

**CITY OF ABBEVILLE, LOUISIANA**

Financial Report

Year Ended December 31, 2018

## TABLE OF CONTENTS

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

(continued)

TABLE OF CONTENTS (Continued)

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



## 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, 2018, 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, 2018, 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, 2018, 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, 2018, 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 57 – 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our

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

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

*Other Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2019, on our consideration of the City of Abbeville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Abbeville, Louisiana's internal control over financial reporting and compliance.

*Dannall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
June 14, 2019

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

CITY OF ABBEVILLE, LOUISIANA

Statement of Net Position  
December 31, 2018  
With Comparative Totals for December 31, 2017

	Governmental Activities	Business-Type Activities	Total	2017 Totals
<b>ASSETS</b>				
Current assets:				
Cash and interest-bearing deposits	\$ 2,805,419	\$ 2,452,491	\$ 5,257,910	\$ 5,484,463
Receivables, net	633,811	1,875,332	2,509,143	2,740,385
Due from other governmental units	80,946	-	80,946	76,191
Inventory-materials and supplies, at cost	4,456	327,586	332,042	319,537
Total current assets	<u>3,524,632</u>	<u>4,655,409</u>	<u>8,180,041</u>	<u>8,620,576</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	978,013	978,013	963,289
Capital assets, net	17,237,483	14,252,997	31,490,480	32,168,723
Total noncurrent assets	<u>17,237,483</u>	<u>15,231,010</u>	<u>32,468,493</u>	<u>33,132,012</u>
Total assets	<u>20,762,115</u>	<u>19,886,419</u>	<u>40,648,534</u>	<u>41,752,588</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to net pension liability	<u>1,289,405</u>	<u>302,683</u>	<u>1,592,088</u>	<u>1,828,543</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts and other payables	616,287	627,898	1,244,185	1,242,205
Capital lease payable	46,373	-	46,373	43,956
Bonds payable, due within one year	615,000	-	615,000	597,000
Total current liabilities	<u>1,277,660</u>	<u>627,898</u>	<u>1,905,558</u>	<u>1,883,161</u>
Noncurrent liabilities:				
Capital lease payable	-	-	-	46,373
Compensated absences	601,170	-	601,170	607,560
Customers deposits	-	978,013	978,013	963,289
OPEB obligations	20,861,842	6,953,947	27,815,789	26,663,019
Net pension liability	7,337,197	1,554,092	8,891,289	9,269,916
Bonds payable, due in more than one year	3,238,000	-	3,238,000	3,853,000
Total noncurrent liabilities	<u>32,038,209</u>	<u>9,486,052</u>	<u>41,524,261</u>	<u>41,403,157</u>
Total liabilities	<u>33,315,869</u>	<u>10,113,950</u>	<u>43,429,819</u>	<u>43,286,318</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to net pension liability	<u>1,536,127</u>	<u>123,496</u>	<u>1,659,623</u>	<u>1,543,852</u>
<b>NET POSITION</b>				
Net investment in capital assets	16,440,110	14,252,997	30,693,107	31,221,394
Unrestricted	<u>(29,240,586)</u>	<u>(4,301,341)</u>	<u>(33,541,927)</u>	<u>(32,470,433)</u>
Total net position (deficit)	<u>\$ (12,800,476)</u>	<u>\$ 9,951,656</u>	<u>\$ (2,848,820)</u>	<u>\$ (1,249,039)</u>

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

CITY OF ABBEVILLE, LOUISIANA

Statement of Activities  
Year Ended December 31, 2018

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
<b>Governmental activities:</b>							
General government	\$ 1,993,238	\$ 593,174	\$ 53,922	\$ 389,315	\$ (956,827)	\$ -	\$ (956,827)
<b>Public safety:</b>							
Police	3,490,735	93,650	76,189	-	(3,320,896)	-	(3,320,896)
Fire	3,820,316	-	95,140	121,336	(3,603,840)	-	(3,603,840)
Highways and streets	2,167,993	-	42,516	40,000	(2,085,477)	-	(2,085,477)
Culture and recreation	494,904	4,415	-	-	(490,489)	-	(490,489)
Interest on long-term debt	<u>92,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,429)</u>	<u>-</u>	<u>(92,429)</u>
Total governmental activities	12,059,615	691,239	267,767	550,651	(10,549,958)	-	(10,549,958)
<b>Business-type activities:</b>							
Electric	8,777,677	13,163,067	-	-	-	4,385,390	4,385,390
Water	2,171,782	1,878,870	-	-	-	(292,912)	(292,912)
Sewer	<u>2,086,215</u>	<u>1,842,664</u>	<u>-</u>	<u>181,697</u>	<u>-</u>	<u>(61,854)</u>	<u>(61,854)</u>
Total business-type activities	<u>13,035,674</u>	<u>16,884,601</u>	<u>-</u>	<u>181,697</u>	<u>-</u>	<u>4,030,624</u>	<u>4,030,624</u>
<b>Total</b>	<u>\$ 25,095,289</u>	<u>\$ 17,575,840</u>	<u>\$ 267,767</u>	<u>\$ 732,348</u>	<u>(10,549,958)</u>	<u>4,030,624</u>	<u>(6,519,334)</u>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					334,399	-	334,399
Property taxes, levied for sewer improvement					83,608	-	83,608
Sales and use taxes, levied for general purposes					3,583,313	-	3,583,313
Payment in lieu of taxes					21,897	-	21,897
Franchise and chain store taxes					227,896	-	227,896
Interest and investment earnings					9,965	22,894	32,859
Loss on disposal					(3,710)	-	(3,710)
Miscellaneous					639,291	-	639,291
Transfers					<u>5,384,368</u>	<u>(5,384,368)</u>	<u>-</u>
Total general revenues and transfers					<u>10,281,027</u>	<u>(5,361,474)</u>	<u>4,919,553</u>
Change in net position					(268,931)	(1,330,850)	(1,599,781)
Net position (deficit) - December 31, 2017, restated					<u>(12,531,545)</u>	<u>11,282,506</u>	<u>(1,249,039)</u>
Net position (deficit) - December 31, 2018					<u>\$ (12,800,476)</u>	<u>\$ 9,951,656</u>	<u>\$ (2,848,820)</u>

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

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

## **MAJOR FUNDS**

### **General Fund**

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

### **Special Revenue Fund**

#### **Sales Tax Fund –**

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

### **Enterprise Fund**

#### **Utility Fund –**

To account for the provision of electric, water, and sewerage services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF ABBEVILLE, LOUISIANA

Balance Sheet  
 Governmental Funds  
 December 31, 2018  
 With Comparative Totals for December 31, 2017

ASSETS	General Fund	Sales Tax Fund	Other Governmental Funds	Totals (Memorandum Only)	
				2018	2017
Cash and interest-bearing deposits	\$ 1,110,184	\$ 902,900	\$ 708,520	\$ 2,721,604	\$ 3,005,759
Receivables:					
Taxes	96,629	277,312	24,165	398,106	409,993
Franchise fees and royalties	176,536	-	-	176,536	177,516
Other	9,776	-	-	9,776	8,053
Due from other governments	40,530	-	40,416	80,946	76,191
Inventory	4,456	-	-	4,456	1,680
Total assets	<u>\$ 1,438,111</u>	<u>\$ 1,180,212</u>	<u>\$ 773,101</u>	<u>\$ 3,391,424</u>	<u>\$ 3,679,192</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 96,854	\$ 73,469	\$ 39,132	\$ 209,455	\$ 189,326
Accrued salaries	140,037	-	-	140,037	145,303
Other accrued liabilities	68,251	-	-	68,251	70,522
Due to other funds	45,000	-	-	45,000	-
Total liabilities	<u>350,142</u>	<u>73,469</u>	<u>39,132</u>	<u>462,743</u>	<u>405,151</u>
Fund balances:					
Nonspendable - inventory	4,456	-	-	4,456	1,680
Restricted for economic development	-	-	24,078	24,078	24,078
Restricted for fire protection	-	-	101,350	101,350	317,723
Restricted for sewer improvement	-	-	94,837	94,837	82,511
Restricted for salaries of public safety employees	-	82,326	-	82,326	83,580
Restricted for salaries and benefits	-	123,545	-	123,545	117,259
Restricted for capital outlay	-	900,872	-	900,872	1,038,024
Restricted for airport operations	542,951	-	-	542,951	538,330
Assigned for debt service	-	-	512,420	512,420	501,007
Unassigned	540,562	-	1,284	541,846	569,849
Total fund balances	<u>1,087,969</u>	<u>1,106,743</u>	<u>733,969</u>	<u>2,928,681</u>	<u>3,274,041</u>
Total liabilities and fund balances	<u>\$ 1,438,111</u>	<u>\$ 1,180,212</u>	<u>\$ 773,101</u>	<u>\$ 3,391,424</u>	<u>\$ 3,679,192</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, 2018

Total fund balances for governmental funds at December 31, 2018		\$ 2,928,681
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 898,029	
Buildings, net of \$1,683,854 accumulated depreciation	2,526,086	
Infrastructure, net of \$27,357,942 accumulated depreciation	6,141,905	
Equipment, furniture, and fixtures net of \$3,833,281 accumulated depreciation	2,269,655	
Improvements other than buildings, net of \$14,443,149 accumulated depreciation	<u>5,401,808</u>	17,237,483
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	(3,853,000)	
Compensated absences	(601,170)	
OPEB obligations	(20,861,842)	
Net pension liability	(7,337,197)	
Accrued interest payable	<u>(25,230)</u>	(32,724,812)
Deferred outflows of resources and deferred inflows are not available to pay current period expenditures and therefore are not reported in the funds		(246,722)
Net position of the Internal Service Funds		<u>4,894</u>
Total net position (deficit) of governmental activities at December 31, 2018		<u>\$(12,800,476)</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, 2018  
 With Comparative Totals for the Year Ended December 31, 2017

