

CITY OF ABBEVILLE, LOUISIANA

Financial Report

Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Abbeville, Louisiana, as of and for the year ended December 31, 2019, 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.

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, 2019, 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, 2019, 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, 2019, 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 changes in net OPEB liability and related ratios, the schedule of proportionate share of net pension liability, and the schedule of contributions on pages 56-60 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*, and is also not a required part of the basic financial statements.

The budgetary comparison schedules, combining and individual nonmajor fund financial statements, the comparative departmental analysis of utility fund, and schedule of expenditures of federal awards 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 July 8, 2020, 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.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana

July 8, 2020

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

CITY OF ABBEVILLE, LOUISIANA

Statement of Net Position
December 31, 2019
With Comparative Totals for December 31, 2018 (restated)

	Governmental Activities	Business-Type Activities	Total	2018 Restated Totals
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 2,208,694	\$ 1,977,297	\$ 4,185,991	\$ 5,257,910
Receivables, net	686,821	1,876,729	2,563,550	2,509,143
Due from other governmental units	103,959	-	103,959	80,946
Inventory-materials and supplies, at cost	4,324	325,520	329,844	332,042
Total current assets	<u>3,003,798</u>	<u>4,179,546</u>	<u>7,183,344</u>	<u>8,180,041</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	998,920	998,920	978,013
Capital assets, net	18,129,674	13,374,312	31,503,986	31,490,480
Total noncurrent assets	<u>18,129,674</u>	<u>14,373,232</u>	<u>32,502,906</u>	<u>32,468,493</u>
Total assets	<u>21,133,472</u>	<u>18,552,778</u>	<u>39,686,250</u>	<u>40,648,534</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to net				
OPEB	1,064,421	354,807	1,419,228	-
Deferred outflows related to net				
pension liability	1,809,732	350,426	2,160,158	1,592,088
	<u>2,874,153</u>	<u>705,233</u>	<u>3,579,386</u>	<u>1,592,088</u>
LIABILITIES				
Current liabilities:				
Accounts, salaries and other payables	557,490	608,346	1,165,836	1,244,185
Capital lease payable	-	-	-	46,373
Bonds payable, due within one year	694,000	-	694,000	615,000
Total current liabilities	<u>1,251,490</u>	<u>608,346</u>	<u>1,859,836</u>	<u>1,905,558</u>
Noncurrent liabilities:				
Compensated absences	694,066	-	694,066	601,170
Customers deposits	-	998,920	998,920	978,013
OPEB obligations	14,748,445	4,916,148	19,664,593	27,815,789
Net pension liability	8,027,109	1,494,347	9,521,456	8,891,289
Bonds payable, due in more than one year	2,544,000	-	2,544,000	3,238,000
Total noncurrent liabilities	<u>26,013,620</u>	<u>7,409,415</u>	<u>33,423,035</u>	<u>41,524,261</u>
Total liabilities	<u>27,265,110</u>	<u>8,017,761</u>	<u>35,282,871</u>	<u>43,429,819</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to net OPEB				
	3,119,529	1,039,843	4,159,372	3,435,733
Deferred inflows related to net				
pension liability	1,133,608	103,264	1,236,872	1,659,623
	<u>4,253,137</u>	<u>1,143,107</u>	<u>5,396,244</u>	<u>5,095,356</u>
NET POSITION				
Net investment in capital assets				
Unrestricted	14,891,674	13,374,312	28,265,986	30,693,107
	<u>(22,402,296)</u>	<u>(3,277,169)</u>	<u>(25,679,465)</u>	<u>(36,977,660)</u>
Total net position (deficit)	<u>\$ (7,510,622)</u>	<u>\$ 10,097,143</u>	<u>\$ 2,586,521</u>	<u>\$ (6,284,553)</u>

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

CITY OF ABBEVILLE, LOUISIANA

Statement of Activities
Year Ended December 31, 2019

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	\$ 784,849	\$ 584,714	\$ 138,476	\$ 192,035	\$ 130,376	\$ -	\$ 130,376
Public safety:							
Police	834,496	60,243	49,262	-	(724,991)	-	(724,991)
Fire	1,000,719	-	169,688	-	(831,031)	-	(831,031)
Highways and streets	1,639,796	-	-	800,000	(839,796)	-	(839,796)
Culture and recreation	437,779	-	-	-	(437,779)	-	(437,779)
Interest on long-term debt	83,228	-	-	-	(83,228)	-	(83,228)
Total governmental activities	4,780,867	644,957	357,426	992,035	(2,786,449)	-	(2,786,449)
Business-type activities:							
Electric	7,744,174	13,106,543	-	-	-	5,362,369	5,362,369
Water	973,796	1,856,895	-	-	-	883,099	883,099
Sewer	1,306,632	1,840,597	-	-	-	533,965	533,965
Total business-type activities	10,024,602	16,804,035	-	-	-	6,779,433	6,779,433
Total	\$ 14,805,469	\$ 17,448,992	\$ 357,426	\$ 992,035	(2,786,449)	6,779,433	3,992,984
General revenues:							
Taxes -							
Property taxes, levied for general purposes					338,473	-	338,473
Property taxes, levied for sewer improvement					84,633	-	84,633
Sales and use taxes, levied for general purposes					3,756,727	-	3,756,727
Payment in lieu of taxes					19,184	-	19,184
Franchise and chain store taxes					211,537	-	211,537
Interest and investment earnings					38,107	31,523	69,630
Miscellaneous					397,906	-	397,906
Transfers					5,806,536	(5,806,536)	-
Total general revenues and transfers					10,653,103	(5,775,013)	4,878,090
Change in net position					7,866,654	1,004,420	8,871,074
Net position (deficit) - restated - December 31, 2018					(15,377,276)	9,092,723	(6,284,553)
Net position (deficit) - December 31, 2019					\$ (7,510,622)	\$ 10,097,143	\$ 2,586,521

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, 2019
 With Comparative Totals for December 31, 2018

ASSETS	General Fund	Sales Tax Fund	Other Governmental Funds	Totals (Memorandum Only)	
				2019	2018
Cash and interest-bearing deposits	\$ 472,570	\$ 879,851	\$ 745,808	\$2,098,229	\$2,791,633
Receivables:					
Taxes	68,558	390,733	17,153	476,444	398,106
Franchise fees and royalties	164,292	-	-	164,292	176,536
Other	18,424	18,219	9,442	46,085	9,776
Due from other governments	12,614	-	91,345	103,959	80,946
Inventory	4,324	-	-	4,324	4,456
Total assets	<u>\$ 740,782</u>	<u>\$ 1,288,803</u>	<u>\$ 863,748</u>	<u>\$2,893,333</u>	<u>\$3,461,453</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 68,200	\$ 2,840	\$ 113,064	\$ 184,104	\$ 209,455
Accrued salaries	171,613	-	-	171,613	140,037
Other accrued liabilities	75,035	-	-	75,035	68,251
Due to other funds	<u>108,250</u>	<u>-</u>	<u>-</u>	<u>108,250</u>	<u>115,029</u>
Total liabilities	<u>423,098</u>	<u>2,840</u>	<u>113,064</u>	<u>539,002</u>	<u>532,772</u>
Fund balances:					
Nonspendable - inventory	4,324	-	-	4,324	4,456
Restricted for economic development	-	-	24,078	24,078	24,078
Restricted for youth recreation	-	-	-	-	-
Restricted for fire protection	-	-	90,946	90,946	101,350
Restricted for sewer improvement	-	-	60,882	60,882	94,837
Restricted for salaries and benefits	-	410,211	-	410,211	205,871
Restricted for capital outlay	-	875,752	-	875,752	900,872
Restricted for airport operations	11,608	-	-	11,608	542,951
Assigned for debt service	-	-	574,778	574,778	512,420
Unassigned	<u>301,752</u>	<u>-</u>	<u>-</u>	<u>301,752</u>	<u>541,846</u>
Total fund balances	<u>317,684</u>	<u>1,285,963</u>	<u>750,684</u>	<u>2,354,331</u>	<u>2,928,681</u>
Total liabilities and fund balances	<u>\$ 740,782</u>	<u>\$ 1,288,803</u>	<u>\$ 863,748</u>	<u>\$2,893,333</u>	<u>\$3,461,453</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, 2019

Total fund balances for governmental funds at December 31, 2019		\$ 2,354,331
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	
Construction in progress	238,391	
Buildings, net of \$1,777,732 accumulated depreciation	2,432,208	
Infrastructure, net of \$28,019,208 accumulated depreciation	6,476,054	
Equipment, furniture, and fixtures net of \$4,175,727 accumulated depreciation	2,133,681	
Improvements other than buildings, net of \$14,808,914 accumulated depreciation	<u>5,951,311</u>	18,129,674
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	(3,238,000)	
Compensated absences	(694,066)	
OPEB obligations	(14,748,445)	
Net pension liability	<u>(8,027,109)</u>	(26,707,620)
Net deferred outflows and deferred inflows of resources related to OPEB are not due and payable in the current period expenditures and therefore are not reported in the funds		(2,055,108)
Net deferred outflows and deferred inflows of resources related to pensions are not available to pay current period expenditures and therefore are not reported in the funds		676,124
Net position of the Internal Service Funds		<u>91,977</u>
Total net position (deficit) of governmental activities at December 31, 2019		<u>\$ (7,510,622)</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, 2019
 With Comparative Totals for the Year Ended December 31, 2018

	General Fund	Sales Tax Fund	Other Governmental Funds	Totals (Memorandum Only)	
				2019	2018
Revenues:					
Taxes	\$ 369,567	\$ 3,756,727	\$ 84,633	\$ 4,210,927	\$ 4,035,877
Licenses and permits	584,714	-	-	584,714	593,174
Intergovernmental	237,286	25,000	1,087,175	1,349,461	771,918
Fines and forfeitures	60,243	-	-	60,243	93,650
Miscellaneous	559,207	11,378	44,495	615,080	572,540
Total revenues	<u>1,811,017</u>	<u>3,793,105</u>	<u>1,216,303</u>	<u>6,820,425</u>	<u>6,067,159</u>
Expenditures:					
Current -					
General government	1,832,723	8,242	-	1,840,965	1,803,823
Public safety:					
Police	3,027,537	16,594	-	3,044,131	3,000,278
Fire	3,359,799	34,674	10,992	3,405,465	3,181,470
Highways and streets	1,145,928	184,489	-	1,330,417	1,314,843
Culture and recreation	445,933	7,956	-	453,889	402,922
Capital outlay	762,907	416,105	1,223,391	2,402,403	1,387,443
Debt service -					
Principal retirement	-	46,373	615,000	661,373	640,956
Interest and fiscal charges	-	2,551	80,677	83,228	99,344
Total expenditures	<u>10,574,827</u>	<u>716,984</u>	<u>1,930,060</u>	<u>13,221,871</u>	<u>11,831,079</u>
Excess (deficiency) of revenues over expenditures	<u>(8,763,810)</u>	<u>3,076,121</u>	<u>(713,757)</u>	<u>(6,401,446)</u>	<u>(5,763,920)</u>
Other financing sources (uses):					
Transfers in	8,011,553	20,000	906,617	8,938,170	8,544,302
Transfers out	<u>(18,028)</u>	<u>(2,916,901)</u>	<u>(176,145)</u>	<u>(3,111,074)</u>	<u>(3,125,742)</u>
Total other financing sources (uses)	<u>7,993,525</u>	<u>(2,896,901)</u>	<u>730,472</u>	<u>5,827,096</u>	<u>5,418,560</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(770,285)</u>	<u>179,220</u>	<u>16,715</u>	<u>(574,350)</u>	<u>(345,360)</u>
Fund balances, beginning	<u>1,087,969</u>	<u>1,106,743</u>	<u>733,969</u>	<u>2,928,681</u>	<u>3,274,041</u>
Fund balances, ending	<u>\$ 317,684</u>	<u>\$ 1,285,963</u>	<u>\$ 750,684</u>	<u>\$ 2,354,331</u>	<u>\$ 2,928,681</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, 2019

