

CITY OF CROWLEY, LOUISIANA

Financial Report

For the Year Ended August 31, 2019

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KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Tim Monceaux, Mayor
and Members of the City Council
City of Crowley, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crowley, Louisiana, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Crowley, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crowley, Louisiana, as of August 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 81 through 96, 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 requires to 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. 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 Crowley, Louisiana's financial statements. The other supplementary information on pages 99 through 119 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2020 on our consideration of the City of Crowley, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Crowley, Louisiana’s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
February 20, 2020

BASIC FINANCIAL STATEMENTS

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

CITY OF CROWLEY, LOUISIANA

Statement of Net Position

August 31, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$ 6,539,041	\$ 399,334	\$ 6,938,375
Investments	5,686,076	-	5,686,076
Receivables, net	1,464,037	115,865	1,579,902
Due from other governmental units	31,280	-	31,280
Internal balances	716,387	(716,387)	-
Restricted assets:			
Interest-bearing deposits	5,852	635,815	641,667
Capital assets			
Non-depreciable	662,989	161,482	824,471
Depreciable, net	<u>17,061,430</u>	<u>12,231,628</u>	<u>29,293,058</u>
 Total assets	 <u>32,167,092</u>	 <u>12,827,737</u>	 <u>44,994,829</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions	2,043,858	93,220	2,137,078
Deferred outflows of resources - OPEB	<u>169,920</u>	<u>9,912</u>	<u>179,832</u>
Total deferred outflows of resources	<u>2,213,778</u>	<u>103,132</u>	<u>2,316,910</u>

(continued)

CITY OF CROWLEY, LOUISIANA

Statement of Net Position (Continued)

August 31, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Accounts, salaries and other payables	\$ 595,598	\$ 60,543	\$ 656,141
Claims payable	196,070	-	196,070
Due to others	34,659	-	34,659
Accrued interest payable	50,849	-	50,849
Long-term liabilities			
Other post employment benefits payable	1,298,476	75,745	1,374,221
Net pension liability	11,927,046	643,236	12,570,282
Due within one year	497,750	297,000	794,750
Due in more than one year	<u>3,600,012</u>	<u>2,763,389</u>	<u>6,363,401</u>
 Total liabilities	 <u>18,200,460</u>	 <u>3,839,913</u>	 <u>22,040,373</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	1,127,250	24,951	1,152,201
Deferred inflows of resources - OPEB	<u>37,394</u>	<u>2,181</u>	<u>39,575</u>
Total deferred inflows of resources	<u>1,164,644</u>	<u>27,132</u>	<u>1,191,776</u>
NET POSITION			
Net investment in capital assets	13,626,657	9,332,721	22,959,378
Restricted for:			
Debt service	294,074	635,815	929,889
Sales tax dedications	10,145,669	-	10,145,669
Unrestricted	<u>(9,050,634)</u>	<u>(904,712)</u>	<u>(9,955,346)</u>
Total net position	<u>\$ 15,015,766</u>	<u>\$ 9,063,824</u>	<u>\$ 24,079,590</u>

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

CITY OF CROWLEY, LOUISIANA

Statement of Activities
For the Year Ended August 31, 2019

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,175,250	\$ 724,000	\$ -	\$ -	\$ (1,451,250)	\$ -	\$ (1,451,250)
Public safety	8,072,009	47,526	463,234	-	(7,561,249)	-	(7,561,249)
Public works	2,461,213	-	-	-	(2,461,213)	-	(2,461,213)
Economic development	105,201	-	-	-	(105,201)	-	(105,201)
Culture and recreation	1,216,904	200,647	-	-	(1,016,257)	-	(1,016,257)
Cemetery	75,104	7,450	-	-	(67,654)	-	(67,654)
Interest on long-term debt	161,009	-	-	-	(161,009)	-	(161,009)
Total governmental activities	14,266,690	979,623	463,234	-	(12,823,833)	-	(12,823,833)
Business-type activities:							
Sewer	2,486,823	1,493,560	-	-	-	(993,263)	(993,263)
Total	16,753,513	2,473,183	463,234	-	(12,823,833)	(993,263)	(13,817,096)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					1,995,318	259,060	2,254,378
Sales and use taxes, levied for general purposes					7,311,155	-	7,311,155
Payment in lieu of taxes					10,000	-	10,000
Franchise taxes					909,557	-	909,557
2% Fire insurance proceeds					53,003	-	53,003
Grants and contributions not restricted to specific programs -							
State sources					410,077	-	410,077
Interest and investment earnings					548,355	4,922	553,277
Miscellaneous					184,147	10,000	194,147
Nonemployer pension contribution					324,957	9,878	334,835
Loss on disposal of capital assets					(3,999)	-	(3,999)
Transfers					113,585	(113,585)	-
Total general revenues and transfers					11,856,155	170,275	12,026,430
Change in net position					(967,678)	(822,988)	(1,790,666)
Net position - beginning					15,983,444	9,886,812	25,870,256
Net position - ending					\$ 15,015,766	\$ 9,063,824	\$ 24,079,590