	General Fund	Sales Tax Fund	Other Governmental Funds	Totals (Memorandum Only)	
				2018	2017
<b>Revenues:</b>					
Taxes	\$ 368,956	\$ 3,583,313	\$ 83,608	\$ 4,035,877	\$ 3,937,056
Licenses and permits	593,174	-	-	593,174	617,537
Intergovernmental	186,164	86,053	499,701	771,918	817,361
Fines and forfeitures	93,650	-	-	93,650	162,972
Miscellaneous	558,093	12,597	1,850	572,540	505,324
Total revenues	<u>1,800,037</u>	<u>3,681,963</u>	<u>585,159</u>	<u>6,067,159</u>	<u>6,040,250</u>
<b>Expenditures:</b>					
Current -					
General government	1,779,067	24,756	-	1,803,823	1,750,940
Public safety:					
Police	2,979,710	20,568	-	3,000,278	3,073,374
Fire	3,158,158	23,312	-	3,181,470	3,158,480
Highways and streets	1,123,609	191,234	-	1,314,843	1,231,658
Culture and recreation	396,027	6,895	-	402,922	426,708
Capital outlay	208,662	549,156	629,625	1,387,443	1,248,229
Debt service -					
Principal retirement	-	43,956	597,000	640,956	630,346
Interest and fiscal charges	-	4,968	94,376	99,344	108,059
Total expenditures	<u>9,645,233</u>	<u>864,845</u>	<u>1,321,001</u>	<u>11,831,079</u>	<u>11,627,794</u>
Excess (deficiency) of revenues over expenditures	<u>(7,845,196)</u>	<u>2,817,118</u>	<u>(735,842)</u>	<u>(5,763,920)</u>	<u>(5,587,544)</u>
<b>Other financing sources (uses):</b>					
Proceeds from capital lease	-	-	-	-	90,329
Transfers in	7,842,466	-	701,836	8,544,302	8,488,060
Transfers out	-	(2,949,238)	(176,504)	(3,125,742)	(2,996,696)
Total other financing sources (uses)	<u>7,842,466</u>	<u>(2,949,238)</u>	<u>525,332</u>	<u>5,418,560</u>	<u>5,581,693</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(2,730)</u>	<u>(132,120)</u>	<u>(210,510)</u>	<u>(345,360)</u>	<u>(5,851)</u>
Fund balances, beginning	<u>1,090,699</u>	<u>1,238,863</u>	<u>944,479</u>	<u>3,274,041</u>	<u>3,279,892</u>
Fund balances, ending	<u>\$ 1,087,969</u>	<u>\$ 1,106,743</u>	<u>\$ 733,969</u>	<u>\$ 2,928,681</u>	<u>\$ 3,274,041</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, 2018

Total net changes in fund balances at December 31, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (345,360)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,387,443	
Depreciation expense for the year ended December 31, 2018	<u>(1,483,627)</u>	(96,184)
Add: Contribution of capital asset by parish government		46,500
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.		
		640,956
Less: Net loss of the Self-Insurance Internal Service Fund		(146,192)
Add: Excess of compensated absences used over compensated absences earned		6,390
Less: OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
		(864,577)
Add: Net effect of pension liability recognition		486,332
Less: Loss on the disposal of capital assets		(3,710)
Add: Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis		
		<u>6,915</u>
Total changes in net position at December 31, 2018 per Statement of Activities		<u>\$ (268,931)</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, 2018 and 2017

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2018	2017	2018	2017
<b>ASSETS</b>				
Current assets:				
Cash and interest-bearing deposits	\$ 2,452,491	\$ 2,318,004	\$ 83,815	\$ 160,700
Receivables:				
Accounts	1,242,805	1,158,536	-	-
Unbilled utility receivables	632,527	852,315	-	-
Other	-	-	34,393	133,972
Due from other funds	-	-	60,000	-
Inventory - materials and supplies, at cost	327,586	317,857	-	-
Total current assets	<u>4,655,409</u>	<u>4,646,712</u>	<u>178,208</u>	<u>294,672</u>
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	978,013	963,289	-	-
Capital assets, net of accumulated depreciation	14,252,997	14,877,846	-	-
Total noncurrent assets	<u>15,231,010</u>	<u>15,841,135</u>	<u>-</u>	<u>-</u>
Total assets	<u>19,886,419</u>	<u>20,487,847</u>	<u>178,208</u>	<u>294,672</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liabilities	<u>302,683</u>	<u>796,502</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	570,244	604,582	173,314	143,586
Accrued salaries payable	19,020	19,894	-	-
Other accrued liabilities	23,634	36,847	-	-
Due to other funds	15,000	-	-	-
Total current liabilities	<u>627,898</u>	<u>661,323</u>	<u>173,314</u>	<u>143,586</u>
Noncurrent liabilities:				
Customers' deposits	978,013	963,289	-	-
OPEB obligations	6,953,947	6,665,754	-	-
Net pension liability	1,554,092	1,635,168	-	-
Total noncurrent liabilities	<u>9,486,052</u>	<u>9,264,211</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>10,113,950</u>	<u>9,925,534</u>	<u>173,314</u>	<u>143,586</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension liabilities	<u>123,496</u>	<u>76,308</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	14,252,997	14,877,846	-	-
Unrestricted	(4,301,341)	(70,839)	4,894	151,086
Total net position	<u>\$ 9,951,656</u>	<u>\$ 11,282,506</u>	<u>\$ 4,894</u>	<u>\$ 151,086</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, 2018 and 2017

	Business-type Activities- Enterprise Fund		Governmental Activities - Internal Service Funds	
	2018	2017	2018	2017
Operating revenues:				
Charges for services	\$ 16,562,380	\$ 16,614,923	\$ 2,251,889	\$ 2,458,112
Other	<u>322,221</u>	<u>426,149</u>	<u>719,535</u>	<u>432,618</u>
Total operating revenues	<u>16,884,601</u>	<u>17,041,072</u>	<u>2,971,424</u>	<u>2,890,730</u>
Operating expenses:				
Electric department	8,401,792	8,447,979	-	-
Water department	1,864,271	1,636,608	-	-
Sewerage department	1,560,019	1,489,017	-	-
Depreciation	1,175,400	1,185,162	-	-
Self insurance expenses	<u>-</u>	<u>-</u>	<u>3,118,276</u>	<u>2,861,323</u>
Total operating expenses	<u>13,001,482</u>	<u>12,758,766</u>	<u>3,118,276</u>	<u>2,861,323</u>
Operating income (loss)	<u>3,883,119</u>	<u>4,282,306</u>	<u>(146,852)</u>	<u>29,407</u>
Nonoperating revenues:				
Interest income	22,894	14,091	660	585
Grant revenues	<u>181,697</u>	<u>140,254</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues	<u>204,591</u>	<u>154,345</u>	<u>660</u>	<u>585</u>
Income before contributions and transfers	<u>4,087,710</u>	<u>4,436,651</u>	<u>(146,192)</u>	<u>29,992</u>
Transfers in (out):				
Transfers in	552,168	503,508	-	-
Transfers out	<u>(5,970,728)</u>	<u>(5,994,872)</u>	<u>-</u>	<u>-</u>
Total transfers in (out)	<u>(5,418,560)</u>	<u>(5,491,364)</u>	<u>-</u>	<u>-</u>
Change in net position	(1,330,850)	(1,054,713)	(146,192)	29,992
Net position, beginning, restated	<u>11,282,506</u>	<u>12,337,219</u>	<u>151,086</u>	<u>121,094</u>
Net position, ending	<u>\$ 9,951,656</u>	<u>\$ 11,282,506</u>	<u>\$ 4,894</u>	<u>\$ 151,086</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, 2018 and 2017

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2018	2017	2018	2017
Cash flows from operating activities:				
Receipts from customers	\$ 16,697,899	\$ 16,538,772	\$ -	\$ -
Receipts from interfund services provided	-	-	2,191,889	2,458,112
Payments to suppliers	(8,719,554)	(9,344,057)	(3,088,548)	(2,849,043)
Payments to employees	(2,401,558)	(2,426,295)	-	-
Other receipts	<u>322,221</u>	<u>426,149</u>	<u>819,114</u>	<u>299,706</u>
Net cash provided (used) by operating activities	<u>5,899,008</u>	<u>5,194,569</u>	<u>(77,545)</u>	<u>(91,225)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	552,168	503,508	-	-
Transfers to other funds	<u>(5,970,728)</u>	<u>(5,994,872)</u>	<u>-</u>	<u>-</u>
Net cash used by noncapital financing activities	<u>(5,418,560)</u>	<u>(5,491,364)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Net proceeds of meter deposits	14,724	23,038	-	-
Grants	181,697	355,176	-	-
Acquisition of property, plant and equipment	<u>(550,551)</u>	<u>(607,242)</u>	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(354,130)</u>	<u>(229,028)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	<u>22,893</u>	<u>14,090</u>	<u>660</u>	<u>585</u>
Net cash provided by investing activities	<u>22,893</u>	<u>14,090</u>	<u>660</u>	<u>585</u>
Net increase (decrease) in cash and cash equivalents	149,211	(511,733)	(76,885)	(90,640)
Cash and cash equivalents, beginning of year	<u>3,281,293</u>	<u>3,793,026</u>	<u>160,700</u>	<u>251,340</u>
Cash and cash equivalents, end of year	<u>\$ 3,430,504</u>	<u>\$ 3,281,293</u>	<u>\$ 83,815</u>	<u>\$ 160,700</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, 2018 and 2017

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2018	2017	2018	2017
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 3,883,119	\$ 4,282,306	\$ (146,852)	\$ 29,407
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,175,400	1,185,162	-	-
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	135,519	(76,151)	-	-
(Increase) decrease in other receivables	-	-	99,579	(132,912)
(Increase) decrease in inventory	(9,729)	2,062	-	-
(Increase) decrease in due from other funds	-	-	(60,000)	-
Increase (decrease) in accounts payable	(34,338)	(291,898)	29,728	12,280
Increase (decrease) in accrued salaries payable	(874)	6,800	-	-
Increase (decrease) in other accrued liabilities	(13,213)	(721)	-	-
Increase (decrease) in due to other funds	15,000	-	-	-
Increase (decrease) in OPEB obligations	288,193	185,421	-	-
Increase (decrease) in pension obligations	459,931	(98,412)	-	-
Net cash provided (used) by operating activities	<u>\$ 5,899,008</u>	<u>\$ 5,194,569</u>	<u>\$ (77,545)</u>	<u>\$ (91,225)</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	\$ 2,318,004	\$ 2,852,775	\$ 160,700	\$ 251,340
Cash and interest-bearing deposits - restricted	<u>963,289</u>	<u>940,251</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>3,281,293</u>	<u>3,793,026</u>	<u>160,700</u>	<u>251,340</u>
Cash and cash equivalents, end 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>
Net increase (decrease) in cash and cash equivalents	<u>\$ 149,211</u>	<u>\$ (511,733)</u>	<u>\$ (76,885)</u>	<u>\$ (90,640)</u>

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

CITY OF ABBEVILLE, LOUISIANA

Statement of Fiduciary Net Position  
December 31, 2018  
With Comparative Totals for December 31, 2017

	Agency Funds	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and interest-bearing deposits	\$ 63,250	\$ 70,029
LIABILITIES		
Due to others	<u>63,250</u>	<u>70,029</u>
NET POSITION		
Total net position	<u>\$ -</u>	<u>\$ -</u>

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

## CITY OF ABBEVILLE, LOUISIANA

### Notes to Basic Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Abbeville (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### Financial Reporting Entity

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

These financial statements present only the financial activity of the City of Abbeville, the primary government. They do not include the data of the component units necessary for reporting in conformity with generally accepted accounting principles.

