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

The five employees selected for testing did have documentation to demonstrate that the required ethics training was completed.

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

No alleged ethics violations were reported to the Entity during the fiscal year.

Debt Service (excluding nonprofits)

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

The Entity did not issue any debt during the current fiscal year.

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

The Entity did have outstanding debt during the fiscal period. Supporting documentation was obtained noting scheduled debt service payments were made and debt reserves were maintained as required by debt covenants.

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

The Entity did not have any tax millages relating to debt during the current fiscal year.

Other

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

Management has asserted that the Entity did not have any misappropriations of public funds or assets during the reporting period.

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

Required notices are not posted on the Entity's premises and website.

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

No exceptions noted.

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

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

Dannall, Sikes, & Frederick
A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 14, 2018

MARK PIAZZA
Mayor

KATHLEEN S. FAULK
Secretary - Treasurer

• CITY OF •
ABBEVILLE
SINCE 1850



June 20, 2018

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants
Eunice, Louisiana

The following is management's response to the 2017 AUP report submitted for City of Abbeville.

WRITTEN POLICIES AND PROCEDURES

1. Existence of written policies and procedures.

Response: We will begin developing written policies and procedures.

COLLECTIONS

6. a) Written policies and procedures.

Response: We will begin developing written policies and procedures.

7. Written policies and procedures.

Response: We will begin developing written policies and procedures.

DISBURSEMENTS

10. Adding vendors to the entity's purchasing/disbursement system.

Response: The only employees who can add vendors to the computing system are the employees in accounting with valid ID names, passwords and access to the appropriate menu on our computer system. We will develop a new vendor form that will be signed by the Mayor.

COUNCILMEN:
FRANCIS J. PLAISANCE
Councilman at Large

LOUIS JOE HARDY
District A

FRANCIS TOUCHET, JR.
District B

BRADY BROUSSARD, JR.
District C

REV. WAYNE LANDRY
District D

City of Abbeville
101 N. State Street
P.O. Box 1170
Abbeville, LA 70511-1170
(337) 893-8550
Fax: (337) 898-4298

12. Maintenance of unused checks.

Response: We utilize blank paper stock for checks. Only those employees having a valid ID and password for our AS400 computer system can access any menu. Additionally, security features block certain employees from having access to the accounting menus and other menus. Account numbers and signatures can only print on the check once the vendor number, fund information and general ledger numbers have been keyed into the screen. The check will not print without those items. Blank paper stock for checks have been stored in the vault.

13. Control of printing signatures and checks.

Response: Only those employees with valid IDs, password and menu access on the AS400 can print checks. All checks are printed on the printer in the accounting office and must be initialed by either the accounting specialist or the secretary-treasurer. We will work with our computer programmer to remove the signatures that print on our checks

CREDIT CARDS

16. a) Documentation of individuals participating for meal charges.

Response: Participating individuals names will be printed on the back of the receipt.

TRAVEL AND EXPENSE REIMBURSEMENT

18. d) Written evidence of expense reimbursement being reviewed and approved.

Response: Expense reimbursement will be reviewed and approved.

OTHER

32. Required notices on premises and website.

Response: The notice has been posted to our website and in our lobby.