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

FUND FINANCIAL STATEMENTS (FFS)

CITY OF CROWLEY, LOUISIANA

Balance Sheet
Governmental Funds
August 31, 2019

	General Fund	Sales Tax Fund	One-Half Cent Sales Tax - Salary Fund
ASSETS			
Cash and interest-bearing deposits	\$ 875,906	\$ 95,509	\$ 930,222
Investments	804,896	-	-
Receivables:			
Taxes receivable	180,631	392,952	130,984
Accrued interest receivable	414	305	-
Due from other funds	716,085	272,960	203,296
Due from other governmental units	31,280	-	-
Total assets	<u>\$2,609,212</u>	<u>\$ 761,726</u>	<u>\$1,264,502</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 280,562	\$ -	\$ -
Accrued liabilities	261,364	-	-
Due to other funds	272,960	209,068	-
Due to others	34,659	-	-
Total liabilities	<u>849,545</u>	<u>209,068</u>	<u>-</u>
Fund balances:			
Restricted	-	552,658	1,264,502
Assigned	44,962	-	-
Unassigned	1,714,705	-	-
Total fund balances	<u>1,759,667</u>	<u>552,658</u>	<u>1,264,502</u>
Total liabilities and fund balances	<u>\$2,609,212</u>	<u>\$ 761,726</u>	<u>\$1,264,502</u>

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

2012 Sales Tax - Infrastructure Improvement Fund	Other Governmental Funds	Totals
\$ 2,683,055	\$ 1,472,876	\$ 6,057,568
4,881,180	-	5,686,076
130,984	-	835,551
-	128	847
5,772	-	1,198,113
-	-	31,280
<u>\$ 7,700,991</u>	<u>\$ 1,473,004</u>	<u>\$13,809,435</u>
\$ -	\$ 35,225	\$ 315,787
-	18,446	279,810
-	-	482,028
-	-	34,659
<u>-</u>	<u>53,671</u>	<u>1,112,284</u>
7,700,991	1,184,106	10,702,257
-	241,658	286,620
-	(6,431)	1,708,274
<u>7,700,991</u>	<u>1,419,333</u>	<u>12,697,151</u>
<u>\$ 7,700,991</u>	<u>\$ 1,473,004</u>	<u>\$13,809,435</u>

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CITY OF CROWLEY, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended August 31, 2019

Total fund balances for governmental funds		\$12,697,151
Capital assets, net		17,724,419
Long-term liabilities:		
Bonds and capital lease payable	(4,097,762)	
OPEB obligation payable	(1,298,476)	
Net pension liability	(11,927,046)	
Accrued interest payable	<u>(50,849)</u>	(17,374,133)
Deferred outflows of resources related to net pension liability		2,043,858
Deferred inflows of resources related to net pension liability		(1,127,250)
Deferred outflows of resources related to total OPEB liability		169,920
Deferred inflows of resources related to total OPEB liability		(37,394)
Sales taxes		627,517
Net position of the Internal Service Funds		<u>291,678</u>
Total net position of governmental activities		<u>\$15,015,766</u>