##### Basis of Presentation

###### Government-Wide Financial Statements (GWFS)

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

## CITY OF ABBEVILLE, LOUISIANA

### Notes to Basic Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### Fund Financial Statements

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

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

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

The major funds of the City are described below:

#### Governmental Funds -

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

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports the following fund types:

Special revenue funds

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

Debt service funds

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

Capital projects funds

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

Proprietary Funds -

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

Enterprise funds

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

Internal service funds

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

## CITY OF ABBEVILLE, LOUISIANA

### Notes to Basic Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Measurement Focus/Basis of Accounting

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

##### Measurement Focus

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

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

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

##### Basis of Accounting

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

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

# CITY OF ABBEVILLE, LOUISIANA

## Notes to Basic Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### Program revenues

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

#### Allocation of indirect expenses

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

#### Assets, Liabilities and Equity

##### Cash and interest-bearing deposits

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

##### Investments

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

##### Interfund receivables and payables

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

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

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, 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, 2018, 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.

Subsequent Events

We have evaluated events subsequent to the balance sheet date through June 14, 2019, the date the financial statements were available to be issued.

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

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

At December 31, 2018, the City has cash and interest-bearing deposits (book balances) totaling \$6,299,173 as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary</u>	<u>Total</u>
Demand deposits	\$ 105,663	\$ 24,642	\$ -	\$ 130,305
Money market accounts	2,599,756	2,505,862	63,250	5,168,868
Time deposits	<u>100,000</u>	<u>900,000</u>	<u>-</u>	<u>1,000,000</u>
	<u>\$ 2,805,419</u>	<u>\$ 3,430,504</u>	<u>\$ 63,250</u>	<u>\$ 6,299,173</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The City does not have a policy for custodial credit risk. Deposit balances (bank balances) of \$6,507,196 at December 31, 2018, are secured as follows:

Federal deposit insurance	\$ 750,000
Pledged securities (Category 3)	<u>8,073,171</u>
Total	<u>\$ 8,823,171</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, 2018 totaling \$2,509,143 consist of the following:

	General	Sales Tax	Other Governmental	Utility	Health Insurance	Total
Accounts	\$ -	\$ -	\$ -	\$1,242,805	\$ -	\$1,242,805
Unbilled utility	-	-	-	632,527	-	632,527
Taxes:						
Ad valorem	96,629	-	24,165	-	-	120,794
Sales	-	277,312	-	-	-	277,312
Franchise fees	176,536	-	-	-	-	176,536
Health premiums	-	-	-	-	15,000	15,000
Other	<u>9,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,393</u>	<u>44,169</u>
Totals	<u>\$282,941</u>	<u>\$277,312</u>	<u>\$ 24,165</u>	<u>\$1,875,332</u>	<u>\$ 49,393</u>	<u>\$2,509,143</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, 2018:

City Court of Abbeville for court fines and witness fees	\$ 6,053
State of Louisiana for aviation improvements grants	10,143
Federal Aviation Administration for aviation improvements grant	35,219
Vermilion Parish School Board for resource officer	2,040
Abbeville Public Housing Authority for payment in lieu of taxes	21,897
State of Louisiana for beer taxes	<u>5,594</u>
Total	<u>\$ 80,946</u>

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

Restricted assets consisted of the following at December 31, 2018:

Customers' deposits	<u>\$ 978,013</u>
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NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 898,029	\$ -	\$ -	\$ 898,029
Other capital assets:				
Buildings	3,476,041	733,899	-	4,209,940
Infrastructure	33,300,076	199,771	-	33,499,847
Equipment, furniture and fixtures	6,075,506	104,466	77,036	6,102,936
Improvements other than buildings	<u>19,465,332</u>	<u>395,807</u>	<u>16,182</u>	<u>19,844,957</u>
Total	<u>63,214,984</u>	<u>1,433,943</u>	<u>93,218</u>	<u>64,555,709</u>
Less accumulated depreciation				
Buildings	\$ 1,611,194	\$ 72,660	\$ -	\$ 1,683,854
Infrastructure	26,702,757	655,185	-	27,357,942
Equipment, furniture and fixtures	3,531,478	375,292	73,489	3,833,281
Improvements other than buildings	<u>14,078,678</u>	<u>380,490</u>	<u>16,019</u>	<u>14,443,149</u>
Total accumulated depreciation	<u>45,924,107</u>	<u>1,483,627</u>	<u>89,508</u>	<u>47,318,226</u>
Governmental activities, Capital assets, net	<u>\$17,290,877</u>	<u>\$ (49,684)</u>	<u>\$ 3,710</u>	<u>\$17,237,483</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 70,929	\$ -	\$ -	\$ 70,929
Other capital assets:				
Electric system	13,114,809	-	-	13,114,809
Water system	10,627,494	-	-	10,627,494
Sewer system	18,768,673	550,551	-	19,319,224
Building, machinery and equipment	<u>1,950,864</u>	<u>-</u>	<u>31,944</u>	<u>1,918,920</u>
Total	<u>44,532,769</u>	<u>550,551</u>	<u>31,944</u>	<u>45,051,376</u>
Less accumulated depreciation				
Electric system	9,298,226	324,062	-	9,622,288
Water system	7,142,787	264,884	-	7,407,671
Sewer system	11,725,564	485,680	-	12,211,244
Building, machinery and equipment	<u>1,488,346</u>	<u>100,774</u>	<u>31,944</u>	<u>1,557,176</u>
Total accumulated depreciation	<u>29,654,923</u>	<u>1,175,400</u>	<u>31,944</u>	<u>30,798,379</u>
Business-type activities, Capital assets, net	<u>\$ 14,877,846</u>	<u>\$(624,849)</u>	<u>\$ -</u>	<u>\$ 14,252,997</u>
Depreciation expense was charged to governmental activities as follows:				
General government				\$ 282,858
Police				108,366
Fire				233,988
Streets				781,030
Culture and recreation				<u>77,386</u>
Total depreciation expense				<u>\$ 1,483,628</u>
Depreciation expense was charged to business-type activities as follows:				
Electric				\$ 364,372
Water				295,116
Sewer				<u>515,912</u>
				<u>\$ 1,175,400</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, 2018, taxes of 6.65 mills were levied on property with assessed valuations totaling \$63,515,278 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 \$418,007. Taxes receivable at December 31, 2018 were \$120,794.

NOTE 8 ACCOUNTS, SALARIES, AND OTHER PAYABLES

The accounts, salaries, and other payables consisted of the following at December 31, 2018:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	\$ 209,455	\$ 570,244	\$ 779,699
Accrued salaries	140,037	19,020	159,057
Internal service fund claims	173,314	15,000	188,314
Accrued interest	25,230	-	25,230
Other liabilities	<u>68,251</u>	<u>23,634</u>	<u>91,885</u>
Totals	<u>\$ 616,287</u>	<u>\$ 627,898</u>	<u>\$ 1,244,185</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, 2018:

	<u>General Obligations</u>	<u>Capital lease Obligations</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-term debt, 12/31/2017	\$ 4,450,000	\$ 90,329	\$ 607,560	\$ 5,147,889
Additions	-	-	-	-
Retirements	<u>(597,000)</u>	<u>(43,956)</u>	<u>(6,390)</u>	<u>(647,346)</u>
Long-term debt, 12/31/2018	<u>\$ 3,853,000</u>	<u>\$ 46,373</u>	<u>\$ 601,170</u>	<u>\$ 4,500,543</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 9 CHANGES IN LONG TERM DEBT (CONTINUED)

Governmental activities debt at December 31, 2018 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.	\$ 1,816,000
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.	1,461,000
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>576,000</u>
Total	<u>\$ 3,853,000</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>
2019	\$ 615,000	\$ 80,656
2020	694,000	65,920
2021	714,000	50,035
2022	733,000	33,614
2023	265,000	22,239
2024-2026	<u>832,000</u>	<u>29,075</u>
Total	<u>\$ 3,853,000</u>	<u>\$ 281,539</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](http://www.mersla.com), [www.lampers.org](http://www.lampers.org), and [www.lafirefightersret.com](http://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

CITY 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, 2018 through June 30, 2018, the employer contribution rates for MERS Plan B, MPERS, and FRS were 13.25%; 30.75%; and 28.50%, respectively. For July 1, 2018 through December 31, 2018, the employer contribution rates for MERS Plan B, MPERS, and FRS were 14.00%; 32.25%; and 28.50%, respectively. Employer contributions to MERS, MPERS, and FRS were \$303,644; \$350,086; and \$378,616 respectively, for the year ended December 31, 2018.

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, 2018, the City of Abbeville recognized revenue as a result of support received from non-employer contributing entities of \$74,659 for its participation in MERS; \$71,438 for its participation in MPERS; and \$149,610 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, 2018:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Total</u>
Net Pension Liability	<u>\$2,515,062</u>	<u>\$3,060,488</u>	<u>\$3,315,739</u>	<u>\$ 8,891,289</u>
Pension Expense	<u>\$ 326,759</u>	<u>\$ 140,862</u>	<u>\$ 229,299</u>	<u>\$ 696,920</u>
Proportion of Net Pension Liability	2.9735%	0.3620%	0.5764%	
Change in Proportion Increase (Decrease)	(0.0522)%	(0.0186)%	(0.0044)%	

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

The net pension liabilities were measured as of June 30, 2018 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, 2018, 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	\$ 6,739	\$ 13,797	\$ (153,234)	\$ (132,698)
Changes in assumptions	94,116	200,001	231,306	525,423
Net difference between projected and actual earnings on pension plan investments	112,878	67,453	215,605	395,936
Changes in:				
Proportion and differences between employer contributions and proportionate share of:				
Contributions	120,858	140,443	21,825	283,126
Employer contributions subsequent to measurement date	155,256	175,765	189,280	520,301
Total	<u>\$ 489,847</u>	<u>\$ 597,459</u>	<u>\$ 504,782</u>	<u>\$ 1,592,088</u>

**Deferred Inflows of Resources**

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Total</u>
Differences between expected and actual actual experience	\$ 113,278	\$ 156,397	\$ 252,365	\$ 522,040
Changes in assumptions	-	-	525	525
Changes in proportion and differences between actual contributions and proportionate share of contributions	86,582	326,158	724,318	1,137,058
Total	<u>\$ 199,860</u>	<u>\$ 482,555</u>	<u>\$ 977,208</u>	<u>\$ 1,659,623</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