Total net changes in fund balances at December 31, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (574,350)
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	\$2,402,403	
Depreciation expense for the year ended December 31, 2019	<u>(1,510,212)</u>	892,191
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.		
		661,373
Net increase (decrease) of the Self-Insurance Internal Service Fund		87,083
Excess (deficiency) of compensated absences used over compensated absences earned		(92,896)
OPEB benefits (expenses) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as benefits (expenditures) in governmental funds		
		6,635,089
Net effect of pension liability recognition		232,934
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis		
		<u>25,230</u>
Total changes in net position at December 31, 2019 per Statement of Activities		<u>\$ 7,866,654</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, 2019 and 2018

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2019	2018	2019	2018
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 1,977,297	\$ 2,452,491	\$ 158,715	\$ 83,815
Receivables:				
Accounts	1,180,583	1,242,805	-	-
Unbilled utility receivables	696,146	632,527	-	-
Other	-	-	-	34,393
Due from other funds	-	-	60,000	60,000
Inventory - materials and supplies, at cost	<u>325,520</u>	<u>327,586</u>	-	-
Total current assets	<u>4,179,546</u>	<u>4,655,409</u>	<u>218,715</u>	<u>178,208</u>
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	998,920	978,013	-	-
Capital assets, net of accumulated depreciation	<u>13,374,312</u>	<u>14,252,997</u>	-	-
Total noncurrent assets	<u>14,373,232</u>	<u>15,231,010</u>	-	-
Total assets	<u>18,552,778</u>	<u>19,886,419</u>	<u>218,715</u>	<u>178,208</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	354,807	-	-	-
Deferred outflows related to pension liabilities	<u>350,426</u>	<u>302,683</u>	-	-
	<u>705,233</u>	<u>302,683</u>	-	-
LIABILITIES				
Current liabilities:				
Accounts payable	547,303	570,244	126,738	173,314
Accrued salaries payable	22,662	19,020	-	-
Other accrued liabilities	23,381	23,634	-	-
Due to other funds	<u>15,000</u>	<u>15,000</u>	-	-
Total current liabilities	<u>608,346</u>	<u>627,898</u>	<u>126,738</u>	<u>173,314</u>
Noncurrent liabilities:				
Customers' deposits	998,920	978,013	-	-
OPEB obligations	4,916,148	6,953,947	-	-
Net pension liability	<u>1,494,347</u>	<u>1,554,092</u>	-	-
Total noncurrent liabilities	<u>7,409,415</u>	<u>9,486,052</u>	-	-
Total liabilities	<u>8,017,761</u>	<u>10,113,950</u>	<u>126,738</u>	<u>173,314</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	1,039,843	858,933	-	-
Deferred inflows related to pension liabilities	<u>103,264</u>	<u>123,496</u>	-	-
	<u>1,143,107</u>	<u>982,429</u>	-	-
NET POSITION				
Net investment in capital assets	13,374,312	14,252,997	-	-
Unrestricted	<u>(3,277,169)</u>	<u>(5,160,274)</u>	<u>91,977</u>	<u>4,894</u>
Total net position	<u>\$10,097,143</u>	<u>\$ 9,092,723</u>	<u>\$ 91,977</u>	<u>\$ 4,894</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, 2019 and 2018

	Business-type Activities- Enterprise Fund		Governmental Activities - Internal Service Funds	
	2019	2018	2019	2018
Operating revenues:				
Charges for services	\$16,492,714	\$16,562,380	\$2,476,508	\$2,251,889
Other	<u>311,321</u>	<u>322,221</u>	<u>201,593</u>	<u>719,535</u>
Total operating revenues	<u>16,804,035</u>	<u>16,884,601</u>	<u>2,678,101</u>	<u>2,971,424</u>
Operating expenses:				
Electric department	7,376,789	8,401,792	-	-
Water department	674,517	1,864,271	-	-
Sewerage department	770,406	1,560,019	-	-
Depreciation	1,182,330	1,175,400	-	-
Self insurance expenses	<u>-</u>	<u>-</u>	<u>2,591,333</u>	<u>3,118,276</u>
Total operating expenses	<u>10,004,042</u>	<u>13,001,482</u>	<u>2,591,333</u>	<u>3,118,276</u>
Operating income (loss)	<u>6,799,993</u>	<u>3,883,119</u>	<u>86,768</u>	<u>(146,852)</u>
Nonoperating revenues:				
Interest income	31,523	22,894	315	660
Grant revenues	<u>-</u>	<u>181,697</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues	<u>31,523</u>	<u>204,591</u>	<u>315</u>	<u>660</u>
Income (loss) before contributions and transfers	<u>6,831,516</u>	<u>4,087,710</u>	<u>87,083</u>	<u>(146,192)</u>
Transfers in (out):				
Transfers in	384,972	552,168	-	-
Transfers out	<u>(6,212,068)</u>	<u>(5,970,728)</u>	<u>-</u>	<u>-</u>
Total transfers in (out)	<u>(5,827,096)</u>	<u>(5,418,560)</u>	<u>-</u>	<u>-</u>
Change in net position	1,004,420	(1,330,850)	87,083	(146,192)
Net position, beginning, restated	<u>9,092,723</u>	<u>10,423,573</u>	<u>4,894</u>	<u>151,086</u>
Net position, ending	<u>\$10,097,143</u>	<u>\$ 9,092,723</u>	<u>\$ 91,977</u>	<u>\$ 4,894</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, 2019 and 2018

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2019	2018	2019	2018
Cash flows from operating activities:				
Receipts from customers	\$ 16,491,317	\$ 16,697,899	\$ -	\$ -
Receipts from interfund services provided	-	-	2,476,508	2,191,889
Payments to suppliers	(8,768,410)	(8,719,554)	(2,637,909)	(3,088,548)
Payments to employees	(2,410,204)	(2,401,558)	-	-
Other receipts	<u>311,321</u>	<u>322,221</u>	<u>235,986</u>	<u>819,114</u>
Net cash provided (used) by operating activities	<u>5,624,024</u>	<u>5,899,008</u>	<u>74,585</u>	<u>(77,545)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	384,972	552,168	-	-
Transfers to other funds	<u>(6,212,068)</u>	<u>(5,970,728)</u>	<u>-</u>	<u>-</u>
Net cash used by noncapital financing activities	<u>(5,827,096)</u>	<u>(5,418,560)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Net proceeds of meter deposits	20,907	14,724	-	-
Grants	-	181,697	-	-
Acquisition of property, plant and equipment	<u>(303,645)</u>	<u>(550,551)</u>	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(282,738)</u>	<u>(354,130)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	<u>31,523</u>	<u>22,893</u>	<u>315</u>	<u>660</u>
Net cash provided by investing activities	<u>31,523</u>	<u>22,893</u>	<u>315</u>	<u>660</u>
Net increase (decrease) in cash and cash equivalents	(454,287)	149,211	74,900	(76,885)
Cash and cash equivalents, beginning of year	<u>3,430,504</u>	<u>3,281,293</u>	<u>83,815</u>	<u>160,700</u>
Cash and cash equivalents, end of year	<u>\$ 2,976,217</u>	<u>\$ 3,430,504</u>	<u>\$ 158,715</u>	<u>\$ 83,815</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, 2019 and 2018

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2019	2018	2019	2018
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 6,799,993	\$ 3,883,119	\$ 86,768	\$ (146,852)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,182,330	1,175,400	-	-
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	(1,397)	135,519	-	-
(Increase) decrease in other receivables	-	-	34,393	99,579
(Increase) decrease in inventory	2,066	(9,729)	-	-
(Increase) decrease in due from other funds	-	-	-	(60,000)
Increase (decrease) in accounts payable	(22,941)	(34,338)	(46,576)	29,728
Increase (decrease) in accrued salaries payable	3,642	(874)	-	-
Increase (decrease) in other accrued liabilities	(253)	(13,213)	-	-
Increase (decrease) in due to other funds	-	15,000	-	-
Increase (decrease) in OPEB obligations	(2,211,696)	288,193	-	-
Increase (decrease) in pension obligations	<u>(127,720)</u>	<u>459,931</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 5,624,024</u>	<u>\$ 5,899,008</u>	<u>\$ 74,585</u>	<u>\$ (77,545)</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	\$ 2,452,491	\$ 2,318,004	\$ 83,815	\$ 160,700
Cash and interest-bearing deposits - restricted	<u>978,013</u>	<u>963,289</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>3,430,504</u>	<u>3,281,293</u>	<u>83,815</u>	<u>160,700</u>
Cash and cash equivalents, end of year -				
Cash and interest-bearing deposits - unrestricted	1,977,297	2,452,491	158,715	83,815
Cash and interest-bearing deposits - restricted	<u>998,920</u>	<u>978,013</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>2,976,217</u>	<u>3,430,504</u>	<u>158,715</u>	<u>83,815</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (454,287)</u>	<u>\$ 149,211</u>	<u>\$ 74,900</u>	<u>\$ (76,885)</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, 2019, 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 adopting the requirements of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, during the year ended December 31, 2019, the City recognizes the cost of post-employment healthcare benefits in the year when employee services are received, recognizes a liability for OPEB obligations, known as the net OPEB liability, on the Statement of Net Position, and provides information useful in assessing potential demands on the City's future cash flows. Changes in the net OPEB liability will be immediately recognized as OPEB expense on the Statement of Activities or reported as deferred inflows/outflows of resources depending upon the nature of the change.

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. 75, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. GASB Statement No. 75 replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and establishes new standards for recognizing and measuring liabilities, expense/expenditures, deferred outflows of resources, and deferred inflows of resources regarding OPEB. The new GASB statement requires the presentation of liability for OPEB obligations in the employer's financial statements.