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

CITY OF CROWLEY, LOUISIANA

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

For the Year Ended August 31, 2019

	General Fund	Sales Tax Fund	One-Half Cent Sales Tax - Salary Fund
Revenues:			
Taxes	\$ 2,563,310	\$ 4,388,043	\$ 1,462,681
Licenses and permits	621,671	-	-
Intergovernmental	926,314	-	-
Charges for services	33,678	-	-
Fines and fees	45,414	-	-
Investment income	35,999	1,667	3,239
Net increase (decrease) in fair value of investments	37,914	-	-
Miscellaneous	204,721	-	-
Total revenues	<u>4,469,021</u>	<u>4,389,710</u>	<u>1,465,920</u>
Expenditures:			
Current -			
General government	1,733,395	118,550	25,365
Public safety	6,698,934	-	-
Public works	1,776,089	-	-
Economic development	95,458	-	-
Culture and recreation	-	-	-
Cemetery	-	-	-
Capital outlay	653,354	-	-
Debt service -			
Principal retirement	209,015	-	-
Interest and fiscal charges	2,542	-	-
Total expenditures	<u>11,168,787</u>	<u>118,550</u>	<u>25,365</u>
Excess (deficiency) of revenues over expenditures	<u>(6,699,766)</u>	<u>4,271,160</u>	<u>1,440,555</u>
Other financing sources (uses):			
Proceeds from capital lease	512,097	-	-
Proceeds from the sale of fixed assets	91,364	-	-
Transfers in	6,152,281	-	-
Transfers out	(819,172)	(4,233,939)	(1,473,586)
Total other financing sources (uses)	<u>5,936,570</u>	<u>(4,233,939)</u>	<u>(1,473,586)</u>
Net changes in fund balances	(763,196)	37,221	(33,031)
Fund balances, beginning	<u>2,522,863</u>	<u>515,437</u>	<u>1,297,533</u>
Fund balances, ending	<u>\$ 1,759,667</u>	<u>\$ 552,658</u>	<u>\$ 1,264,502</u>

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

2012 Sales Tax Infrastructure Improvement Fund	Other Governmental Funds	Totals
\$ 1,462,681	\$ 351,565	\$ 10,228,280
-	-	621,671
-	-	926,314
-	278,860	312,538
-	-	45,414
-	8,332	49,237
460,910	-	498,824
-	4,436	209,157
<u>1,923,591</u>	<u>643,193</u>	<u>12,891,435</u>
25,829	21,942	1,925,081
-	-	6,698,934
-	-	1,776,089
-	1,669	97,127
-	987,965	987,965
-	62,689	62,689
-	48,450	701,804
-	295,000	504,015
-	162,379	164,921
<u>25,829</u>	<u>1,580,094</u>	<u>12,918,625</u>
<u>1,897,762</u>	<u>(936,901)</u>	<u>(27,190)</u>
-	-	512,097
-	-	91,364
-	890,328	7,042,609
<u>(897,401)</u>	<u>(88,926)</u>	<u>(7,513,024)</u>
<u>(897,401)</u>	<u>801,402</u>	<u>133,046</u>
1,000,361	(135,499)	105,856
<u>6,700,630</u>	<u>1,554,832</u>	<u>12,591,295</u>
<u>\$ 7,700,991</u>	<u>\$ 1,419,333</u>	<u>\$ 12,697,151</u>

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CITY OF CROWLEY, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended August 31, 2019

Change in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 105,856
Capital assets:		
Capital outlay	\$ 701,804	
Depreciation expense	<u>(1,390,246)</u>	(688,442)
Transactions involving capital assets:		
Proceeds on disposal of assets	(116,374)	
Loss on disposal	<u>(3,999)</u>	(120,373)
Long-term debt:		
Principal payments	645,275	
Capital lease proceeds	<u>(512,097)</u>	133,178
Net revenue (expense) of the Internal Service Fund		108,204
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis		3,912
Sales taxes, net effect of adjustments		(2,685)
Effect of the change in net pension liability, total OPEB liability, and related deferred outflows/inflows of resources:		
Increase in pension expense	(800,841)	
Nonemployer pension contribution revenue recognized	324,957	
Net effect of OPEB adjustments	<u>(31,444)</u>	<u>(507,328)</u>
Change in net position per Statement of Activities		<u>\$ (967,678)</u>

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

CITY OF CROWLEY, LOUISIANA

Proprietary Funds
Statement of Net Position
August 31, 2019

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Fund
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 399,334	\$ 487,325
Receivables:		
Accounts	115,865	-
Interest	-	130
Due from other funds	-	302
Total current assets	<u>515,199</u>	<u>487,757</u>
Noncurrent assets:		
Restricted assets -		
Interest-bearing deposits	635,815	-
Capital assets, net of accumulated depreciation	<u>12,393,110</u>	<u>-</u>
Total noncurrent assets	<u>13,028,925</u>	<u>-</u>
Total assets	<u>13,544,124</u>	<u>487,757</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions	93,220	-
Deferred outflows of resources - OPEB	<u>9,912</u>	<u>-</u>
Total deferred outflows of resources	<u>103,132</u>	<u>-</u>