During the year ended December 31, 2018, employer contributions totaling \$155,256, \$175,765, and \$189,280 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Total</u>
2019	\$ 217,719	\$ 54,613	\$ 24,071	\$ 296,403
2020	112,321	24,984	(102,040)	35,265
2021	25,981	(157,125)	(239,134)	(370,278)
2022	(221,290)	16,667	(116,855)	(321,478)
2023	-	-	(71,843)	(71,843)
2024	-	-	<u>(155,905)</u>	<u>(155,905)</u>
Total	<u>\$ 134,731</u>	<u>\$ (60,861)</u>	<u>\$(661,706)</u>	<u>\$ (587,836)</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:

	<u>MERS</u>
Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years for Plan B
Investment rate of return	7.275% net of investment expense
Inflation rate	2.600%
Projected salary increases	5.00% (including inflation and merit)
Cost of living adjustments	None
Mortality	Annuitant and beneficiary Mortality - RP-2000 Healthy Annuitant Sex Distinct Mortality tables (set forward 2 years for males and set forward 1 year for females). Employees Mortality - RP- 2000 set back 2 years for both males and females. Disabled Lives Mortality - RP-2000 Disabled Lives Mortality Table (set back 5 years for males and set back 3 years for 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	7.20% net of investment expense								
Inflation rate	2.60%								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <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 &amp; 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 for disabled annuitants.								
FRS									
Actuarial cost method	Entry Age Normal								
Expected remaining service lives	7 years								
Investment rate of return	7.30% net of investment expense								
Inflation rate	2.700%								
Projected salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years								
Cost of living adjustments	Only those previously granted								
Mortality	The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table (set back 5 years for males and set back 3 years for females) was selected for disabled annuitants.								

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

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

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 7.00%, MPERS is 8.03%, and FRS is 8.29% for the year ended June 30, 2018.

Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.275%, MPERS was 7.20%, and FRS was 7.30%. 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, 2018 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%	22%	26%	1.50%	0.46%	1.76%
Equity	50%	52%	54%	2.20%	3.58%	6.78%
Alternatives	15%	20%	10%	0.60%	1.07%	6.56%
Real assets	0%	6%	10%	0.00%	0.17%	4.60%
Totals	<u>100%</u>	<u>100%</u>	<u>100%</u>	4.30%	5.28%	5.54%
Inflation				<u>2.70%</u>	<u>2.75%</u>	<u>2.75%</u>
Expected Arithmetic Nominal Return				<u>7.00%</u>	<u>8.03%</u>	<u>8.29%</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements

NOTE 10 EMPLOYEE RETIREMENT (CONTINUED)

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

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

The following table presents the City of Abbeville’s proportionate share of the net pension liability using the discount rate of 7.275% for MERS, 7.20% for MPERS, and 7.30% 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 (6.275% for MERS, 6.20% for MPERS, and 6.30% for FRS) or one percentage-point higher (8.275% for MERS, 8.20% for MPERS, and 8.30% for FRS) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
MERS	\$ 3,300,711	\$ 2,515,062	\$ 1,847,192
MPERS	4,300,833	3,060,488	2,019,887
FRS	<u>4,838,448</u>	<u>3,315,739</u>	<u>2,036,140</u>
Total	<u>\$ 12,439,992</u>	<u>\$ 8,891,289</u>	<u>\$ 5,903,219</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](http://www.la.gov).

Payables to the Pension Plan

At December 31, 2018, payables to MERS, MPERS, and FRS were \$23,694, \$26,909, and \$31,061, 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 (2018 - \$1,433,325; 2017 - \$1,396,311) 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 (2018 - \$1,433,325; 2017 - \$1,396,311) for paying a portion of the salaries and benefits of City employees.

One quarter of one percent sales and use tax (2018 – \$716,663; 2017 - \$698,155) shall be allocated periodically for the purpose of increasing the salaries for public safety employees of the City.

NOTE 12 SEGMENT INFORMATION FOR THE ENTERPRISE FUND

The City maintains one enterprise fund with three departments that provide electricity, water, and sewerage services. Segment information for the year ended December 31, 2018 follows:

	<u>Electric</u>	<u>Water</u>	<u>Sewerage</u>	<u>Total</u>
Operating revenues	<u>\$ 13,163,067</u>	<u>\$ 1,878,870</u>	<u>\$ 1,842,664</u>	<u>\$ 16,884,601</u>
Operating expenses:				
Depreciation	364,372	295,116	515,912	1,175,400
Other	<u>8,401,792</u>	<u>1,864,271</u>	<u>1,560,019</u>	<u>11,826,082</u>
Total operating expenses	<u>8,766,164</u>	<u>2,159,387</u>	<u>2,075,931</u>	<u>13,001,482</u>
Operating income (loss)	<u>\$ 4,396,903</u>	<u>\$ (280,517)</u>	<u>\$ (233,267)</u>	<u>\$ 3,883,119</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, 2018 follows:

Mark Piazza, Mayor	\$ 67,000
Francis Plaisance, Councilman-at-large	16,725
Wayne Landry, Councilman	7,827
Terry Broussard, Councilman	7,572
R. Brady Broussard, Jr., Councilman	15,400
Francis Touchet, Councilman	15,400
Roslyn White, Councilman	7,572
Louis J. Hardy, Councilman	7,827
	<u>\$ 145,323</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, 2018, 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	145
	<hr/>
	190
	<hr/>

Total OPEB Liability

The City’s total OPEB liability of \$27,815,789 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the December 31, 2018 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	3.44% annually (Beginning of Year to Determine ADC)
	4.10%, 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, 2018, 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, 2018 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2018.

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, 2017	\$ 30,656,137
Changes for the year:	
Service cost	378,008
Interest	1,061,073
Differences between expected and actual experience	(513,681)
Changes in assumptions	(3,208,364)
Benefit payments and net transfers	(557,384)
Net changes	(2,840,348)
Balance at December 31, 2018	\$ 27,815,789

*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 (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	1.0% Decrease (3.10%)	Current Discount Rate (4.10%)	1.0% Increase (5.10%)
Total OPEB liability	\$ 32,943,116	\$ 27,815,789	\$ 23,810,070

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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% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 23,924,920	\$ 27,815,789	\$ 32,730,326

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

For the year ended December 31, 2018, the City recognized OPEB expense of \$1,152,770. At December 31, 2018, 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	\$ -	\$ (474,167)
Changes in assumptions		(2,961,567)
Total	\$ -	\$ (3,435,734)

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

Years ending December 31:	
2019	(286,311)
2020	(286,311)
2021	(286,311)
2022	(286,311)
2023	(286,311)
Thereafter	(2,004,178)

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, 2018, the City of Abbeville entered into a capital lease agreement with Ford Motor Credit for the acquisition of (5) Police Units. The capital lease requires three annual payments of \$48,924 beginning on April 28, 2018.

NOTE 18 INTERFUND TRANSFERS

Interfund transfers consist of the following at December 31, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$ 7,842,466	\$ -
Special revenue funds:		
Sales Tax Special Revenue Fund	-	2,949,238
Public Improvement - Sewer Fund	-	71,416
Maintenance and Operation - Fire Department Fund	-	88,012
Debt service funds:		
2012 Revenue Refunding Bonds Fund	474,276	-
2014 Sales Tax Revenue Bonds Fund	201,982	-
2016 Revenue Bonds Fund	25,578	-
Capital projects funds:		
Airport Improvement Fund	-	17,076
Total governmental funds	<u>8,544,302</u>	<u>3,125,742</u>
Proprietary funds:		
Enterprise Fund	<u>552,168</u>	<u>5,970,728</u>
Total	<u>\$ 9,096,470</u>	<u>\$ 9,096,470</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, 2018 follows:

<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, 2018, 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, 2018.

	Governmental Activities	Business-Type Activities
Net Position, December 31, 2017	\$ (5,099.294)	\$ 14,807,007
OPEB obligation understatement	<u>(7,432.251)</u>	<u>(3,524.501)</u>
Net Position, December 31, 2017, as restated	<u>\$ (12,531.545)</u>	<u>\$ 11,282.506</u>

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CITY OF ABBEVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
Year Ended December 31, 2018  
With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018		Actual	Variance - Positive (Negative)	2017 Actual
	Budget				
	Original	Final			
<b>Revenues:</b>					
Taxes	\$ 356,000	\$ 362,000	\$ 368,956	\$ 6,956	\$ 363,650
Licenses and permits	618,000	586,000	593,174	7,174	617,537
Intergovernmental	284,000	209,000	186,164	(22,836)	243,292
Fines and forfeitures	125,000	100,000	93,650	(6,350)	162,972
Miscellaneous	<u>457,000</u>	<u>528,000</u>	<u>558,093</u>	<u>30,093</u>	<u>495,899</u>
Total revenues	<u>1,840,000</u>	<u>1,785,000</u>	<u>1,800,037</u>	<u>15,037</u>	<u>1,883,350</u>
<b>Expenditures:</b>					
Current -					
General government	1,745,000	1,827,000	1,779,067	47,933	1,722,867
Public safety:					
Police	3,100,000	3,080,000	2,979,710	100,290	3,053,915
Fire	3,160,000	3,215,000	3,158,158	56,842	3,124,158
Highways and streets	1,055,000	1,150,000	1,123,609	26,391	1,072,537
Culture and recreation	415,000	420,000	396,027	23,973	417,145
Capital outlay	<u>643,000</u>	<u>468,000</u>	<u>208,662</u>	<u>259,338</u>	<u>105,145</u>
Total expenditures	<u>10,118,000</u>	<u>10,160,000</u>	<u>9,645,233</u>	<u>514,767</u>	<u>9,495,767</u>
Deficiency of revenues over expenditures	<u>(8,278,000)</u>	<u>(8,375,000)</u>	<u>(7,845,196)</u>	<u>529,804</u>	<u>(7,612,417)</u>
<b>Other financing sources (uses):</b>					
Transfers in	7,783,000	8,091,000	7,842,466	(248,534)	7,691,154
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,363)</u>
Total other financing sources (uses)	<u>7,783,000</u>	<u>8,091,000</u>	<u>7,842,466</u>	<u>(248,534)</u>	<u>7,680,791</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(495,000)	(284,000)	(2,730)	281,270	68,374
Fund balance, beginning	<u>1,090,699</u>	<u>1,090,699</u>	<u>1,090,699</u>	<u>-</u>	<u>1,022,325</u>
Fund balance, ending	<u>\$ 595,699</u>	<u>\$ 806,699</u>	<u>\$ 1,087,969</u>	<u>\$ 281,270</u>	<u>\$ 1,090,699</u>