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, 2019, the City has cash and interest-bearing deposits (book balances) totaling \$5,184,911 as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Demand deposits	\$ 125,482	\$ 16,116	\$ 141,598
Money market accounts	1,983,212	2,060,101	4,043,313
Time deposits	<u>100,000</u>	<u>900,000</u>	<u>1,000,000</u>
	<u>\$ 2,208,694</u>	<u>\$ 2,976,217</u>	<u>\$5,184,911</u>

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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. The City does not have a policy for custodial credit risk. Deposit balances (bank balances) of \$5,596,018 at December 31, 2019, are secured as follows:

Federal deposit insurance	\$ 1,000,000
Pledged securities (Category 3)	<u>7,137,846</u>
Total	<u>\$ 8,137,846</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, 2019 totaling \$2,563,550 consist of the following:

	General	Sales Tax	Other Governmental	Utility	Total
Accounts	\$ -	\$ -	\$ -	\$1,180,583	\$1,180,583
Unbilled utility	-	-	-	696,146	696,146
Taxes:					
Ad valorem	68,558	-	17,153	-	85,711
Sales	-	390,733	-	-	390,733
Franchise fees	164,292	-	-	-	164,292
Other	<u>18,424</u>	<u>18,219</u>	<u>9,442</u>	<u>-</u>	<u>46,085</u>
Totals	<u>\$ 251,274</u>	<u>\$408,952</u>	<u>\$ 26,595</u>	<u>\$1,876,729</u>	<u>\$2,563,550</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, 2019:

City Court of Abbeville for court fines and witness fees	\$ 4,154
State and local grants for airport improvements	36,445
Federal grant for LCDBG improvements	54,900
Vermilion Parish School Board for resource officer	2,945
State of Louisiana for beer taxes	<u>5,515</u>
Total	<u>\$ 103,959</u>

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

Restricted assets consisted of the following at December 31, 2019:

Customers' deposits	<u>\$ 998,920</u>
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NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 898,029	\$ -	\$ -	\$ 898,029
Construction in progress	-	238,391	-	238,391
Other capital assets:				
Buildings	4,209,940	-	-	4,209,940
Infrastructure	33,499,847	995,415	-	34,495,262
Equipment, furniture and fixtures	6,102,936	253,329	46,857	6,309,408
Improvements other than buildings	<u>19,844,957</u>	<u>915,268</u>	<u>-</u>	<u>20,760,225</u>
Total	<u>64,555,709</u>	<u>2,402,403</u>	<u>46,857</u>	<u>66,911,255</u>
Less accumulated depreciation				
Buildings	\$ 1,683,854	\$ 93,878	\$ -	\$ 1,777,732
Infrastructure	27,357,942	661,266	-	28,019,208
Equipment, furniture and fixtures	3,833,281	389,303	46,857	4,175,727
Improvements other than buildings	<u>14,443,149</u>	<u>365,765</u>	<u>-</u>	<u>14,808,914</u>
Total accumulated depreciation	<u>47,318,226</u>	<u>1,510,212</u>	<u>46,857</u>	<u>48,781,581</u>
Governmental activities, Capital assets, net	<u>\$17,237,483</u>	<u>\$ 892,191</u>	<u>\$ -</u>	<u>\$18,129,674</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 70,929	\$ -	\$ -	\$ 70,929
Construction in progress	-	193,455	-	193,455
Other capital assets:				
Electric system	13,114,809	-	-	13,114,809
Water system	10,627,494	110,190	-	10,737,684
Sewer system	19,319,224	-	-	19,319,224
Building, machinery and equipment	1,918,920	-	-	1,918,920
Total	<u>45,051,376</u>	<u>303,645</u>	<u>-</u>	<u>45,355,021</u>
Less accumulated depreciation				
Electric system	9,622,288	321,999	-	9,944,287
Water system	7,407,671	262,391	-	7,670,062
Sewer system	12,211,244	501,220	-	12,712,464
Building, machinery and equipment	1,557,176	96,720	-	1,653,896
Total accumulated depreciation	<u>30,798,379</u>	<u>1,182,330</u>	<u>-</u>	<u>31,980,709</u>
Business-type activities, Capital assets, net	<u>\$14,252,997</u>	<u>\$(878,685)</u>	<u>\$ -</u>	<u>\$13,374,312</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 281,475
Police	105,528
Fire	255,481
Streets	785,532
Culture and recreation	82,196
Total depreciation expense	<u>\$1,510,212</u>

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

Electric	\$ 360,687
Water	291,407
Sewer	530,236
Total depreciation expense	<u>\$1,182,330</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, 2019, taxes of 6.65 mills were levied on property with assessed valuations totaling \$64,327,895 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 \$423,106. Taxes receivable at December 31, 2019 were \$85,711.

NOTE 8 ACCOUNTS, SALARIES, AND OTHER PAYABLES

The accounts, salaries, and other payables consisted of the following at December 31, 2019:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 184,104	\$ 547,303	\$ 731,407
Accrued salaries	171,613	22,662	194,275
Internal service fund claims	126,738	15,000	141,738
Other liabilities	<u>75,035</u>	<u>23,381</u>	<u>98,416</u>
Totals	<u>\$ 557,490</u>	<u>\$ 608,346</u>	<u>\$1,165,836</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, 2019:

	General Obligations	Capital lease Obligations	Compensated Absences	Total
Long-term debt, 12/31/2018	\$3,853,000	\$ 46,373	\$ 601,170	\$4,500,543
Additions	-	-	92,896	92,896
Retirements	<u>(615,000)</u>	<u>(46,373)</u>	<u>-</u>	<u>(661,373)</u>
Long-term debt, 12/31/2019	<u>\$3,238,000</u>	<u>\$ -</u>	<u>\$ 694,066</u>	<u>\$3,932,066</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 9 CHANGES IN LONG TERM DEBT (CONTINUED)

Governmental activities debt at December 31, 2019 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.	\$ 1,382,000
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.	1,293,000
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>563,000</u>
Total	<u>\$ 3,238,000</u>

The debt service requirements for these obligations are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Bond Principal</u>	<u>Bond Interest</u>
2020	\$ 694,000	\$ 65,920
2021	714,000	50,035
2022	733,000	33,614
2023	265,000	22,239
2024	271,000	16,059
2025-2026	<u>561,000</u>	<u>13,016</u>
Total	<u>\$ 3,238,000</u>	<u>\$ 200,883</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 50 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 18 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)

Members with ten years of creditable service may retire at age sixty; members with thirty years of service may retire at any age. The monthly retirement allowance is equal to two percent of the member's final compensation multiplied by his years of creditable service; elected officials receive an additional one-half percent of final compensation for each year of such elected service.

Employees whose first employment making them eligible for membership occurs on or after January 1, 2013 will become members of Tier 2. Normal retirement eligibility in Tier 2 is at age 67 with seven years of service credit, at age 62 with ten years of service credit, or age 55 with thirty years of service credit. Members are eligible for an actuarially reduced early retirement at twenty-five years of service credit. Retirement benefits are based on a 2% accrual rate. Employee contributions are set by the Board of Trustees within a range of 4% to 6%.

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

ITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

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.

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

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, 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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

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. Twenty years of creditable service are required in order for a member to have a vested disability benefit. A disabled member receives a normal retirement allowance if eligible under regular retirement provisions; if he is not eligible for a normal retirement allowance, he receives a disability benefit equal to the lesser of:

1. Thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service; whichever is greater; and
2. Two percent of his final average compensation multiplied by his years of creditable service projected to his 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 eligible there under or 25.0% of the member's average salary, whichever is greater.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

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 of a MERS Plan B member who was eligible for normal retirement at the time of death receives an automatic option two benefit. The surviving spouse of a member with five or more years of creditable service and not eligible for normal retirement at the time of death receives either 30% of the member's final compensation payable to the spouse when they attain age 60 or an actuarial equivalent of 30% of the deceased member's final compensation, but not less than 15% of such final compensation. Survivor benefits are also payable to the surviving spouses of former members who have not withdrawn their accumulated contributions and who have at least twenty years of creditable service. The benefits payable are the actuarial equivalent of the Option 2 benefits that would have become payable to the surviving spouse at the time the former member would have begun receiving deferred normal retirement benefits, had the MERS Plan B member survived until that date, elected Option 2, and died at that time.

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 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. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors, and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. 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.

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CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

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, 2019 through June 30, 2019, the employer contribution rates for MERS Plan B, MPERS, and FRS were 14.00%; 32.50%; and 26.50%, respectively. For July 1, 2019 through December 31, 2019, the employer contribution rates for MERS Plan B, MPERS, and FRS were 14.00%; 32.25%; and 27.75%, respectively. Employer contributions to MERS, MPERS, and FRS were \$311,044; \$345,395; and \$433,329 respectively, for the year ended December 31, 2019.

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, 2019, the City of Abbeville recognized revenue as a result of support received from non-employer contributing entities of \$75,589 for its participation in MERS; \$71,857 for its participation in MPERS; and \$164,545 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, 2019:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Total</u>
Net Pension Liability	<u>\$2,508,058</u>	<u>\$3,169,850</u>	<u>\$3,843,548</u>	<u>\$ 9,521,456</u>
Pension (Benefit) Expense	<u>\$ (131,843)</u>	<u>\$ (85,667)</u>	<u>\$ (143,144)</u>	<u>\$ (360,654)</u>
Proportion of Net Pension Liability	2.8670%	0.3490%	0.6138%	
Change in Proportion Increase (Decrease)	(0.106515)%	(0.012976)%	(0.037356)%	

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

The net pension liabilities were measured as of June 30, 2019 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.

At December 31, 2019, 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 experience	\$ -	\$ 6,651	\$ -	\$ 6,651
Changes in assumptions	152,891	177,633	349,669	680,193
Net difference between projected and actual earnings on pension plan investments	264,160	205,940	258,468	728,568
Changes in:				
Proportion and differences between employer contributions and proportionate share of:				
Contributions	15,435	-	173,402	188,837
Employer contributions subsequent to measurement date	155,656	170,764	229,489	555,909
Total	<u>\$ 588,142</u>	<u>\$ 560,988</u>	<u>\$ 1,011,028</u>	<u>\$ 2,160,158</u>

Deferred Inflows of Resources

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 111,243	\$ 97,522	\$ 277,252	\$ 486,017
Changes in assumptions	-	-	280	280
Changes in proportion and differences between actual contributions and proportionate share of contributions	62,071	153,535	534,969	750,575
Total	<u>\$ 173,314</u>	<u>\$ 251,057</u>	<u>\$ 812,501</u>	<u>\$ 1,236,872</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

During the year ended December 31, 2019, employer contributions totaling \$155,656, \$170,764, and \$229,489 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, 2020. 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,	MERS	MPERS	FRS	Total
2020	\$ 142,219	\$ 105,723	\$ 3,029	\$ 250,971
2021	58,830	(69,684)	(143,765)	(154,619)
2022	35,175	51,714	(8,360)	78,529
2023	22,948	51,414	35,984	110,346
2024	-	-	40,147	40,147
2025	-	-	42,003	42,003
Total	<u>\$ 259,172</u>	<u>\$ 139,167</u>	<u>\$ (30,962)</u>	<u>\$ 367,377</u>

Actuarial Assumptions

The total pension liabilities for MERS, MPERS, and FRS in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	MERS
Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years for Plan B
Investment rate of return	7.0% net of investment expense
Inflation rate	2.500%
Projected salary increases	7.4% (1 to 4 years service) (including inflation and merit) 4.9% (More than 4 years service) (including inflation and merit)
Cost of living adjustments	None
Mortality	Annuitant and beneficiary Mortality - PubG-2010(B) Healthy Retiree Table (set equal to 120% for males and females). Employees Mortality - PubG-2010(B) Employee Table (set equal to 120% for males and females). Disabled Lives Mortality - PubNS-2010(B) Disabled Retiree Table (set equal to 120% for males and females).