(continued)

CITY OF CROWLEY, LOUISIANA

Proprietary Funds
Statement of Net Position (Continued)
August 31, 2019

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Fund
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 43,073	\$ -
Due to other funds	716,387	-
Claims payable	-	196,079
Accrued liabilities	17,470	-
Payable from restricted assets - Bonds payable	<u>297,000</u>	<u>-</u>
Total current liabilities	<u>1,073,930</u>	<u>196,079</u>
Noncurrent liabilities:		
Bonds payable	2,763,389	-
OPEB obligation payable	75,745	-
Net pension liability	<u>643,236</u>	<u>-</u>
Total noncurrent liabilities	<u>3,482,370</u>	<u>-</u>
Total liabilities	<u>4,556,300</u>	<u>196,079</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pensions	24,951	-
Deferred inflows of resources - OPEB	<u>2,181</u>	<u>-</u>
Total deferred inflows of resources	<u>27,132</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	9,332,721	-
Restricted for debt service	635,815	-
Unrestricted	<u>(904,712)</u>	<u>291,678</u>
Total net position	<u>\$ 9,063,824</u>	<u>\$ 291,678</u>

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

CITY OF CROWLEY, LOUISIANA

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended August 31, 2019

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Fund
Operating revenues:		
Charges for services	\$ 1,493,560	\$ 1,334,848
Other	10,000	47,698
Total operating revenues	<u>1,503,560</u>	<u>1,382,546</u>
Operating expenses:		
Salaries and wages	304,803	-
Payroll taxes	4,772	-
Retirement	97,867	-
Group insurance	84,101	-
General insurance	32,463	173,153
Claims	-	1,569,166
Telephone and utilities	173,197	-
Professional services	89,244	63,898
Collection fees	43,561	-
Bad debts	20,317	-
Depreciation	1,141,284	-
Gas and oil	23,127	-
Repairs and supplies	350,215	-
Pretreatment and inspections	28,974	-
Miscellaneous	27,902	52,600
Total operating expenses	<u>2,421,827</u>	<u>1,858,817</u>
Operating loss	<u>(918,267)</u>	<u>(476,271)</u>
Nonoperating revenues (expenses):		
Tax revenue	259,060	-
Interest income	4,922	475
Interest expense and other fiscal charges	(64,996)	-
Nonemployer pension contribution	9,878	-
Total nonoperating revenues (expenses)	<u>208,864</u>	<u>475</u>
Loss before capital contributions and transfers	(709,403)	(475,796)
Transfers in	339,438	584,000
Transfers out	(453,023)	-
Change in net position	(822,988)	108,204
Net position, beginning	<u>9,886,812</u>	<u>183,474</u>
Net position, ending	<u>\$ 9,063,824</u>	<u>\$ 291,678</u>

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

CITY OF CROWLEY, LOUISIANA

Statement of Cash Flows
Proprietary Funds
For the Year Ended August 31, 2019

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Fund
Cash flows from operating activities:		
Receipts from customers	\$ 1,490,987	\$ -
Receipts from insured	-	215,806
Receipts from interfund services provided	-	1,119,042
Payments to suppliers	(757,330)	(289,651)
Payments for claims and loss time	-	(1,474,347)
Payments to employees	(469,676)	-
Other receipts	<u>10,000</u>	<u>47,698</u>
Net cash provided (used) by operating activities	<u>273,981</u>	<u>(381,452)</u>
Cash flows from noncapital financing activities:		
Proceeds from taxes levied	259,060	-
Cash paid to other funds	(403)	302
Transfers from other funds	339,438	584,000
Transfers to other funds	<u>(453,023)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>145,072</u>	<u>584,302</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds payable	(268,000)	-
Interest and fiscal charges paid on revenue bonds payable	(64,996)	-
Acquisition of property, plant and equipment	<u>(181,641)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(514,637)</u>	<u>-</u>
Cash flows from investing activities:		
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	-	(232,671)
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	-	231,897
Interest on deposits	<u>4,922</u>	<u>475</u>
Net cash provided (used) by investing activities	<u>4,922</u>	<u>(299)</u>
Net increase (decrease) in cash and cash equivalents	(90,662)	202,551
Cash and cash equivalents, beginning of year	<u>1,125,811</u>	<u>52,414</u>
Cash and cash equivalents, end of year	<u>\$ 1,035,149</u>	<u>\$ 254,965</u>