CITY OF ABBEVILLE, LOUISIANA  
Sales Tax Fund

Budgetary Comparison Schedule  
Year Ended December 31, 2018  
With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018			Variance - Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Sales tax	\$3,500,000	\$3,575,000	\$3,583,313	\$ 8,313	\$3,490,777
Intergovernmental - state and local	8,000	86,000	86,053	53	6,275
Miscellaneous - interest and other	<u>2,000</u>	<u>4,000</u>	<u>12,597</u>	<u>8,597</u>	<u>2,497</u>
Total revenues	<u>3,510,000</u>	<u>3,665,000</u>	<u>3,681,963</u>	<u>16,963</u>	<u>3,499,549</u>
<b>Expenditures:</b>					
Current -					
General government	10,000	22,000	24,756	(2,756)	8,042
Public safety:					
Police	26,000	26,000	20,568	5,432	19,459
Fire	20,000	30,000	23,312	6,688	33,412
Highways and streets	203,000	175,000	191,234	(16,234)	159,121
Culture and recreation	10,000	10,000	6,895	3,105	9,563
Capital outlay	287,000	628,000	549,156	78,844	443,415
Debt service -					
Principal	44,000	44,000	43,956	44	49,346
Interest	<u>5,000</u>	<u>5,000</u>	<u>4,968</u>	<u>32</u>	<u>2,961</u>
Total expenditures	<u>605,000</u>	<u>940,000</u>	<u>864,845</u>	<u>75,155</u>	<u>725,319</u>
Excess of revenues over expenditures	<u>2,905,000</u>	<u>2,725,000</u>	<u>2,817,118</u>	<u>92,118</u>	<u>2,774,230</u>
<b>Other financing sources (uses):</b>					
Proceeds of capital lease	-	-	-	-	90,329
Transfers in -	-	-	-	-	89,006
Transfers out -					
General Fund -					
Salaries	(700,000)	(735,000)	(718,000)	17,000	(704,000)
Retirement	(490,000)	(545,000)	(543,862)	1,138	(487,997)
Health insurance	(593,000)	(593,000)	(592,800)	200	(592,800)
Capital outlay and other costs	-	-	-	-	(491)
Debt Service Fund	(609,000)	(614,000)	(613,824)	176	(609,305)
Utility Fund -					
Retirement	(130,000)	(105,000)	(103,238)	1,762	(143,174)
Health insurance	(187,000)	(187,000)	(187,200)	(200)	(187,200)
Capital outlay and other costs	<u>(476,000)</u>	<u>(290,000)</u>	<u>(190,314)</u>	<u>99,686</u>	<u>(79,759)</u>
Total other financing sources (uses)	<u>(3,185,000)</u>	<u>(3,069,000)</u>	<u>(2,949,238)</u>	<u>119,762</u>	<u>(2,625,391)</u>
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	(280,000)	(344,000)	(132,120)	211,880	148,839
Fund balance, beginning	<u>1,238,863</u>	<u>1,238,863</u>	<u>1,238,863</u>	-	<u>1,090,024</u>
Fund balance, ending	<u>\$ 958,863</u>	<u>\$ 894,863</u>	<u>\$ 1,106,743</u>	<u>\$ 211,880</u>	<u>\$ 1,238,863</u>

CITY OF ABBEVILLE, LOUISIANA  
POST RETIREMENT BENEFITS

Schedule of Changes in Net OPEB Liability  
and Related Ratios  
Year Ended December 31, 2018

Total OPEB Liability	
Service cost	\$ 378,008
Interest	1,061,073
Changes of benefit terms	-
Differences between expected and actual experience	(513,681)
Changes of assumptions	(3,208,364)
Benefit payments	(557,384)
Net change in total OPEB liability	<u>(2,840,348)</u>
Total OPEB liability - beginning	<u>30,656,137</u>
Total OPEB liability - ending	<u><u>\$ 27,815,789</u></u>
Covered employee payroll	\$ 4,503,826
Net OPEB liability as a percentage of covered employee payroll	617.60%

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended December 31, 2018.

Changes of Assumptions. The discount rate as of 12/31/2017 was 3.44% and it changed to 4.10% as of 12/31/2018.

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, 2018

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
<b>Municipal Employees' Retirement System</b>					
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%
<b>Municipal Police Employees' Retirement System</b>					
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%
<b>Firefighters' Retirement System</b>					
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, 2018

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
<b>Municipal Employees' Retirement System</b>					
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%
<b>Municipal Police Employees' Retirement System</b>					
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%
<b>Firefighters' Retirement System</b>					
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%

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, 2018  
With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018		Actual	Variance - Favorable (Unfavorable)	2017 Actual
	Budget				
	Original	Final			
<b>Taxes:</b>					
Ad valorem	\$ 328,000	\$ 330,000	\$ 334,399	\$ 4,399	\$ 330,706
Housing authority payment in lieu of taxes	15,000	20,000	21,897	1,897	20,614
Chain store	<u>13,000</u>	<u>12,000</u>	<u>12,660</u>	<u>660</u>	<u>12,330</u>
Total taxes	<u>356,000</u>	<u>362,000</u>	<u>368,956</u>	<u>6,956</u>	<u>363,650</u>
<b>Licenses and permits:</b>					
Occupational licenses	558,000	521,000	520,198	(802)	557,189
Beer and liquor licenses	19,000	18,000	23,832	5,832	17,534
Building and other permits	<u>41,000</u>	<u>47,000</u>	<u>49,144</u>	<u>2,144</u>	<u>42,814</u>
Total licenses and permits	<u>618,000</u>	<u>586,000</u>	<u>593,174</u>	<u>7,174</u>	<u>617,537</u>
<b>Intergovernmental:</b>					
Vermilion Parish Police Jury/School Board -					
Fire insurance tax	76,000	-	-	-	-
Resource officer	25,000	28,000	32,346	4,346	32,016
State of Louisiana -					
Beer taxes	25,000	25,000	23,414	(1,586)	24,792
State grants	109,000	100,000	63,824	(36,176)	115,089
Federal -					
FEMA	29,000	29,000	28,716	(284)	50,781
Police department grants	<u>20,000</u>	<u>27,000</u>	<u>37,864</u>	<u>10,864</u>	<u>20,614</u>
Total intergovernmental	<u>284,000</u>	<u>209,000</u>	<u>186,164</u>	<u>(22,836)</u>	<u>243,292</u>
Fines and forfeitures	<u>125,000</u>	<u>100,000</u>	<u>93,650</u>	<u>(6,350)</u>	<u>162,972</u>
<b>Miscellaneous:</b>					
Rental income	101,000	113,000	128,395	15,395	112,607
Franchise fees - Reliant	61,000	65,000	80,514	15,514	67,610
Franchise fees - Cable TV	83,000	75,000	74,035	(965)	74,537
Franchise fees - Bell South	18,000	15,000	13,629	(1,371)	12,735
Franchise fees - La Competitive	6,000	6,000	8,575	2,575	8,524
Franchise fees - Entergy	35,000	38,000	38,483	483	38,111
Interest income	1,000	1,000	4,316	3,316	2,719
Witness fees	12,000	10,000	8,962	(1,038)	17,862
Youth recreation revenues	-	4,000	4,415	415	18,795
Oil and mineral leases	86,500	163,000	147,401	(15,599)	96,450
Other sources	<u>53,500</u>	<u>38,000</u>	<u>49,368</u>	<u>11,368</u>	<u>45,949</u>
Total miscellaneous	<u>457,000</u>	<u>528,000</u>	<u>558,093</u>	<u>30,093</u>	<u>495,899</u>
<b>Total revenues</b>	<u>\$ 1,840,000</u>	<u>\$ 1,785,000</u>	<u>\$ 1,800,037</u>	<u>\$ 15,037</u>	<u>\$ 1,883,350</u>