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	7.125% net of investment expense								
Inflation rate	2.50%								
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1 - 2</td> <td style="text-align: center;">9.75%</td> </tr> <tr> <td style="text-align: center;">2 - 23</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td style="text-align: center;">24 & over</td> <td style="text-align: center;">4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1 - 2	9.75%	2 - 23	4.75%	24 & over	4.25%
<u>Years of Service</u>	<u>Salary Growth Rate</u>								
1 - 2	9.75%								
2 - 23	4.75%								
24 & over	4.25%								
Projected salary increases									
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 .

FRS	
Actuarial cost method	Entry Age Normal
Expected remaining service lives	7 years
Investment rate of return	7.15% net of investment expense
Inflation rate	2.500%
Projected salary increases	Vary from 14.75% in the first two years of service to 4.5% 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 7.00%, MPERS is 7.89%, and FRS is 7.94% for the year ended June 30, 2019.

Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.00%, MPERS was 7.125%, and FRS was 7.150%. 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, 2019 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%	33%	31%	1.51%	0.80%	2.17%
Equity	50%	49%	49%	2.15%	3.28%	6.75%
Alternatives	15%	18%	10%	0.64%	1.06%	7.33%
Real assets	<u>0%</u>	<u>0%</u>	<u>10%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>4.52%</u>
Totals	<u>100%</u>	<u>100%</u>	<u>100%</u>	4.30%	5.14%	5.19%
Inflation				<u>2.70%</u>	<u>2.75%</u>	<u>2.75%</u>
Expected Arithmetic Nominal Return				<u>7.00%</u>	<u>7.89%</u>	<u>7.94%</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 7.000% for MERS, 7.125% for MPERS, and 7.150% 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 (6.000% for MERS, 6.125% for MPERS, and 6.150% for FRS) or one percentage-point higher (8.00% for MERS, 8.125% for MPERS, and 8.150% for FRS) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
MERS	\$ 3,342,595	\$ 2,508,058	\$ 1,802,264
MPERS	4,416,645	3,169,850	2,123,913
FRS	<u>5,565,717</u>	<u>3,843,548</u>	<u>2,398,090</u>
Total	<u>\$ 13,324,957</u>	<u>\$ 9,521,456</u>	<u>\$ 6,324,267</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, 2019, payables to MERS, MPERS, and FRS were \$23,994, \$25,501, and \$38,799, respectively for employee and employer legally-required contributions.

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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 (2019 - \$1,413,336; 2018 - \$1,433,325) 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 (2019 - \$1,413,336; 2018 - \$1,433,325) for paying a portion of the salaries and benefits of City employees.

One quarter of one percent sales and use tax (2019 – \$706,668; 2018 – \$716,663) shall be allocated periodically for the purpose of increasing the salaries for public safety employees of the City.

One half of one percent sales and use tax (2019 \$223,383;) effective November 2019 shall be allocated periodically for the purpose of increasing the salaries of City employees.

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, 2019 follows:

	<u>Electric</u>	<u>Water</u>	<u>Sewerage</u>	<u>Total</u>
Operating revenues	\$ 13,106,543	\$ 1,856,895	\$ 1,840,597	\$ 16,804,035
Operating expenses:				
Depreciation	360,687	291,407	530,236	1,182,330
Other	<u>7,376,789</u>	<u>674,517</u>	<u>770,406</u>	<u>8,821,712</u>
Total operating expenses	<u>7,737,476</u>	<u>965,924</u>	<u>1,300,642</u>	<u>10,004,042</u>
Operating income (loss)	<u>\$ 5,369,067</u>	<u>\$ 890,971</u>	<u>\$ 539,955</u>	<u>\$ 6,799,993</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 \$75,000 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, 2019 follows:

Mark Piazza, Mayor	\$ 67,000
Francis Plaisance, Councilman-at-large	16,725
Roslyn White, Councilman	15,400
Terry Broussard, Councilman	15,400
R. Brady Broussard, Jr., Councilman	15,400
Francis Touchet, Councilman	15,400
	<u>\$ 145,325</u>

NOTE 15 POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan description – The City of Abbeville (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Abbeville’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical and life insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: Employees are covered by the Municipal Employees’ Retirement System (MERS), or MPERS for Police, or FRS for Firefighters. MERS: Attainment of age 60 and 10 years of service; or, any age and 25 years of service; employees hired on and after January 1, 2013 are not able to retire or enter DROP until age 67 with 7 years of service; or, age 62 with 10 years of service; or, age 55 with 30 years of service. MPERS and FRS: Attainment of age 55 with 12 years of service; or, age 50 with 20 years of service; or, any age and 25 years of service. Employees are assumed to delay retirement until 25 years for civil service employees, 20 years for non-civil service employees, and 10 years for elected officials, also subject to 3 year assumption of DROP participation.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS
(CONTINUED)

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. An amount of either \$25,000 or \$12,500 amount of insurance coverage while active is provided after retirement.

Employees covered by benefit terms – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	45
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>145</u>
	<u>190</u>

Total OPEB Liability

The City’s total OPEB liability of \$19,664,593 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	4.10% annually (Beginning of Year to Determine ADC)
	2.74%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2019.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS
(CONTINUED)

Changes in the Total OPEB Liability

Balance at December 31, 2018	\$27,815,789
Changes for the year:	
Service cost	296,133
Interest	1,146,518
Differences between expected and actual experience	1,548,248
Changes in assumptions	(1,101,763)
Changes in benefit terms	(9,517,341)
Benefit payments and net transfers	<u>(522,991)</u>
Net changes	<u>(8,151,196)</u>
Balance at December 31, 2019	<u>\$19,664,593</u>

Sensitivity of the total OPEB liability to changes in the discount rate The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current discount rate:

	1.0% <u>(1.74%)</u>	Current <u>(2.74%)</u>	1.0% Increase <u>(3.74%)</u>
Total OPEB liability	<u>\$22,589,891</u>	<u>\$19,664,593</u>	<u>\$17,279,803</u>

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CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 15 POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS
(CONTINUED)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% <u>(4.5%)</u>	Current <u>(5.5%)</u>	1.0% Increase <u>(6.5%)</u>
Total OPEB liability	<u>\$17,410,832</u>	<u>\$19,664,593</u>	<u>\$22,402,119</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB benefit of \$8,323,794. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,419,228	\$ 434,653
Changes in assumptions	-	3,724,719
Total	<u>\$ 1,419,228</u>	<u>\$ 4,159,372</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending December 31:</u>	
2020	249,104
2021	249,104
2022	249,104
2023	249,104
2024	249,104
Thereafter	1,494,624

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

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, 2018 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 required three annual payments of \$48,924 and was paid out during the year ended December 31, 2019.

NOTE 18 INTERFUND TRANSFERS

Interfund transfers consist of the following at December 31, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$ 7,993,525	\$ -
Special revenue funds:		
Sales Tax Special Revenue Fund	-	2,896,901
Public Improvement - Sewer Fund	-	88,563
Maintenance and Operation - Fire Department Fund	-	87,582
Debt service funds:		
2012 Revenue Refunding Bonds Fund	477,557	-
2014 Sales Tax Revenue Bonds Fund	202,098	-
2016 Revenue Bonds Fund	77,186	-
Capital projects funds:		
Airport Improvement Fund	45,072	-
LCDBG Street Improvement	<u>104,704</u>	<u>-</u>
Total governmental funds	<u>8,900,142</u>	<u>3,073,046</u>
Proprietary funds:		
Enterprise Fund	<u>384,972</u>	<u>6,212,068</u>
Total	<u>\$ 9,285,114</u>	<u>\$ 9,285,114</u>

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 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, 2019 follows:

Mark Piazza, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 67,000
Benefits - Health insurance	8,704
Benefits - Retirement	9,128
Vehicle Provided by Government	100

NOTE 20 COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in various lawsuits. Although the outcome of some of these lawsuits has been determined, as of the date of this audit report, the City has not appropriated any funds in payment of these liabilities. There are also pending lawsuits which may result in judgments against the City. As of December 31, 2019, the amounts, if any, resulting from the settlement of these pending claims could not be reasonably determined by management and legal counsel.

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.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 21 PRIOR PERIOD ADJUSTMENT

The net position of the Governmental Activities and Business-Type Activities has been adjusted due to the correction of actuarial assumptions relating to the adoption of the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the year ended December 31, 2019.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position, December 31, 2018	\$(12,800,476)	\$ 9,951,656
Deferred inflows related to OBEB	<u>(2,576,800)</u>	<u>(858,933)</u>
Net Position, December 31, 2018, as restated	<u><u>\$(15,377,276)</u></u>	<u><u>\$ 9,092,723</u></u>

NOTE 22 SUBSEQUENT EVENTS

We have evaluated events subsequent to the balance sheet date through July 8, 2020, the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our resources, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019			Variance - Positive (Negative)	2018 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 362,000	\$ 367,000	\$ 369,567	\$ 2,567	\$ 368,956
Licenses and permits	584,000	581,000	584,714	3,714	593,174
Intergovernmental	239,000	261,000	237,286	(23,714)	186,164
Fines and forfeitures	125,000	65,000	60,243	(4,757)	93,650
Miscellaneous	<u>470,000</u>	<u>566,000</u>	<u>559,207</u>	<u>(6,793)</u>	<u>558,093</u>
Total revenues	<u>1,780,000</u>	<u>1,840,000</u>	<u>1,811,017</u>	<u>(28,983)</u>	<u>1,800,037</u>
Expenditures:					
Current -					
General government	1,778,000	1,823,000	1,832,723	(9,723)	1,779,067
Public safety:					
Police	3,150,000	3,013,000	3,027,537	(14,537)	2,979,710
Fire	3,225,000	3,300,000	3,359,799	(59,799)	3,158,158
Highways and streets	1,110,000	1,146,000	1,145,928	72	1,123,609
Culture and recreation	415,000	437,000	445,933	(8,933)	396,027
Capital outlay	<u>472,000</u>	<u>690,000</u>	<u>762,907</u>	<u>(72,907)</u>	<u>208,662</u>
Total expenditures	<u>10,150,000</u>	<u>10,409,000</u>	<u>10,574,827</u>	<u>(165,827)</u>	<u>9,645,233</u>
Deficiency of revenues over expenditures	<u>(8,370,000)</u>	<u>(8,569,000)</u>	<u>(8,763,810)</u>	<u>(194,810)</u>	<u>(7,845,196)</u>
Other financing sources (uses):					
Transfers in	8,008,000	7,841,000	8,011,553	170,553	7,842,466
Transfers out	<u>-</u>	<u>-</u>	<u>(18,028)</u>	<u>(18,028)</u>	<u>-</u>
Total other financing sources (uses)	<u>8,008,000</u>	<u>7,841,000</u>	<u>7,993,525</u>	<u>152,525</u>	<u>7,842,466</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(362,000)	(728,000)	(770,285)	(42,285)	(2,730)
Fund balance, beginning	<u>1,087,969</u>	<u>1,087,969</u>	<u>1,087,969</u>	<u>-</u>	<u>1,090,699</u>
Fund balance, ending	<u>\$ 725,969</u>	<u>\$ 359,969</u>	<u>\$ 317,684</u>	<u>\$(42,285)</u>	<u>\$1,087,969</u>