(continued)

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

CITY OF CROWLEY, LOUISIANA

Statement of Cash Flows (Continued)
 Proprietary Funds
 For the Year Ended August 31, 2019

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Utility Fund	Internal Service Fund
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (918,267)	\$(476,271)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,141,284	-
Provision for net pension liability, net	22,878	-
Provision for OPEB liability	(1,040)	-
(Increase) decrease current assets:		
Accounts receivable	(2,573)	-
Increase (decrease) current liabilities:		
Accounts payable	31,670	-
Accrued liabilities	29	-
Claims payable	<u>-</u>	<u>94,819</u>
Net cash provided (used) by operating activities	<u>\$ 273,981</u>	<u>\$(381,452)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash and interest-bearing deposits - unrestricted	\$ 574,206	\$ 284,311
Cash and interest-bearing deposits - restricted	551,605	-
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>-</u>	<u>(231,897)</u>
Total cash and cash equivalents	<u>1,125,811</u>	<u>52,414</u>
Cash and cash equivalents, end of period -		
Cash and interest-bearing deposits - unrestricted	399,334	487,325
Cash and interest-bearing deposits - restricted	635,815	-
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>-</u>	<u>(232,360)</u>
Total cash and cash equivalents	<u>1,035,149</u>	<u>254,965</u>
Net increase (decrease)	<u>\$ (90,662)</u>	<u>\$ 202,551</u>

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

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of Crowley (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.

A. Financial Reporting Entity

The City of Crowley was incorporated in 1886, under the provisions of the Lawrason Act. The City operates under a Mayor-City Council form of government. The City Council is comprised of nine members (one member is elected at-large and two members are elected from each of the four wards of the City for terms of four years). The City provides the following services to the residents of the City as authorized by its charter: police and fire protection, street and drainage systems, sewer services, parks and recreation, planning and zoning, and economic development programs.

A 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. The City has no such component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the City of Crowley, 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.

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

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

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, is determined major at management's discretion, or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 and deferred outflows, liabilities and deferred inflows of resources, 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 –

General Fund

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.

Sales Tax Fund

The Sales Tax fund accounts for the proceeds of a one percent parish-wide sales and use tax levied in 1963 and the one-half percent sales and use tax levied in 1978. These taxes are dedicated for the specific purposes described in Note 3.

One-Half Cent Sales Tax – Salary Fund

The One-Half Cent Sales Tax – Salary Fund accounts for the proceeds of a one-half cent sales tax levied in 1982, which is dedicated as described in Note 3.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

2012 Sales Tax – Infrastructure Improvement Fund

2012 Sales Tax – Infrastructure Improvement Fund accounts for the receipt and use of proceeds of the City's one-half percent sales and use tax levied in 2012, which is dedicated as described in Note 3.

Enterprise Fund –

Utility Fund

The Utility fund is 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.

In addition, the City reports the following:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The City's internal service funds are the Workmen's Compensation Fund and the Employee Benefit Plan Fund. The City's internal service funds are presented in the proprietary funds' financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity. These proprietary funds are reported with the governmental activities in the government-wide statements.

C. 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.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

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.

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.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

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.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash, interest-bearing deposits, and investments

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.

Under state law, the City may invest in United States bonds, treasury notes, or certificates. Investments are stated at amortized cost.

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. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

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 CROWLEY, LOUISIANA

Notes to Basic Financial Statements

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 utility service receivables are recognized as bad debts using the direct write-off method at the time information becomes available which would indicate the uncollectibility of the particular receivable. At August 31, 2019, an allowance for ad valorem taxes was considered unnecessary due to immateriality.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$2,500 or more 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 September 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

Buildings and improvements	5-40 years
Machinery and equipment	5-15 years
Sewer plant	20-40 years
Autos and trucks	5 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 revenue bond accounts.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

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 is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable.