CITY OF ABBEVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Expenditures  
Year Ended December 31, 2018  
With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018			Variance - Favorable (Unfavorable)	2017 Actual
	Budget		Actual		
	Original	Final			
General government:					
Administrative -					
Salaries	\$ 357,000	\$ 355,000	\$ 356,753	\$ (1,753)	\$ 352,138
Employees' insurance	206,000	206,000	193,899	12,101	211,225
Payroll taxes	32,000	32,000	31,511	489	30,935
Retirement	38,500	41,500	47,074	(5,574)	42,702
General insurance	32,000	32,000	36,078	(4,078)	35,248
Equipment operating expense	13,000	13,000	10,500	2,500	13,355
Dues and subscriptions	3,000	3,000	4,219	(1,219)	3,852
Janitorial	15,000	15,000	11,815	3,185	12,650
Legal and accounting	137,000	150,000	148,430	1,570	135,652
Maintenance and repairs	14,000	19,000	18,968	32	14,639
Other professional fees	54,000	80,000	75,515	4,485	49,030
Travel and convention expenses	7,500	8,500	6,039	2,461	5,060
Office supplies	30,500	30,500	29,006	1,494	28,660
Postage	12,500	12,500	10,500	2,000	8,907
Publications	25,000	25,000	31,442	(6,442)	23,879
Telephone	28,000	28,000	31,686	(3,686)	28,077
Rents	7,500	7,500	7,200	300	7,200
Utilities	13,000	13,000	11,444	1,556	11,722
Employee drug testing	2,000	2,000	262	1,738	625
Election costs	4,000	20,000	19,990	10	-
Security guard	24,000	22,000	22,700	(700)	20,350
Main Street and related projects	39,500	57,500	40,874	16,626	42,929
Cultural tourist welcome center	10,000	10,000	10,000	-	7,500
Drug task force	35,000	35,000	35,000	-	35,000
Miscellaneous	40,000	47,000	48,609	(1,609)	51,731
Total administrative	<u>1,180,000</u>	<u>1,265,000</u>	<u>1,239,514</u>	<u>25,486</u>	<u>1,173,066</u>
Airport expenses -					
Salaries	22,000	22,000	19,846	2,154	20,000
Payroll taxes	1,500	1,500	1,519	(19)	1,530
Safety director	3,000	-	-	-	1,500
Utilities and telephone	13,000	13,000	11,069	1,931	13,762
Equipment operating expense	5,000	5,000	3,389	1,611	2,035
Repairs and maintenance	9,000	17,000	15,881	1,119	6,135
Professional services	15,000	15,000	21,138	(6,138)	22,745
Supplies	12,000	12,000	14,278	(2,278)	13,303
Miscellaneous	1,500	1,500	1,500	-	1,504
Total airport	<u>82,000</u>	<u>87,000</u>	<u>88,620</u>	<u>(1,620)</u>	<u>82,514</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)  
Year Ended December 31, 2018  
With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018		Actual	Variance - Favorable (Unfavorable)	2017 Actual
	Budget				
	Original	Final			
City Court -					
Salaries	\$ 105,000	\$ 104,000	\$ 100,155	\$ 3,845	\$ 99,660
Employees' insurance	110,000	110,000	97,389	12,611	109,515
Payroll taxes	9,000	9,000	8,769	231	8,787
Retirement	20,000	24,000	28,092	(4,092)	24,060
General insurance	20,000	20,000	22,843	(2,843)	21,305
Equipment operating expense	7,000	7,000	4,514	2,486	4,752
Repair and maintenance	4,000	4,000	2,092	1,908	829
Utilities	4,000	4,000	3,414	586	3,824
Witness fees	13,000	10,000	8,550	1,450	10,100
Legal	32,000	32,000	28,800	3,200	28,800
Miscellaneous	1,000	1,000	1,045	(45)	968
Total city court	<u>325,000</u>	<u>325,000</u>	<u>305,663</u>	<u>19,337</u>	<u>312,600</u>
Tax & Licenses -					
Salaries	69,000	70,000	69,930	70	66,937
Employees' insurance	21,000	21,000	20,474	526	23,434
Payroll taxes	5,000	5,000	5,202	(202)	4,951
Retirement	8,500	8,500	9,527	(1,027)	8,090
Postage	3,500	3,500	949	2,551	849
Supplies	10,500	11,500	16,731	(5,231)	12,502
Miscellaneous	500	500	122	378	172
Total motor pool	<u>118,000</u>	<u>120,000</u>	<u>122,935</u>	<u>(2,935)</u>	<u>116,935</u>
Civil Service -					
Salaries	18,000	11,500	7,931	3,569	17,975
Payroll taxes	1,500	1,000	584	416	1,326
Supplies	2,500	500	-	500	255
Medical services	13,000	12,000	9,270	2,730	13,496
Legal fees	5,000	5,000	4,550	450	4,700
Miscellaneous	-	-	-	-	-
Total civil service	<u>40,000</u>	<u>30,000</u>	<u>22,335</u>	<u>7,665</u>	<u>37,752</u>
Total general government	<u>1,745,000</u>	<u>1,827,000</u>	<u>1,779,067</u>	<u>47,933</u>	<u>1,722,867</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)  
Year Ended December 31, 2018  
With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018		Actual	Variance - Favorable (Unfavorable)	2017 Actual
	Budget				
	Original	Final			
<b>Public Safety:</b>					
<b>Police -</b>					
Salaries	\$ 1,483,500	\$ 1,410,500	\$ 1,385,802	\$ 24,698	\$ 1,405,790
Employees' insurance	563,500	563,500	548,972	14,528	623,744
Payroll taxes	26,000	26,000	25,139	861	25,140
Retirement	360,000	360,000	358,745	1,255	333,564
General insurance	235,000	280,000	266,746	13,254	254,930
Equipment operating expense	168,000	168,000	145,329	22,671	147,074
Uniforms	20,000	20,000	20,352	(352)	17,314
Supplies	50,000	50,000	43,076	6,924	59,171
Membership dues	8,000	8,000	11,152	(3,152)	8,963
Prisoner housing	80,000	75,000	67,847	7,153	73,919
Utilities	15,000	15,000	12,877	2,123	11,937
Telephone	32,000	32,000	30,743	1,257	33,037
Dog expenses	5,000	5,000	6,159	(1,159)	4,069
DARE program	5,000	5,000	4,468	532	4,058
Schools and convention	10,000	13,000	10,714	2,286	9,794
Professional fees	23,000	28,000	25,609	2,391	24,607
Miscellaneous	16,000	21,000	15,980	5,020	16,804
<b>Total police</b>	<u>3,100,000</u>	<u>3,080,000</u>	<u>2,979,710</u>	<u>100,290</u>	<u>3,053,915</u>
<b>Fire -</b>					
Salaries	1,680,000	1,685,000	1,663,100	21,900	1,662,257
Employees' insurance	590,000	590,000	576,047	13,953	612,233
Payroll taxes	140,000	140,000	137,918	2,082	136,778
Retirement	360,000	380,000	378,616	1,384	339,075
General insurance	190,000	220,000	203,334	16,666	187,505
Equipment operating expense	53,000	60,000	66,529	(6,529)	51,515
Uniforms	20,000	20,000	21,264	(1,264)	18,295
Supplies	51,000	46,000	43,919	2,081	42,172
Utilities	20,000	20,000	17,057	2,943	21,975
Telephone	10,000	10,000	10,654	(654)	9,731
Maintenance and repairs	6,000	6,000	7,661	(1,661)	6,806
Professional services	7,000	5,000	1,201	3,799	6,882
Schools and conventions	20,000	20,000	19,556	444	15,380
Miscellaneous	13,000	13,000	11,302	1,698	13,554
<b>Total fire</b>	<u>3,160,000</u>	<u>3,215,000</u>	<u>3,158,158</u>	<u>56,842</u>	<u>3,124,158</u>
<b>Total public safety</b>	<u>6,260,000</u>	<u>6,295,000</u>	<u>6,137,868</u>	<u>157,132</u>	<u>6,178,073</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule -- Expenditures (Continued)  
Year Ended December 31, 2018  
With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018				2017 Actual
	Budget		Actual	Variance - Favorable (Unfavorable)	
	Original	Final			
<b>Highways and Streets:</b>					
Salaries	\$ 330,000	\$ 350,000	\$ 346,980	\$ 3,020	\$ 332,437
Employees' insurance	120,000	120,000	109,145	10,855	127,084
Payroll taxes	24,000	24,000	25,717	(1,717)	24,549
Retirement	32,000	35,000	36,532	(1,532)	31,238
General insurance	160,000	182,000	180,118	1,882	168,544
Equipment operating expense	62,000	72,000	86,976	(14,976)	73,631
Utilities and telephone	24,000	24,000	22,808	1,192	22,016
Professional services	2,500	30,000	26,091	3,909	2,473
Maintenance of grass	125,000	125,000	112,590	12,410	111,700
Small tools and supplies	25,500	33,000	32,164	836	14,680
Maintenance materials	55,000	55,000	47,319	7,681	63,663
Electricity for street lights	80,000	80,000	76,872	3,128	76,154
Uniforms	5,000	5,000	8,590	(3,590)	5,929
Miscellaneous	<u>10,000</u>	<u>15,000</u>	<u>11,707</u>	<u>3,293</u>	<u>18,439</u>
Total highways and streets	<u>1,055,000</u>	<u>1,150,000</u>	<u>1,123,609</u>	<u>26,391</u>	<u>1,072,537</u>
<b>Culture and Recreation:</b>					
Parks -					
Salaries	118,000	116,000	111,615	4,385	95,156
Employees' insurance	20,000	20,000	23,846	(3,846)	21,686
Payroll taxes	9,000	9,000	8,373	627	7,088
Retirement	8,000	10,000	11,018	(1,018)	8,716
General insurance	15,000	15,000	13,740	1,260	12,840
Equipment operating expenses	8,000	8,000	5,446	2,554	4,417
Supplies	12,500	13,000	10,430	2,570	11,577
Repairs and maintenance	66,500	72,000	74,438	(2,438)	69,617
Utilities and telephone	63,500	67,500	67,796	(296)	65,386
Security and janitorial	500	2,500	2,225	275	18,085
Youth recreation expenses	85,000	78,000	59,901	18,099	90,601
Miscellaneous	<u>9,000</u>	<u>9,000</u>	<u>7,199</u>	<u>1,801</u>	<u>11,976</u>
Total parks	<u>415,000</u>	<u>420,000</u>	<u>396,027</u>	<u>23,973</u>	<u>417,145</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)  
Year Ended December 31, 2018  
With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018		Actual	Variance - Favorable (Unfavorable)	2017 Actual
	Budget				
	Original	Final			
Capital outlay:					
General government -					
Administrative	\$ -	\$ -	\$ 5,500	\$ (5,500)	\$ -
Airport	638,000	463,000	203,162	259,838	105,145
Public safety -					
Police	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total capital outlay	<u>643,000</u>	<u>468,000</u>	<u>208,662</u>	<u>259,338</u>	<u>105,145</u>
 Total expenditures	 <u>\$10,118,000</u>	 <u>\$10,160,000</u>	 <u>\$ 9,645,233</u>	 <u>\$ 514,767</u>	 <u>\$ 9,495,767</u>

CITY OF ABBEVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Other Financing Sources (Uses)  
Year Ended December 31, 2018  
With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018			Variance - Favorable (Unfavorable)	2017 Actual
	Budget		Actual		
	Original	Final			
Other financing sources:					
Transfers from other funds -					
Utility Fund	\$6,000,000	\$ 6,200,000	\$ 5,970,728	\$ (229,272)	\$ 5,905,866
Sales Tax Fund	1,783,000	1,873,000	1,854,662	(18,338)	1,785,288
Airport Improvement Fund	-	18,000	17,076	(924)	-
Transfers to other funds -					
Airport Improvement Fund	-	-	-	-	(10,363)
Total other financing sources	<u>\$7,783,000</u>	<u>\$ 8,091,000</u>	<u>\$ 7,842,466</u>	<u>\$ (248,534)</u>	<u>\$ 7,680,791</u>

**NONMAJOR GOVERNMENTAL FUNDS**

CITY OF ABBEVILLE, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet  
December 31, 2018  
With comparative Totals for December 31, 2017

	Special Revenue	Debt Service	Capital Projects	Totals	
				2018	2017
<b>ASSETS</b>					
Cash and interest-bearing deposits	\$ 196,100	\$ 512,420	\$ -	\$ 708,520	\$ 909,040
Receivables -					
Ad valorem taxes	24,165	-	-	24,165	24,529
Due from other governments	-	-	40,416	40,416	19,160
<b>Total assets</b>	<b><u>\$ 220,265</u></b>	<b><u>\$ 512,420</u></b>	<b><u>\$ 40,416</u></b>	<b><u>\$ 773,101</u></b>	<b><u>\$ 952,729</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 39,132	\$ 39,132	\$ 8,250
Due to other fund	-	-	-	-	-
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>39,132</u></b>	<b><u>39,132</u></b>	<b><u>8,250</u></b>
<b>Fund balances:</b>					
Restricted for economic development	24,078	-	-	24,078	24,078
Restricted for fire protection	101,350	-	-	101,350	317,723
Restricted for sewer improvement	94,837	-	-	94,837	82,511
Assigned for debt service	-	512,420	-	512,420	501,007
Unassigned	-	-	1,284	1,284	19,160
<b>Total fund balances</b>	<b><u>220,265</u></b>	<b><u>512,420</u></b>	<b><u>1,284</u></b>	<b><u>733,969</u></b>	<b><u>944,479</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 220,265</u></b>	<b><u>\$ 512,420</u></b>	<b><u>\$ 40,416</u></b>	<b><u>\$ 773,101</u></b>	<b><u>\$ 952,729</u></b>