CITY OF ABBEVILLE, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
Year Ended December 31, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019			Variance - Positive (Negative)	2018 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Sales tax	\$3,575,000	\$3,720,000	\$3,756,727	\$ 36,727	\$3,583,313
Intergovernmental - state and local	18,000	45,000	25,000	(20,000)	86,053
Miscellaneous - interest and other	<u>2,000</u>	<u>10,000</u>	<u>11,378</u>	<u>1,378</u>	<u>12,597</u>
Total revenues	<u>3,595,000</u>	<u>3,775,000</u>	<u>3,793,105</u>	<u>18,105</u>	<u>3,681,963</u>
Expenditures:					
Current -					
General government	10,000	15,000	8,242	6,758	24,756
Public safety:					
Police	41,000	36,000	16,594	19,406	20,568
Fire	40,000	45,000	34,674	10,326	23,312
Highways and streets	208,000	230,000	184,489	45,511	191,234
Culture and recreation	10,000	10,000	7,956	2,044	6,895
Capital outlay	352,000	519,000	416,105	102,895	549,156
Debt service -					
Principal	46,000	46,000	46,373	(373)	43,956
Interest	<u>3,000</u>	<u>3,000</u>	<u>2,551</u>	<u>449</u>	<u>4,968</u>
Total expenditures	<u>710,000</u>	<u>904,000</u>	<u>716,984</u>	<u>187,016</u>	<u>864,845</u>
Excess of revenues over expenditures	<u>2,885,000</u>	<u>2,871,000</u>	<u>3,076,121</u>	<u>205,121</u>	<u>2,817,118</u>
Other financing sources (uses):					
Transfers in -	-	20,000	20,000	-	-
Transfers out -					
General Fund -					
Salaries	(715,000)	(710,000)	(702,000)	8,000	(718,000)
Retirement	(545,000)	(527,000)	(533,899)	(6,899)	(543,862)
Health insurance	(593,000)	(593,000)	(592,800)	200	(592,800)
Capital outlay and other costs	-	-	(73,971)	(73,971)	-
Debt Service Fund	(614,000)	(669,500)	(669,259)	241	(613,824)
Utility Fund -					
Retirement	(105,000)	(98,000)	(104,317)	(6,317)	(103,238)
Health insurance	(187,000)	(187,000)	(187,200)	(200)	(187,200)
Capital outlay and other costs	<u>(285,000)</u>	<u>(25,000)</u>	<u>(53,455)</u>	<u>(28,455)</u>	<u>(190,314)</u>
Total other financing sources (uses)	<u>(3,044,000)</u>	<u>(2,789,500)</u>	<u>(2,896,901)</u>	<u>(107,401)</u>	<u>(2,949,238)</u>
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	(159,000)	81,500	179,220	97,720	(132,120)
Fund balance, beginning	<u>1,106,743</u>	<u>1,106,743</u>	<u>1,106,743</u>	<u>-</u>	<u>1,238,863</u>
Fund balance, ending	<u>\$ 947,743</u>	<u>\$1,188,243</u>	<u>\$1,285,963</u>	<u>\$ 97,720</u>	<u>\$1,106,743</u>

CITY OF ABBEVILLE, LOUISIANA
POST RETIREMENT BENEFITS

Schedule of Changes in Net OPEB Liability
and Related Ratios
Year Ended December 31, 2019

Total OPEB Liability	2018	2019
Service cost	\$ 378,008	\$ 296,133
Interest	1,061,073	1,146,518
Changes of benefit terms	-	(9,517,341)
Differences between expected and actual experience	(513,681)	1,548,248
Changes of assumptions	(3,208,364)	(1,101,763)
Benefit payments	(557,384)	(522,991)
Net change in total OPEB liability	(2,840,348)	(8,151,196)
 Total OPEB liability - beginning	 30,656,137	 27,815,789
 Total OPEB liability - ending	 \$ 27,815,789	 \$ 19,664,593
 Covered employee payroll	 \$ 4,503,826	 \$ 4,638,941
 Net OPEB liability as a percentage of covered employee payroll	 617.60%	 423.90%
 Notes to Schedule:		
Benefit change:	None	None
 Changes of Assumptions:		
Discount Rate:	4.10%	2.74%

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 Proportionate Share of Net Pension Liability
Year Ended December 31, 2019

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					
2019	2.86696%	\$ 2,508,058	\$ 2,205,125	113.74%	66.14%
2018	2.97348%	\$ 2,515,062	\$ 2,212,271	113.69%	65.60%
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					
2019	0.34904%	\$ 3,169,850	\$ 1,066,921	297.10%	71.01%
2018	0.36201%	\$ 3,060,488	\$ 926,323	330.39%	71.89%
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					
2019	0.61380%	\$ 3,843,548	\$ 1,596,195	240.79%	73.96%
2018	0.57644%	\$ 3,315,739	\$ 1,428,739	232.07%	74.76%
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, 2019

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					
2019	\$ 309,718	\$ 311,044	\$ (1,326)	\$ 2,205,125	14.1%
2018	\$ 301,384	\$ 303,643	\$ (2,259)	\$ 2,212,271	13.7%
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					
2019	\$ 299,910	\$ 345,395	\$ (45,485)	\$ 1,066,921	32.4%
2018	\$ 291,872	\$ 350,087	\$ (58,215)	\$ 926,323	37.8%
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%
Firefighters' Retirement System					
2019	\$ 401,834	\$ 433,329	\$ (31,495)	\$ 1,596,195	27.1%
2018	\$ 407,191	\$ 378,616	\$ 28,575	\$ 1,428,739	26.5%
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, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019		Actual	Variance - Favorable (Unfavorable)	2018 Actual
	Budget				
	Original	Final			
Taxes:					
Ad valorem	\$ 330,000	\$ 334,000	\$ 338,473	\$ 4,473	\$ 334,399
Housing authority payment in lieu of taxes	20,000	21,000	19,184	(1,816)	21,897
Chain store	<u>12,000</u>	<u>12,000</u>	<u>11,910</u>	<u>(90)</u>	<u>12,660</u>
Total taxes	<u>362,000</u>	<u>367,000</u>	<u>369,567</u>	<u>2,567</u>	<u>368,956</u>
Licenses and permits:					
Occupational licenses	525,000	520,000	519,683	(317)	520,198
Beer and liquor licenses	18,000	20,000	19,135	(865)	23,832
Building and other permits	<u>41,000</u>	<u>41,000</u>	<u>45,896</u>	<u>4,896</u>	<u>49,144</u>
Total licenses and permits	<u>584,000</u>	<u>581,000</u>	<u>584,714</u>	<u>3,714</u>	<u>593,174</u>
Intergovernmental:					
Vermilion Parish Police Jury/School Board -					
Fire insurance tax	76,000	75,000	74,548	(452)	-
Resource officer	28,000	30,000	31,550	1,550	32,346
State of Louisiana -					
Beer taxes	25,000	25,000	22,919	(2,081)	23,414
State grants	90,000	111,000	90,557	(20,443)	63,824
Federal -					
FEMA	-	-	-	-	28,716
Police department grants	<u>20,000</u>	<u>20,000</u>	<u>17,712</u>	<u>(2,288)</u>	<u>37,864</u>
Total intergovernmental	<u>239,000</u>	<u>261,000</u>	<u>237,286</u>	<u>(23,714)</u>	<u>186,164</u>
Fines and forfeitures	<u>125,000</u>	<u>65,000</u>	<u>60,243</u>	<u>(4,757)</u>	<u>93,650</u>
Miscellaneous:					
Rental income	119,000	119,000	109,998	(9,002)	128,395
Franchise fees - Reliant	65,000	80,000	70,467	(9,533)	80,514
Franchise fees - Cable TV	75,000	75,000	69,345	(5,655)	74,035
Franchise fees - Bell South	15,000	15,000	13,383	(1,617)	13,629
Franchise fees - La Competitive	6,000	6,000	7,746	1,746	8,575
Franchise fees - Entergy	38,000	38,000	38,686	686	38,483
Interest income	4,000	4,000	4,020	20	4,316
Witness fees	12,000	9,000	7,761	(1,239)	8,962
Youth recreation revenues	-	4,000	3,795	(205)	4,415
Oil and mineral leases	102,000	97,000	87,982	(9,018)	147,401
Other sources	<u>34,000</u>	<u>119,000</u>	<u>146,024</u>	<u>27,024</u>	<u>49,368</u>
Total miscellaneous	<u>470,000</u>	<u>566,000</u>	<u>559,207</u>	<u>(6,793)</u>	<u>558,093</u>
Total revenues	<u>\$1,780,000</u>	<u>\$1,840,000</u>	<u>\$1,811,017</u>	<u>\$ (28,983)</u>	<u>\$1,800,037</u>

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures
Year Ended December 31, 2019