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. For fund financial reporting, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

After one year of employment with the City, each full-time employee is entitled to one week paid vacation, which is to be taken within the next year of employment. After two consecutive years of employment with the City, each full-time employee is entitled to two weeks paid vacation and for each year of employment thereafter. Annual vacation is not accumulated and compensation in lieu of vacation is not paid. Upon termination, any accumulated vacation time is paid together with any wages due as of the effective date of the employee's termination. No accrual is recorded for this as the amount at August 31, 2019 is determined immaterial.

All persons employed full-time by the City shall be entitled to a 15 day sick leave during each calendar year, which leave may be accumulated for a two-year period for a term of 30 full days if not used during the year which same accrues. Sick leave may not accumulate for more than two calendar years, and if not used during the year, in which same accrues, may be used in subsequent years. Sick leave is not paid at termination.

Compensatory leave shall be earned at time and one-half rate for overtime work and work required on an observed holiday. However, any employee who accrues 240 hours of compensatory leave shall, for any additional overtime hours or work, be paid overtime compensation at time and one-half rate. Upon separation, each employee shall be paid the value of his/her accrued compensatory leave in a lump sum at a rate not less than the average regular rate received during the last three years of employment or the final rate received, whichever is higher. At August 31, 2019, the City has no material accumulated leave benefits required to be reported.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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 restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

In the fund statements, governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the council members. The Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by council members.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City’s adopted policy, only council members or the City’s finance committee may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of August 31, 2019, fund balances are composed of the following:

	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
Major Funds				
General -				
Collision losses	\$ -	\$ 44,962	\$ -	\$ 44,962
Other	-	-	1,714,705	1,714,705
Sales Tax Fund	552,658	-	-	552,658
One-Half Cent Sales Tax -				
Salary Fund	1,264,502	-	-	1,264,502
2012 Sales Tax - Infrastructure				
Improvement Fund	7,700,991	-	-	7,700,991
Nonmajor funds	<u>1,184,106</u>	<u>241,658</u>	<u>(6,431)</u>	<u>1,419,333</u>
Totals	<u>\$ 10,702,257</u>	<u>\$ 286,620</u>	<u>\$ 1,708,274</u>	<u>\$ 12,697,151</u>

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Council members or the finance committee has provided otherwise in its commitment or assignment actions.

E. 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.

F. 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>
Ad valorem tax (30.25 mills)	See Note 2
Sales tax	See Note 3
Sewer revenues	See Note 13

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

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

G. Capitalization of Interest Expenses

It is the policy of the City of Crowley to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At August 31, 2019, there was no capitalized interest expense. Interest expensed at August 31, 2019 was \$229,917.

H. 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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

I. Pensions

The net pension liability, net pension asset, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Non-employer contributions are recognized as revenues in the government-wide and propriety fund financial statements. In the governmental fund financial statements contributions are recognized as expenditures when due.

J. Postemployment Benefits Other than Pensions (OPEB)

The net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. In the governmental fund financial statements contributions are recognized as expenditures when due.

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in 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 using the assessed values determined by the tax assessor of Acadia Parish. Property tax revenues are recognized when levied to the extent that they result in current receivables.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

For the year ended August 31, 2019, taxes of 30.25 mills were levied on property with assessed valuations and were dedicated as follows:

General corporate purposes	7.00 mills
Street maintenance	5.00 mills
Public buildings and drainage	5.00 mills
Public recreation and parks	3.00 mills
Disposal plant maintenance	3.50 mills
Cemetery tax	0.75 mills
Youth recreation tax	1.00 mills
Fire and police	<u>5.00</u> mills
Total	<u>30.25</u> mills

(3) Dedication of Proceeds and Flow of Funds - Sales and Use Tax

The proceeds of the 1% sales and use tax and the .5% sales and use tax levied by the City of Crowley that became effective on May 1, 1963 and February 1, 1978, respectively, are accounted for in the Sales Tax Fund and are dedicated for the following purposes:

1% Sales and Use Tax -

1. Public safety, public health, public works, sanitation, general government,
2. Maintaining and repairing streets, roads, highways, avenues, drainage ditches and canals, and
3. Providing for operating expenses of said departments including salaries of personnel and capital outlay.