CITY OF ABBEVILLE, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended December 31, 2018  
With Comparative Totals for the Year Ended December 31, 2017

	Special Revenue	Debt Service	Capital Projects	Totals	
				2018	2017
<b>Revenues:</b>					
Taxes	\$ 83,608	\$ -	\$ -	\$ 83,608	\$ 82,629
Intergovernmental	169,976	-	329,725	499,701	567,794
Miscellaneous	<u>897</u>	<u>953</u>	<u>-</u>	<u>1,850</u>	<u>6,928</u>
Total revenues	<u>254,481</u>	<u>953</u>	<u>329,725</u>	<u>585,159</u>	<u>657,351</u>
<b>Expenditures:</b>					
Current -					
General government	-	-	-	-	20,031
Fire protection	-	-	-	-	910
Capital outlay	299,100	-	330,525	629,625	699,669
Debt service -					
Principal retirement	-	597,000	-	597,000	581,000
Interest and fiscal charges	<u>-</u>	<u>94,376</u>	<u>-</u>	<u>94,376</u>	<u>105,098</u>
Total expenditures	<u>299,100</u>	<u>691,376</u>	<u>330,525</u>	<u>1,321,001</u>	<u>1,406,708</u>
Deficiency of revenues over expenditures	<u>(44,619)</u>	<u>(690,423)</u>	<u>(800)</u>	<u>(735,842)</u>	<u>(749,357)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	701,836	-	701,836	707,900
Transfers out	<u>(159,428)</u>	<u>-</u>	<u>(17,076)</u>	<u>(176,504)</u>	<u>(181,607)</u>
Total financing sources (uses)	<u>(159,428)</u>	<u>701,836</u>	<u>(17,076)</u>	<u>525,332</u>	<u>526,293</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(204,047)	11,413	(17,876)	(210,510)	(223,064)
Fund balance, beginning	<u>424,312</u>	<u>501,007</u>	<u>19,160</u>	<u>944,479</u>	<u>1,167,543</u>
Fund balance, ending	<u>\$ 220,265</u>	<u>\$ 512,420</u>	<u>\$ 1,284</u>	<u>\$ 733,969</u>	<u>\$ 944,479</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, 2018  
With Comparative Totals for December 31, 2017

	Public Improvement Sewer Fund	Maint. and Operation - Fire Dept. Fund	Economic Development District No. 1 Fund	Totals	
				2018	2017
<b>ASSETS</b>					
Interest-bearing deposits	\$ 70,672	\$ 101,350	\$ 24,078	\$196,100	\$408,033
Receivables:					
Ad valorem taxes	24,165	-	-	24,165	24,529
Total assets	\$ 94,837	\$ 101,350	\$ 24,078	\$220,265	\$432,562
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 8,250
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	8,250
Fund balances:					
Restricted for economic development	-	-	24,078	24,078	24,078
Restricted for fire protection	-	101,350	-	101,350	317,723
Restricted for sewer improvements	94,837	-	-	94,837	82,511
Total fund balances	94,837	101,350	24,078	220,265	424,312
Total liabilities and fund balances	\$ 94,837	\$ 101,350	\$ 24,078	\$220,265	\$432,562

CITY OF ABBEVILLE, LOUISIANA  
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2018  
With Comparative Totals for the Year Ended December 31, 2017

	Public Improvement Sewer Fund	Maint. and Operation - Fire Dept. Fund	Economic Development District No. 1 Fund	Totals	
				2018	2017
Revenues:					
Taxes	\$ 83,608	\$ -	\$ -	\$ 83,608	\$ 82,629
Intergovernmental	-	169,976	-	169,976	415,976
Other revenues	<u>134</u>	<u>763</u>	<u>-</u>	<u>897</u>	<u>6,161</u>
Total revenues	<u>83,742</u>	<u>170,739</u>	<u>-</u>	<u>254,481</u>	<u>504,766</u>
Expenditures:					
Current -					
General government -					
Economic development	-	-	-	-	31
Public safety -					
Fire protection	-	-	-	-	910
Capital outlay	<u>-</u>	<u>299,100</u>	<u>-</u>	<u>299,100</u>	<u>576,648</u>
Total expenditures	<u>-</u>	<u>299,100</u>	<u>-</u>	<u>299,100</u>	<u>577,589</u>
Excess (deficiency) of revenues over expenditures	<u>83,742</u>	<u>(128,361)</u>	<u>-</u>	<u>(44,619)</u>	<u>(72,823)</u>
Other financing sources (uses):					
Proceeds of bond issuance	-	-	-	-	-
Transfers out	<u>(71,416)</u>	<u>(88,012)</u>	<u>-</u>	<u>(159,428)</u>	<u>(181,607)</u>
Total financing sources (uses)	<u>(71,416)</u>	<u>(88,012)</u>	<u>-</u>	<u>(159,428)</u>	<u>(181,607)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	12,326	(216,373)	-	(204,047)	(254,430)
Fund balances, beginning	<u>82,511</u>	<u>317,723</u>	<u>24,078</u>	<u>424,312</u>	<u>678,742</u>
Fund balances, ending	<u>\$ 94,837</u>	<u>\$ 101,350</u>	<u>\$ 24,078</u>	<u>\$220,265</u>	<u>\$424,312</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, 2018  
With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018			Variance - Favorable (Unfavorable)	2017 Actual
	Original Budget	Final Budget	Actual		
<b>Revenues:</b>					
Taxes -					
Ad valorem taxes	\$ 82,000	\$ 82,000	\$ 83,608	\$ 1,608	\$ 82,629
Other revenues -					
Interest	-	-	134	134	21
Total revenues	<u>82,000</u>	<u>82,000</u>	<u>83,742</u>	<u>1,742</u>	<u>82,650</u>
<b>Expenditures:</b>					
Current -					
General government	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	82,000	82,000	83,742	1,742	82,650
<b>Other financing sources (uses):</b>					
Transfers out	<u>(80,000)</u>	<u>(100,000)</u>	<u>(71,416)</u>	<u>28,584</u>	<u>(93,375)</u>
Total other financing sources (uses)	<u>(80,000)</u>	<u>(100,000)</u>	<u>(71,416)</u>	<u>28,584</u>	<u>(93,375)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	2,000	(18,000)	12,326	30,326	(10,725)
Fund balance, beginning	<u>82,511</u>	<u>82,511</u>	<u>82,511</u>	<u>-</u>	<u>93,236</u>
Fund balance, ending	<u>\$ 84,511</u>	<u>\$ 64,511</u>	<u>\$ 94,837</u>	<u>\$ 30,326</u>	<u>\$ 82,511</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, 2018  
With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018			Variance - Favorable (Unfavorable)	2017 Actual
	Original Budget	Final Budget	Actual		
<b>Revenues:</b>					
Intergovernmental -					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 165,334
Vermilion Parish Police Jury -					
Fire protection	95,000	95,000	95,140	140	95,140
Fire insurance tax	-	75,000	74,836	(164)	82,444
Other financial assistance	-	4,000	-	(4,000)	73,058
Other -					
Interest and other revenue	<u>-</u>	<u>1,000</u>	<u>763</u>	<u>(237)</u>	<u>6,140</u>
Total revenues	<u>95,000</u>	<u>175,000</u>	<u>170,739</u>	<u>(4,261)</u>	<u>422,116</u>
<b>Expenditures:</b>					
Maintenance and repairs	5,000	-	-	-	910
Small tools and equipment	5,000	-	-	-	-
Capital outlay	<u>250,000</u>	<u>300,000</u>	<u>299,100</u>	<u>900</u>	<u>576,648</u>
Total expenditures	<u>260,000</u>	<u>300,000</u>	<u>299,100</u>	<u>900</u>	<u>577,558</u>
Deficiency of revenues over expenditures	(165,000)	(125,000)	(128,361)	(3,361)	(155,442)
<b>Other financing sources (uses):</b>					
Transfers out	<u>(87,000)</u>	<u>(87,000)</u>	<u>(88,012)</u>	<u>(1,012)</u>	<u>(88,232)</u>
Total other financing sources (uses)	<u>(87,000)</u>	<u>(87,000)</u>	<u>(88,012)</u>	<u>(1,012)</u>	<u>(88,232)</u>
Deficiency of revenues and other sources over expenditures and other uses	(252,000)	(212,000)	(216,373)	(4,373)	(243,674)
Fund balance, beginning	<u>317,723</u>	<u>317,723</u>	<u>317,723</u>	<u>-</u>	<u>561,397</u>
Fund balance, ending	<u>\$ 65,723</u>	<u>\$ 105,723</u>	<u>\$ 101,350</u>	<u>\$ (4,373)</u>	<u>\$ 317,723</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, 2018  
 With Comparative Actual Amounts for the Year Ended December 31, 2017

	2018			Variance - Favorable (Unfavorable)	2017 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Taxes -					
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues -					
Interest	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures:					
Current -					
General government -					
Economic development	-	-	-	-	31
Total expenditures	-	-	-	-	31
Excess of revenues over expenditures	-	-	-	-	(31)
Fund balance, beginning	<u>24,078</u>	<u>24,078</u>	<u>24,078</u>	-	<u>24,109</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, 2018  
With Comparative Totals for December 31, 2017

	<u>2012</u> Revenue Refunding Bond Fund	<u>2014</u> Sales Tax Revenue Bond Fund	<u>2016</u> Revenue Bond Fund	<u>Totals</u>	
				2018	2017
<b>ASSETS</b>					
Interest - bearing deposits	<u>\$ 378,778</u>	<u>\$ 118,544</u>	<u>\$ 15,098</u>	<u>\$ 512,420</u>	<u>\$ 501,007</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	-	-	-	-	-
<b>Fund balance:</b>					
Assigned for debt service	<u>378,778</u>	<u>118,544</u>	<u>15,098</u>	<u>512,420</u>	<u>501,007</u>
Total liabilities and fund balance	<u>\$ 378,778</u>	<u>\$ 118,544</u>	<u>\$ 15,098</u>	<u>\$ 512,420</u>	<u>\$ 501,007</u>

CITY OF ABBEVILLE, LOUISIANA  
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2018  
With Comparative Totals for December 31, 2017