With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019		Actual	Variance - Favorable (Unfavorable)	2018 Actual
	Budget				
	Original	Final			
General government:					
Administrative -					
Salaries	\$ 358,000	\$ 364,000	\$ 365,916	\$ (1,916)	\$ 356,753
Employees' insurance	206,000	204,000	213,741	(9,741)	193,899
Payroll taxes	32,000	32,000	32,346	(346)	31,511
Retirement	41,500	47,000	49,660	(2,660)	47,074
General insurance	32,000	40,000	42,048	(2,048)	36,078
Equipment operating	13,000	11,500	11,343	157	10,500
Dues and subscriptions	3,000	3,000	2,789	211	4,219
Janitorial	15,000	12,000	11,175	825	11,815
Legal and accounting	155,000	155,000	149,007	5,993	148,430
Maintenance and repairs	14,500	14,500	14,637	(137)	18,968
Other professional fees	65,000	64,000	64,532	(532)	75,515
Travel and convention	5,000	11,000	10,627	373	6,039
Office supplies	30,500	30,500	32,019	(1,519)	29,006
Postage	12,500	10,500	10,500	-	10,500
Publications	25,000	28,000	28,293	(293)	31,442
Telephone	28,000	28,000	24,415	3,585	31,686
Rents	7,500	7,500	7,200	300	7,200
Utilities	13,000	13,000	12,484	516	11,444
Employee drug testing	2,000	2,000	482	1,518	262
Election costs	-	-	-	-	19,990
Security guard	22,000	24,000	23,050	950	22,700
Main Street/related projects	34,000	39,000	55,002	(16,002)	40,874
Tourist welcome center	10,000	10,000	10,000	-	10,000
Drug task force	35,000	35,000	35,000	-	35,000
Miscellaneous	45,500	54,500	48,947	5,553	48,609
Total administrative	<u>1,205,000</u>	<u>1,240,000</u>	<u>1,255,213</u>	<u>(15,213)</u>	<u>1,239,514</u>
Airport expenses -					
Salaries	22,000	22,000	26,408	(4,408)	19,846
Payroll taxes	1,500	1,500	1,530	(30)	1,519
Utilities and telephone	13,000	14,000	13,473	527	11,069
Equipment operating	5,000	5,000	3,081	1,919	3,389
Repairs and maintenance	12,000	12,000	11,734	266	15,881
Professional services	26,000	20,000	17,898	2,102	21,138
Supplies	12,000	20,000	22,333	(2,333)	14,278
Miscellaneous	1,500	10,500	4,531	5,969	1,500
Total airport	<u>93,000</u>	<u>105,000</u>	<u>100,988</u>	<u>4,012</u>	<u>88,620</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019		Actual	Variance - Favorable (Unfavorable)	2018 Actual
	Budget				
	Original	Final			
City Court -					
Salaries	\$ 104,000	\$ 104,000	\$ 101,887	\$ 2,113	\$ 100,155
Employees' insurance	110,000	110,000	101,133	8,867	97,389
Payroll taxes	9,000	9,000	8,960	40	8,769
Retirement	24,000	28,000	29,737	(1,737)	28,092
General insurance	20,000	20,000	23,123	(3,123)	22,843
Equipment operating	7,000	5,000	4,425	575	4,514
Repair and maintenance	4,000	4,000	2,233	1,767	2,092
Utilities	4,000	4,000	3,213	787	3,414
Witness fees	10,000	8,000	5,750	2,250	8,550
Legal	32,000	32,000	30,046	1,954	28,800
Miscellaneous	1,000	1,000	1,073	(73)	1,045
Total city court	<u>325,000</u>	<u>325,000</u>	<u>311,580</u>	<u>13,420</u>	<u>305,663</u>
Tax & Licenses -					
Salaries	70,000	71,000	72,484	(1,484)	69,930
Employees' insurance	21,000	21,000	22,574	(1,574)	20,474
Payroll taxes	5,000	5,000	5,403	(403)	5,202
Retirement	8,500	10,000	14,817	(4,817)	9,527
Postage	3,500	1,000	849	151	949
Supplies	11,500	11,500	18,764	(7,264)	16,731
Miscellaneous	500	500	91	409	122
Total motor pool	<u>120,000</u>	<u>120,000</u>	<u>134,982</u>	<u>(14,982)</u>	<u>122,935</u>
Civil Service -					
Salaries	15,000	15,000	13,970	1,030	7,931
Payroll taxes	1,500	1,500	990	510	584
Supplies	1,500	1,500	-	1,500	-
Medical services	12,000	10,000	10,400	(400)	9,270
Legal fees	5,000	5,000	4,600	400	4,550
Total civil service	<u>35,000</u>	<u>33,000</u>	<u>29,960</u>	<u>3,040</u>	<u>22,335</u>
Total general government	<u>1,778,000</u>	<u>1,823,000</u>	<u>1,832,723</u>	<u>(9,723)</u>	<u>1,779,067</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019		Actual	Variance - Favorable (Unfavorable)	2018 Actual
	Budget				
	Original	Final			
Public Safety:					
Police -					
Salaries	\$ 1,480,500	\$ 1,415,500	\$ 1,403,242	\$ 12,258	\$ 1,385,802
Employees' insurance	563,500	563,500	582,886	(19,386)	548,972
Payroll taxes	26,000	26,000	25,626	374	25,139
Retirement	360,000	360,000	349,616	10,384	358,745
General insurance	280,000	265,000	264,714	286	266,746
Equipment operating	168,000	141,000	151,248	(10,248)	145,329
Uniforms	20,000	20,000	20,125	(125)	20,352
Supplies	50,000	40,000	47,713	(7,713)	43,076
Membership dues	8,000	8,000	15,101	(7,101)	11,152
Prisoner housing	80,000	70,000	61,463	8,537	67,847
Utilities	15,000	12,000	11,614	386	12,877
Telephone	32,000	32,000	36,128	(4,128)	30,743
Dog expenses	5,000	5,000	2,548	2,452	6,159
DARE program	5,000	5,000	4,715	285	4,468
Schools and convention	13,000	5,000	-	5,000	10,714
Professional fees	28,000	28,000	29,301	(1,301)	25,609
Miscellaneous	16,000	17,000	21,497	(4,497)	15,980
Total police	<u>3,150,000</u>	<u>3,013,000</u>	<u>3,027,537</u>	<u>(14,537)</u>	<u>2,979,710</u>
Fire -					
Salaries	1,700,000	1,720,000	1,732,918	(12,918)	1,663,100
Employees' insurance	590,000	590,000	657,739	(67,739)	576,047
Payroll taxes	140,000	140,000	141,197	(1,197)	137,918
Retirement	380,000	420,000	433,329	(13,329)	378,616
General insurance	220,000	220,000	189,730	30,270	203,334
Equipment operating	55,000	60,000	59,025	975	66,529
Uniforms	20,000	20,000	20,385	(385)	21,264
Supplies	46,000	56,000	46,827	9,173	43,919
Utilities	20,000	20,000	18,182	1,818	17,057
Telephone	10,000	10,000	10,386	(386)	10,654
Maintenance and repairs	6,000	6,000	10,093	(4,093)	7,661
Professional services	5,000	5,000	1,651	3,349	1,201
Schools and conventions	20,000	20,000	23,473	(3,473)	19,556
Miscellaneous	13,000	13,000	14,864	(1,864)	11,302
Total fire	<u>3,225,000</u>	<u>3,300,000</u>	<u>3,359,799</u>	<u>(59,799)</u>	<u>3,158,158</u>
Total public safety	<u>6,375,000</u>	<u>6,313,000</u>	<u>6,387,336</u>	<u>(74,336)</u>	<u>6,137,868</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019		Actual	Variance - Favorable (Unfavorable)	2018 Actual
	Budget				
	Original	Final			
Highways and Streets:					
Salaries	\$ 340,000	\$ 375,000	\$ 376,969	\$ (1,969)	\$ 346,980
Employees' insurance	120,000	120,000	123,035	(3,035)	109,145
Payroll taxes	24,000	28,000	27,910	90	25,717
Retirement	35,000	36,000	38,362	(2,362)	36,532
General insurance	182,000	182,000	187,464	(5,464)	180,118
Equipment operating	67,000	63,000	67,100	(4,100)	86,976
Utilities and telephone	24,000	24,000	22,864	1,136	22,808
Professional services	15,000	15,000	12,984	2,016	26,091
Maintenance of grass	125,000	115,000	111,815	3,185	112,590
Small tools and supplies	28,000	48,000	47,843	157	32,164
Maintenance materials	55,000	40,000	32,400	7,600	47,319
Electricity for street lights	80,000	80,000	76,122	3,878	76,872
Uniforms	5,000	10,000	9,579	421	8,590
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>11,481</u>	<u>(1,481)</u>	<u>11,707</u>
Total highways and streets	<u>1,110,000</u>	<u>1,146,000</u>	<u>1,145,928</u>	<u>72</u>	<u>1,123,609</u>
Culture and Recreation:					
Parks -					
Salaries	116,000	124,000	123,833	167	111,615
Employees' insurance	20,000	23,000	25,946	(2,946)	23,846
Payroll taxes	9,000	9,500	9,270	230	8,373
Retirement	10,000	11,000	11,763	(763)	11,018
General insurance	15,000	16,000	14,339	1,661	13,740
Equipment operating	8,000	8,000	7,766	234	5,446
Supplies	12,500	12,500	14,356	(1,856)	10,430
Repairs and maintenance	70,500	78,000	85,899	(7,899)	74,438
Utilities and telephone	67,500	67,500	65,622	1,878	67,796
Security and janitorial	-	1,000	899	101	2,225
Youth recreation	78,000	77,000	77,099	(99)	59,901
Miscellaneous	<u>8,500</u>	<u>9,500</u>	<u>9,141</u>	<u>359</u>	<u>7,199</u>
Total parks	<u>415,000</u>	<u>437,000</u>	<u>445,933</u>	<u>(8,933)</u>	<u>396,027</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
Year Ended December 31, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019		Actual	Variance - Favorable (Unfavorable)	2018 Actual
	Budget				
	Original	Final			
Capital outlay:					
General government -					
Administrative	\$ 5,000	\$ 5,000	\$ 33,120	\$ (28,120)	\$ 5,500
Airport	462,000	663,000	702,425	(39,425)	203,162
Public safety -					
Police	<u>5,000</u>	<u>22,000</u>	<u>27,362</u>	<u>(5,362)</u>	<u>-</u>
Total capital outlay	<u>472,000</u>	<u>690,000</u>	<u>762,907</u>	<u>(72,907)</u>	<u>208,662</u>
Total expenditures	<u>\$10,150,000</u>	<u>\$10,409,000</u>	<u>\$10,574,827</u>	<u>\$ (165,827)</u>	<u>\$ 9,645,233</u>

CITY OF ABBEVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule – Other Financing Sources (Uses)
Year Ended December 31, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019			Variance - Favorable (Unfavorable)	2018 Actual
	Budget		Actual		
	Original	Final			
Other financing sources:					
Transfers from other funds -					
Utility Fund	\$6,155,000	\$ 6,031,000	\$ 6,155,928	\$ 124,928	\$ 5,970,728
Sales Tax Fund	1,853,000	1,810,000	1,855,625	45,625	1,854,662
Airport Improvement Fund	-	-	-	-	17,076
Transfers to other funds -					
Airport Improvement Fund	-	-	(18,028)	(18,028)	-
 Total other financing sources	 <u>\$8,008,000</u>	 <u>\$ 7,841,000</u>	 <u>\$ 7,993,525</u>	 <u>\$ 152,525</u>	 <u>\$ 7,842,466</u>

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
December 31, 2019
With comparative Totals for December 31, 2018