	2012 Revenue Refunding Bond Fund	2014 Sales Tax Revenue Bond Fund	2016 Revenue Bond Fund	Totals	
				<u>2018</u>	<u>2017</u>
Revenues:					
Other revenues -					
Interest income	\$ 667	\$ 259	\$ 27	\$ 953	\$ 767
Expenditures:					
Debt service -					
Principal retirement	421,000	164,000	12,000	597,000	581,000
Interest and fiscal charges	<u>45,596</u>	<u>35,962</u>	<u>12,818</u>	<u>94,376</u>	<u>105,098</u>
Total expenditures	<u>466,596</u>	<u>199,962</u>	<u>24,818</u>	<u>691,376</u>	<u>686,098</u>
Deficiency of revenues over expenditures	<u>(465,929)</u>	<u>(199,703)</u>	<u>(24,791)</u>	<u>(690,423)</u>	<u>(685,331)</u>
Other financing sources:					
Transfers in	<u>474,276</u>	<u>201,982</u>	<u>25,578</u>	<u>701,836</u>	<u>697,537</u>
Excess of revenues and other financing sources over expenditures	8,347	2,279	787	11,413	12,206
Fund balance, beginning	<u>370,431</u>	<u>116,265</u>	<u>14,311</u>	<u>501,007</u>	<u>488,801</u>
Fund balance, ending	<u>\$ 378,778</u>	<u>\$ 118,544</u>	<u>\$ 15,098</u>	<u>\$ 512,420</u>	<u>\$ 501,007</u>

## NONMAJOR CAPITAL PROJECTS FUNDS

### **Airport Improvement Fund**

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

### **DOTD Tourist & Welcome Center Fund**

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

CITY OF ABBEVILLE, LOUISIANA  
Nonmajor Capital Projects Funds

Combining Balance Sheet  
December 31, 2018  
With Comparative Totals for December 31, 2017

	Airport Improvement Fund	DOTD Tourist & Welcome Ctr Fund	Totals	
			2018	2017
<b>ASSETS</b>				
Cash and interest - bearing deposits	\$ -	\$ -	\$ -	\$ -
Due from other governments	<u>40,416</u>	<u>-</u>	<u>40,416</u>	<u>19,160</u>
	<u>\$ 40,416</u>	<u>\$ -</u>	<u>\$ 40,416</u>	<u>\$ 19,160</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 39,132	-	\$ 39,132	\$ -
Due to other fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>39,132</u>	<u>-</u>	<u>39,132</u>	<u>-</u>
<b>Fund balance:</b>				
Unassigned	<u>1,284</u>	<u>-</u>	<u>1,284</u>	<u>19,160</u>
Total liabilities and fund balance	<u>\$ 40,416</u>	<u>\$ -</u>	<u>\$ 40,416</u>	<u>\$ 19,160</u>

CITY OF ABBEVILLE, LOUISIANA  
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended December 31, 2018  
With Comparative Totals for the Year Ended December 31, 2017

	Airport Improvement Fund	DOTD Tourist & Welcome Ctr Fund	Totals	
			2018	2017
<b>Revenues:</b>				
Federal grants	\$ 297,472	\$ -	\$ 297,472	\$ 106,347
State grants	<u>32,253</u>	<u>-</u>	<u>32,253</u>	<u>45,471</u>
Total revenues	<u>329,725</u>	<u>-</u>	<u>329,725</u>	<u>151,818</u>
<b>Expenditures:</b>				
Current -				
Professional services	-	-	-	20,000
Capital outlay -				
Airport improvements	<u>330,525</u>	<u>-</u>	<u>330,525</u>	<u>123,021</u>
Total expenditures	<u>330,525</u>	<u>-</u>	<u>330,525</u>	<u>143,021</u>
Excess (deficiency) of revenues over expenditures	(800)	-	(800)	8,797
<b>Other financing sources:</b>				
Transfers in	-	-	-	10,363
Transfers out	<u>(17,076)</u>	<u>-</u>	<u>(17,076)</u>	<u>-</u>
Total financing sources (uses)	<u>(17,076)</u>	<u>-</u>	<u>(17,076)</u>	<u>10,363</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(17,876)	-	(17,876)	19,160
Fund balance, beginning	<u>19,160</u>	<u>-</u>	<u>19,160</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,284</u>	<u>\$ -</u>	<u>\$ 1,284</u>	<u>\$ 19,160</u>

CITY OF ABBEVILLE, LOUISIANA  
Enterprise Fund  
Utility System Fund

Comparative Departmental Analysis of Revenues and Expenses  
Years Ended December 31, 2018 and 2017

	Electric		Water	
	2018	2017	2018	2017
Operating revenues:				
Charges for services	\$ 12,911,867	\$ 13,092,322	\$ 1,843,014	\$ 1,783,124
Other revenues	<u>251,200</u>	<u>291,056</u>	<u>35,856</u>	<u>67,977</u>
Total operating revenues	<u>13,163,067</u>	<u>13,383,378</u>	<u>1,878,870</u>	<u>1,851,101</u>
Operating expenses:				
Salaries	407,027	431,881	465,167	454,029
Employees' insurance	101,174	114,562	128,268	143,530
OPEB expense	61,200	40,583	77,590	50,844
Payroll taxes	30,041	32,127	35,198	33,811
Retirement	39,377	38,496	44,531	38,752
Pension obligation expense	114,246	-	130,526	-
General insurance	96,364	95,095	77,453	72,291
Equipment operating expense	51,090	47,141	30,406	32,419
Maintenance and repairs - systems	335,415	303,494	235,562	166,066
Electricity for pumps	-	-	206	541
Utilities	-	-	117,095	137,305
Materials, tools and supplies	29,698	41,317	178,187	198,491
Electric power purchased	6,682,136	6,912,158	-	-
Office expense, postage and computer processing	-	-	-	-
Bad debts and collection fees	-	-	-	-
Miscellaneous	28,871	25,816	25,216	34,549
Depreciation	324,062	319,700	264,884	265,622
Allocation of general and administrative expenses	<u>465,463</u>	<u>413,324</u>	<u>349,098</u>	<u>309,992</u>
Total operating expenses	<u>8,766,164</u>	<u>8,815,694</u>	<u>2,159,387</u>	<u>1,938,242</u>
Operating income (loss)	<u>\$ 4,396,903</u>	<u>\$ 4,567,684</u>	<u>\$ (280,517)</u>	<u>\$ (87,141)</u>

Sewerage		General and Administrative		Totals	
2018	2017	2018	2017	2018	2017
\$ 1,807,499	\$ 1,739,477	\$ -	\$ -	\$ 16,562,380	\$ 16,614,923
<u>35,165</u>	<u>67,116</u>	<u>-</u>	<u>-</u>	<u>322,221</u>	<u>426,149</u>
<u>1,842,664</u>	<u>1,806,593</u>	<u>-</u>	<u>-</u>	<u>16,884,601</u>	<u>17,041,072</u>
365,103	353,118	401,277	398,692	1,638,574	1,637,720
98,865	103,250	148,124	162,088	476,431	523,430
59,803	36,576	89,600	57,418	288,193	185,421
26,830	26,080	29,917	29,520	121,986	121,538
37,154	32,058	44,418	40,380	165,480	149,686
102,456	-	112,703	-	459,931	-
64,066	59,818	13,741	12,838	251,624	240,042
28,957	33,733	25,920	22,722	136,373	136,015
206,159	319,452	-	-	777,136	789,012
53,380	56,887	-	-	53,586	57,428
103,106	96,133	13,344	17,106	233,545	250,544
74,231	72,743	-	-	282,116	312,551
-	-	-	-	6,682,136	6,912,158
-	-	91,044	98,743	91,044	98,743
-	-	76,703	62,939	76,703	62,939
21,043	25,189	16,094	10,823	91,224	96,377
485,680	479,801	100,774	120,039	1,175,400	1,185,162
<u>349,098</u>	<u>309,992</u>	<u>(1,163,659)</u>	<u>(1,033,308)</u>	<u>-</u>	<u>-</u>
<u>2,075,931</u>	<u>2,004,830</u>	<u>-</u>	<u>-</u>	<u>13,001,482</u>	<u>12,758,766</u>
<u>\$ (233,267)</u>	<u>\$ (198,237)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,883,119</u>	<u>\$ 4,282,306</u>

**COMPLIANCE, INTERNAL CONTROL  
AND  
OTHER MATTERS**



**DARNALL SIKES  
& FREDERICK**  
A CORPORATION OF CERTIFIED  
PUBLIC ACCOUNTANTS

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OTHER LOCATIONS:

Lafayette Morgan City Abbeville

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, 2018, and the related notes to the financial statements, which collectively comprise the City of Abbeville, Louisiana's basic financial statements and have issued our report thereon dated June 14, 2019.

**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.

*Dannall, Sikes, & Frederick*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
June 14, 2019

CITY OF ABBEVILLE, LOUISIANA  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2018

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, 2018.

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

Internal Control Deficiencies - Financial Reporting

No significant deficiency in internal control over financial reporting was disclosed during the audit of the financial statements.

Material Noncompliance – Financial Reporting

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

FEDERAL AWARDS

The City of Abbeville, Louisiana expended less than \$750,000 under federal programs during the year ended December 31, 2018, and therefore, an audit under the provisions of OMB Circular A-133 was not applicable.

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

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

PART III FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

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

PART IV MANAGEMENT LETTER

A management letter was not issued for the year ended December 31, 2018.

CITY OF ABBEVILLE, LOUISIANA

Summary Schedule of Prior Year Audit Findings  
Year Ended December 31, 2018

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, 2018

There are no current audit findings.



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, 2018. 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  
Written policies and procedures were obtained and do address the functions noted above.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.  
Written policies and procedures were obtained and do address the functions noted above.
  - c) ***Disbursements***, including processing, reviewing, and approving  
Written policies and procedures were obtained and do address the functions noted above.
  - d) ***Receipts***, including receiving, recording, and preparing deposits  
Written policies and procedures were obtained and do address the functions noted above.

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

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

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

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

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

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

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

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

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

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

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

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

#### ***Board (or Finance Committee, if applicable)***

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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.

5. 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 not covered by a bond or insurance policy for theft.

Response of Management: Employees handling cash collections will be included on the bond insurance policy.

6. 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)***

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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.

An employee who is responsible for processes payments also mails checks after the check has been signed.

Response of Management: The responsibility of mailing of payments will be separated from the person responsible for processing payments.

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***

---

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

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if the entity has less than 5 cards) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions noted.

### ***Travel and Expense Reimbursement***

---

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

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

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

Per diem not used therefore not applicable.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

#### ***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)***

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

#### ***Other***

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16. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

17. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required notices are posted on the Entity's premises and website.

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

Abbeville, Louisiana

June 14, 2019