	Special Revenue	Debt Service	Capital Projects	Totals	
				2019	2018
ASSETS					
Cash and interest-bearing deposits	\$ 171,030	\$ 574,778	\$ -	\$ 745,808	\$ 708,520
Receivables -					
Ad valorem taxes	17,153	-	-	17,153	24,165
Other receivable	-	-	9,442	9,442	-
Due from other governments	<u>-</u>	<u>-</u>	<u>91,345</u>	<u>91,345</u>	<u>40,416</u>
Total assets	<u>\$ 188,183</u>	<u>\$ 574,778</u>	<u>\$ 100,787</u>	<u>\$ 863,748</u>	<u>\$ 773,101</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	<u>\$ 12,277</u>	<u>\$ -</u>	<u>\$ 100,787</u>	<u>\$ 113,064</u>	<u>\$ 39,132</u>
Total liabilities	<u>12,277</u>	<u>-</u>	<u>100,787</u>	<u>113,064</u>	<u>39,132</u>
Fund balances:					
Restricted for economic development	24,078	-	-	24,078	24,078
Restricted for youth recreation	-	-	-	-	-
Restricted for fire protection	90,946	-	-	90,946	101,350
Restricted for sewer improvement	60,882	-	-	60,882	94,837
Assigned for debt service	-	574,778	-	574,778	512,420
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,284</u>
Total fund balances	<u>175,906</u>	<u>574,778</u>	<u>-</u>	<u>750,684</u>	<u>733,969</u>
Total liabilities and fund balances	<u>\$ 188,183</u>	<u>\$ 574,778</u>	<u>\$ 100,787</u>	<u>\$ 863,748</u>	<u>\$ 773,101</u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Special	Debt	Capital	Totals	
	Revenue	Service	Projects	2019	2018
Revenues:					
Taxes	\$ 84,633	\$ -	\$ -	\$ 84,633	\$ 83,608
Intergovernmental	95,140	-	992,035	1,087,175	499,701
Miscellaneous	<u>43,301</u>	<u>1,194</u>	<u>-</u>	<u>44,495</u>	<u>1,850</u>
Total revenues	<u>223,074</u>	<u>1,194</u>	<u>992,035</u>	<u>1,216,303</u>	<u>585,159</u>
Expenditures:					
Current -					
General government	-	-	-	-	-
Fire protection	10,992	-	-	10,992	-
Capital outlay	80,296	-	1,143,095	1,223,391	629,625
Debt service -					
Principal retirement	-	615,000	-	615,000	597,000
Interest and fiscal charges	<u>-</u>	<u>80,677</u>	<u>-</u>	<u>80,677</u>	<u>94,376</u>
Total expenditures	<u>91,288</u>	<u>695,677</u>	<u>1,143,095</u>	<u>1,930,060</u>	<u>1,321,001</u>
Deficiency of revenues over expenditures	<u>131,786</u>	<u>(694,483)</u>	<u>(151,060)</u>	<u>(713,757)</u>	<u>(735,842)</u>
Other financing sources (uses):					
Transfers in	-	756,841	149,776	906,617	701,836
Transfers out	<u>(176,145)</u>	<u>-</u>	<u>-</u>	<u>(176,145)</u>	<u>(176,504)</u>
Total financing sources (uses)	<u>(176,145)</u>	<u>756,841</u>	<u>149,776</u>	<u>730,472</u>	<u>525,332</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(44,359)	62,358	(1,284)	16,715	(210,510)
Fund balance, beginning	<u>220,265</u>	<u>512,420</u>	<u>1,284</u>	<u>733,969</u>	<u>944,479</u>
Fund balance, ending	<u>\$ 175,906</u>	<u>\$ 574,778</u>	<u>\$ -</u>	<u>\$ 750,684</u>	<u>\$ 733,969</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, 2019
With Comparative Totals for December 31, 2018

	Public Improvement Sewer Fund	Maint. and Operation - Fire Dept. Fund	Economic Development District No. 1 Fund	Totals	
				2019	2018
ASSETS					
Interest-bearing deposits	\$ 56,006	\$ 90,946	\$ 24,078	\$171,030	\$196,100
Receivables:					
Ad valorem taxes	<u>17,153</u>	<u>-</u>	<u>-</u>	<u>17,153</u>	<u>24,165</u>
Total assets	<u>\$ 73,159</u>	<u>\$ 90,946</u>	<u>\$ 24,078</u>	<u>\$188,183</u>	<u>\$220,265</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 12,277	\$ -	\$ -	\$ 12,277	\$ -
Total liabilities	<u>12,277</u>	<u>-</u>	<u>-</u>	<u>12,277</u>	<u>-</u>
Fund balances:					
Restricted for economic development	-	-	24,078	24,078	24,078
Restricted for youth recreation	-	-	-	-	-
Restricted for fire protection	-	90,946	-	90,946	101,350
Restricted for sewer improvements	<u>60,882</u>	<u>-</u>	<u>-</u>	<u>60,882</u>	<u>94,837</u>
Total fund balances	<u>60,882</u>	<u>90,946</u>	<u>24,078</u>	<u>175,906</u>	<u>220,265</u>
Total liabilities and fund balances	<u>\$ 73,159</u>	<u>\$ 90,946</u>	<u>\$ 24,078</u>	<u>\$188,183</u>	<u>\$220,265</u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Public Improvement Sewer Fund	Maint. and Operation - Fire Dept. Fund	Economic Development District No. 1 Fund	Totals	
				2019	2018
Revenues:					
Taxes	\$ 84,633	\$ -	\$ -	\$ 84,633	\$ 83,608
Intergovernmental	-	95,140	-	95,140	169,976
Other revenues	<u>21,950</u>	<u>21,351</u>	-	<u>43,301</u>	<u>897</u>
Total revenues	<u>106,583</u>	<u>116,491</u>	<u>-</u>	<u>223,074</u>	<u>254,481</u>
Expenditures:					
Current -					
General government -					
Economic development	-	-	-	-	-
Public safety -					
Fire protection	-	10,992	-	10,992	-
Capital outlay	<u>51,975</u>	<u>28,321</u>	-	<u>80,296</u>	<u>299,100</u>
Total expenditures	<u>51,975</u>	<u>39,313</u>	<u>-</u>	<u>91,288</u>	<u>299,100</u>
Excess (deficiency) of revenues over expenditures	<u>54,608</u>	<u>77,178</u>	<u>-</u>	<u>131,786</u>	<u>(44,619)</u>
Other financing sources (uses):					
Transfers out	<u>(88,563)</u>	<u>(87,582)</u>	-	<u>(176,145)</u>	<u>(159,428)</u>
Total financing sources (uses)	<u>(88,563)</u>	<u>(87,582)</u>	<u>-</u>	<u>(176,145)</u>	<u>(159,428)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	(33,955)	(10,404)	-	(44,359)	(204,047)
Fund balances, beginning	<u>94,837</u>	<u>101,350</u>	<u>24,078</u>	<u>220,265</u>	<u>424,312</u>
Fund balances, ending	<u>\$ 60,882</u>	<u>\$ 90,946</u>	<u>\$ 24,078</u>	<u>\$175,906</u>	<u>\$220,265</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, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019		Actual	Variance - Favorable (Unfavorable)	2018 Actual
	Original Budget	Final Budget			
Revenues:					
Taxes -					
Ad valorem taxes	\$ 82,000	\$ 83,000	\$ 84,633	\$ 1,633	\$ 83,608
Other revenues -					
Miscellaneous	-	25,000	21,786	(3,214)	-
Interest	-	-	164	164	134
Total revenues	<u>82,000</u>	<u>108,000</u>	<u>106,583</u>	<u>(1,417)</u>	<u>83,742</u>
Expenditures:					
Current -					
General government	-	-	-	-	-
Capital outlay	-	52,045	51,975	70	-
Total expenditures	<u>-</u>	<u>52,045</u>	<u>51,975</u>	<u>70</u>	<u>-</u>
Excess of revenues over expenditures	82,000	55,955	54,608	(1,347)	83,742
Other financing sources (uses):					
Transfers out	<u>(82,000)</u>	<u>(138,955)</u>	<u>(88,563)</u>	<u>50,392</u>	<u>(71,416)</u>
Total other financing sources (uses)	<u>(82,000)</u>	<u>(138,955)</u>	<u>(88,563)</u>	<u>50,392</u>	<u>(71,416)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	-	(83,000)	(33,955)	49,045	12,326
Fund balance, beginning	<u>94,837</u>	<u>94,837</u>	<u>94,837</u>	<u>-</u>	<u>82,511</u>
Fund balance, ending	<u>\$ 94,837</u>	<u>\$ 11,837</u>	<u>\$ 60,882</u>	<u>\$ 49,045</u>	<u>\$ 94,837</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, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019			Variance - Favorable (Unfavorable)	2018 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Intergovernmental -					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
Vermilion Parish Police Jury -					
Fire protection	95,000	95,000	95,140	140	95,140
Fire insurance tax	-	-	-	-	74,836
Other -					
Interest and other revenue	-	21,000	21,351	351	763
Total revenues	<u>95,000</u>	<u>116,000</u>	<u>116,491</u>	<u>491</u>	<u>170,739</u>
Expenditures:					
Maintenance and repairs	5,000	10,000	10,992	(992)	-
Capital outlay	<u>5,000</u>	<u>15,000</u>	<u>28,321</u>	<u>(13,321)</u>	<u>299,100</u>
Total expenditures	<u>10,000</u>	<u>25,000</u>	<u>39,313</u>	<u>(14,313)</u>	<u>299,100</u>
Deficiency of revenues over expenditures	85,000	91,000	77,178	(13,822)	(128,361)
Other financing sources (uses):					
Transfers out	<u>(88,000)</u>	<u>(87,500)</u>	<u>(87,582)</u>	<u>(82)</u>	<u>(88,012)</u>
Total other financing sources (uses)	<u>(88,000)</u>	<u>(87,500)</u>	<u>(87,582)</u>	<u>(82)</u>	<u>(88,012)</u>
Deficiency of revenues and other sources over expenditures and other uses	(3,000)	3,500	(10,404)	(13,904)	(216,373)
Fund balance, beginning	<u>101,350</u>	<u>101,350</u>	<u>101,350</u>	<u>-</u>	<u>317,723</u>
Fund balance, ending	<u>\$ 98,350</u>	<u>\$ 104,850</u>	<u>\$ 90,946</u>	<u>\$ (13,904)</u>	<u>\$ 101,350</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, 2019
 With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019			Variance - Favorable (Unfavorable)	2018 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Taxes -					
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues -					
Interest	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Current -					
General government -					
Economic development	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	-	-	-	-	-
Fund balance, beginning	<u>24,078</u>	<u>24,078</u>	<u>24,078</u>	<u>-</u>	<u>24,078</u>
Fund balance, ending	<u>\$ 24,078</u>	<u>\$ 24,078</u>	<u>\$ 24,078</u>	<u>\$ -</u>	<u>\$ 24,078</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, 2019
With Comparative Totals for December 31, 2018

	<u>2012</u> Revenue Refunding Bond Fund	<u>2014</u> Sales Tax Revenue Bond Fund	<u>2016</u> Revenue Bond Fund	<u>Totals</u>	
				2019	2018
ASSETS					
Interest - bearing deposits	<u>\$ 387,133</u>	<u>\$ 120,850</u>	<u>\$ 66,795</u>	<u>\$ 574,778</u>	<u>\$ 512,420</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance:					
Assigned for debt service	<u>387,133</u>	<u>120,850</u>	<u>66,795</u>	<u>574,778</u>	<u>512,420</u>
Total liabilities and fund balance	<u>\$ 387,133</u>	<u>\$ 120,850</u>	<u>\$ 66,795</u>	<u>\$ 574,778</u>	<u>\$ 512,420</u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2019
With Comparative Totals for December 31, 2018

	<u>2012</u> Revenue Refunding Bond Fund	<u>2014</u> Sales Tax Revenue Bond Fund	<u>2016</u> Revenue Bond Fund	<u>Totals</u>	
				2019	2018
Revenues:					
Other revenues -					
Interest income	\$ 776	\$ 313	\$ 105	\$ 1,194	\$ 953
Expenditures:					
Debt service -					
Principal retirement	434,000	168,000	13,000	615,000	597,000
Interest and fiscal charges	<u>35,978</u>	<u>32,105</u>	<u>12,594</u>	<u>80,677</u>	<u>94,376</u>
Total expenditures	<u>469,978</u>	<u>200,105</u>	<u>25,594</u>	<u>695,677</u>	<u>691,376</u>
Deficiency of revenues over expenditures	<u>(469,202)</u>	<u>(199,792)</u>	<u>(25,489)</u>	<u>(694,483)</u>	<u>(690,423)</u>
Other financing sources:					
Transfers in	<u>477,557</u>	<u>202,098</u>	<u>77,186</u>	<u>756,841</u>	<u>701,836</u>
Excess of revenues and other financing sources over expenditures	8,355	2,306	51,697	62,358	11,413
Fund balance, beginning	<u>378,778</u>	<u>118,544</u>	<u>15,098</u>	<u>512,420</u>	<u>501,007</u>
Fund balance, ending	<u>\$ 387,133</u>	<u>\$ 120,850</u>	<u>\$ 66,795</u>	<u>\$ 574,778</u>	<u>\$ 512,420</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.

LCDBG Street Improvement Fund

This fund accounts for improvement projects for the LCDBG. Program expenditures are generally funded by federal and state grants.

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Capital Projects Funds

Combining Balance Sheet
December 31, 2019
With Comparative Totals for December 31, 2018

	Airport Improvement Fund	LCDBG Street Improvement Fund	Totals	
			2019	2018
ASSETS				
Cash and interest - bearing deposits	\$ -	\$ -	\$ -	\$ -
Other receivable	-	9,442	9,442	-
Due from other governments	<u>36,445</u>	<u>54,900</u>	<u>91,345</u>	<u>40,416</u>
	<u>\$ 36,445</u>	<u>\$ 64,342</u>	<u>\$ 100,787</u>	<u>\$ 40,416</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 36,445	64,342	\$ 100,787	\$ 39,132
Due to other fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>36,445</u>	<u>64,342</u>	<u>100,787</u>	<u>39,132</u>
Fund balance:				
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,284</u>
Total liabilities and fund balance	<u>\$ 36,445</u>	<u>\$ 64,342</u>	<u>\$ 100,787</u>	<u>\$ 40,416</u>

CITY OF ABBEVILLE, LOUISIANA
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Airport Improvement Fund	LCDBG Street Improvement Fund	Totals	
			2019	2018
Revenues:				
Federal grants	\$ -	\$ 800,000	\$ 800,000	\$ 297,472
State grants	<u>192,035</u>	<u>-</u>	<u>192,035</u>	<u>32,253</u>
Total revenues	<u>192,035</u>	<u>800,000</u>	<u>992,035</u>	<u>329,725</u>
Expenditures:				
Current -				
Professional services	-	-	-	-
Capital outlay -				
Airport improvements	238,391	-	238,391	330,525
Street overlay improvements	<u>-</u>	<u>904,704</u>	<u>904,704</u>	<u>-</u>
Total expenditures	<u>238,391</u>	<u>904,704</u>	<u>1,143,095</u>	<u>330,525</u>
Excess (deficiency) of revenues over expenditures	(46,356)	(104,704)	(151,060)	(800)
Other financing sources:				
Transfers in	45,072	104,704	149,776	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,076)</u>
Total financing sources (uses)	<u>45,072</u>	<u>104,704</u>	<u>149,776</u>	<u>(17,076)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(1,284)	-	(1,284)	(17,876)
Fund balance, beginning	<u>1,284</u>	<u>-</u>	<u>1,284</u>	<u>19,160</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,284</u>

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility System Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended December 31, 2019 and 2018

	Electric		Water	
	2019	2018	2019	2018
Operating revenues:				
Charges for services	\$12,846,348	\$12,911,867	\$1,843,467	\$1,843,014
Other revenues	<u>260,195</u>	<u>251,200</u>	<u>13,428</u>	<u>35,856</u>
Total operating revenues	<u>13,106,543</u>	<u>13,163,067</u>	<u>1,856,895</u>	<u>1,878,870</u>
Operating expenses:				
Salaries	361,795	407,027	491,987	465,167
Employees' insurance	107,777	101,174	154,788	128,268
OPEB (benefit) expense	(446,571)	61,200	(641,363)	77,590
Payroll taxes	25,984	30,041	37,504	35,198
Retirement	34,766	39,377	48,535	44,531
Pension (benefit) obligation expense	(81,893)	114,246	(13,209)	130,526
General insurance	99,828	96,364	75,710	77,453
Equipment operating expense	45,975	51,090	22,008	30,406
Maintenance and repairs - systems	493,789	335,415	131,043	235,562
Electricity for pumps	-	-	50	206
Utilities	-	-	122,119	117,095
Materials, tools and supplies	41,056	29,698	177,668	178,187
Electric power purchased	6,609,773	6,682,136	-	-
Office expense, postage and computer processing	-	-	-	-
Bad debts and collection fees	-	-	-	-
Miscellaneous	30,459	28,871	27,139	25,216
Depreciation	321,999	324,062	262,391	264,884
Allocation of general and administrative expenses	<u>92,739</u>	<u>465,463</u>	<u>69,554</u>	<u>349,098</u>
Total operating expenses	<u>7,737,476</u>	<u>8,766,164</u>	<u>965,924</u>	<u>2,159,387</u>
Operating income (loss)	<u>\$ 5,369,067</u>	<u>\$ 4,396,903</u>	<u>\$ 890,971</u>	<u>\$ (280,517)</u>

Sewerage		General and Administrative		Totals	
2019	2018	2019	2018	2019	2018
\$ 1,802,899	\$ 1,807,499	\$ -	\$ -	\$ 16,492,714	\$ 16,562,380
37,698	35,165	-	-	311,321	322,221
<u>1,840,597</u>	<u>1,842,664</u>	<u>-</u>	<u>-</u>	<u>16,804,035</u>	<u>16,884,601</u>
364,420	365,103	376,025	401,277	1,594,227	1,638,574
105,912	98,865	165,300	148,124	533,777	476,431
(438,846)	59,803	(684,916)	89,600	(2,211,696)	288,193
26,760	26,830	28,031	29,917	118,279	121,986
38,836	37,154	45,173	44,418	167,310	165,480
(32,618)	102,456	-	112,703	(127,720)	459,931
64,929	64,066	14,279	13,741	254,746	251,624
29,811	28,957	26,227	25,920	124,021	136,373
245,843	206,159	-	-	870,675	777,136
56,461	53,380	-	-	56,511	53,586
105,353	103,106	14,047	13,344	241,519	233,545
132,441	74,231	-	-	351,165	282,116
-	-	-	-	6,609,773	6,682,136
-	-	82,393	91,044	82,393	91,044
-	-	56,699	76,703	56,699	76,703
30,566	21,043	11,869	16,094	100,033	91,224
501,220	485,680	96,720	100,774	1,182,330	1,175,400
<u>69,554</u>	<u>349,098</u>	<u>(231,847)</u>	<u>(1,163,659)</u>	<u>-</u>	<u>-</u>
<u>1,300,642</u>	<u>2,075,931</u>	<u>-</u>	<u>-</u>	<u>10,004,042</u>	<u>13,001,482</u>
<u>\$ 539,955</u>	<u>\$ (233,267)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,799,993</u>	<u>\$ 3,883,119</u>

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
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, 2019, 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 July 8, 2020.

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.

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.

Darnall, Sikes, & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
July 8, 2020

Independent Auditor's Report on Compliance for each Major Program
And on Internal Control over Compliance
Required by Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited City of Abbeville, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Abbeville, Louisiana's major federal programs for the year ended December 31, 2019. City of Abbeville, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Abbeville, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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, 2019, and the related notes to the financial statements, which collectively comprise City of Abbeville, Louisiana's basic financial statements. We issued our report thereon dated July 8, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the

basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Darnall, Sikes, & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
July 8, 2020

CITY OF ABBEVILLE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

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, 2019.

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

Auditor's Report – Major Programs

In our opinion, the City of Abbeville, Louisiana, complied, in all material respects, with the requirements that are applicable to each of its major federal programs for the year ended December 31, 2019.

Major Program – Identification

City of Abbeville, Louisiana, had Community Development Block Grant CFDA #14.228, at December 31, 2019, tested as a major program.

Major Program – Threshold

The dollar threshold to distinguish Type A and Type B programs is \$750,000 for the year ended December 31, 2019.

Low-Risk Auditee

City of Abbeville, Louisiana, is not considered a low-risk auditee for the year ended December 31, 2019.

CITY OF ABBEVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2019

Internal Control Deficiencies – Major Program

There were no significant deficiencies or material weaknesses in internal control over compliance over the major program disclosed during the audit of the financial statements.

Finding Related to Federal Program

There were no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance, and are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

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, 2019.

CITY OF ABBEVILLE, LOUISIANA

Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2019

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, 2019

There are no current audit findings.

CITY OF ABBEVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

<u>Federal Grantor/Pass Through Agency/Program Name</u>	<u>CFDA #</u>	<u>Disbursements/ Expenditures</u>
United States Department of Housing & Urban Development Passed Through Louisiana Office of Community Development Community Development Block Grant/State's Program 2018 LCDBG Public Facilities Program	14.228	\$ 800,000
		<u>\$ 800,000</u>



OTHER LOCATIONS:

Eunice Morgan City Abbeville

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Mayor Mark Piazza
City of Abbeville
Abbeville, Louisiana

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, 2019. The Entity's management is responsible for those C/C areas identified in the AUPs.

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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.
 - 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.
No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.
 - c) ***Disbursements***, including processing, reviewing, and approving
No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.

- d) **Receipts**, including receiving, recording, and preparing deposits
No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.
- 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
No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.
- 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
No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.
- 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.
No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
Written policies and procedures were obtained and do address the functions noted above.

Board (or Finance Committee, if applicable)

No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.

Bank Reconciliations

No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.

Collections

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

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

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

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

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

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

- e) Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Employees who have access to cash are covered by an insurance policy for theft.

5. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
No exception noted.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exception noted.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
No exception noted.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
No exception noted.
 - e) Trace the actual deposit per the bank statement to the general ledger.
No exception noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Listing of disbursements and management's representation that the listing is complete was obtained.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
Written policy and procedures were obtained and do address the functions noted above.
 - b) At least two employees are involved in processing and approving payments to vendors.
Written policy and procedures were obtained and do address the functions noted above.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
Written policy and procedures were obtained and do address the functions noted above.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exception noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exception noted.

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

No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.

Travel and Expense Reimbursement

No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.

Contracts

No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.

Payroll and Personnel

No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.

Ethics (excluding nonprofits)

No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.

Debt Service (excluding nonprofits)

No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.

Other

No exceptions were noted during the year ended December 31, 2018 AUP engagement; therefore, this section was excluded from testing this year.

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

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

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

July 8, 2020