.5% Sales and Use Tax -

1. Increasing the compensation of all employees of the city, and
2. For any other lawful corporate or public purpose.

The proceeds of a .5% sales and use tax levied by the City that became effective on April 1, 1982 are accounted for in the One-Half Cent Sales Tax – Salary Fund and are dedicated for the following purpose:

To be used for the purpose of City employee salary increases to be equally divided:

1. 33-1/3% to all employees not otherwise covered herein,
2. 33-1/3% to all fire personnel, and
3. 33-1/3% to all police personnel (increase to be paid across the board equally).

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

The proceeds of a .5% sales and use tax levied by the City that became effective on July 1, 2012 are accounted for in the 2012 Sales Tax – Infrastructure Improvement Fund and are dedicated for the following purposes:

1. Acquiring, constructing, maintaining and improving infrastructure and capital improvements within the City, and
2. To fund the proceeds of the tax into bonds to be issued in series from time to time for such purposes.

(4) Cash, Interest-Bearing Deposits and Investments

A. 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.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The City does not have a policy for custodial credit risk; however, 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at August 31, 2019, are secured as follows:

Bank balances	<u>\$ 7,776,407</u>
Insured deposits	1,769,441
Uninsured and collateral held by the pledging bank, not in the City's name	<u>6,006,966</u>
Total	<u>\$ 7,776,407</u>

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

B. Investments

At August 31, 2019, the City's carrying amounts and approximate market values of investments are summarized as follows:

Description	Interest Rate	Cost	Unrealized Gain/(Loss)	Reported Amount/ Fair Value
Government and Agency Securities:				
Federal National Mortgage Association (FNMA)	1.75% - 2.50%	\$ 602,656	\$ 50,389	\$ 653,045
Federal Home Loan Bank (FHLB)	3.04%	10,000	-	10,000
Federal Farm Credit Banks (FFCB)	3.33%	24,022	2,764	26,786
Tennessee Valley Authority (TVA)	3.55%	12,945	(37)	12,908
Mortgage Backed Securities:				
Government National Mortgage Corporation (GNMA)	5.0% - 6.50%	2,185,210	(26,242)	2,158,968
Federal Home Loan Mortgage Corporation (FHLMC)	5.0% - 6.50%	1,514,310	13,862	1,528,172
Federal National Mortgage Association (FNMA)	3.0% - 7.50%	1,287,100	9,097	1,296,197
		<u>\$ 5,636,243</u>	<u>\$ 49,833</u>	<u>\$ 5,686,076</u>

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the City's debt type investments to this risk, using the segmented time distribution model is as follows:

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

Description	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Over 10
Government and Agency Securities:					
FNMA	\$ 653,045	\$ 9,999	\$ -	\$ 627,569	\$ 15,477
FHLB	10,000	-	-	10,000	-
FFCB	26,786	-	-	-	26,786
TVA	12,908	-	-	-	12,908
Mortgage Backed Securities:					
GNMA	2,158,967	-	858	1,944	2,156,165
FHLMC	1,528,173	-	7,179	1,023	1,519,971
FNMA	1,296,197	-	43,806	8,663	1,243,728
	<u>\$ 5,686,076</u>	<u>\$ 9,999</u>	<u>\$ 51,843</u>	<u>\$ 649,199</u>	<u>\$ 4,975,035</u>

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. At August 31, 2019, the City held investments of \$5,686,076 of which the underlying securities are held by the counterparty's trust department, not in the City's name.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has recurring fair value measurements of \$5,686,076 as of August 31, 2019, which are categorized as level 1 inputs.

Credit risk is managed by restricting investments to those authorized by R.S. 33:2955. Credit risk ratings for the City's investments from issuers totaling five percent or more of a portfolio are as follows:

	Rating	Amount
Federal National Mortgage Association	AA	\$ 1,296,197
Federal Home Loan Mortgage Corporation	AA	\$ 1,528,173

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

(5) Receivables

Receivables at August 31, 2019 consist of the following:

	<u>Accounts</u>	<u>Taxes</u>	<u>Franchise Fees</u>	<u>Interest</u>	<u>Total</u>
Governmental activities:					
General Fund	\$ -	\$ -	\$180,631	\$ 414	\$ 181,045
Sales Tax Fund	-	769,891	-	305	770,196
1/2 Cent Sales Tax - Salary Fund	-	256,269	-	-	256,269
2012 Sales Tax - Infrastructure Improvement	-	256,269	-	-	256,269
Internal Service Fund	-	-	-	130	130
Other governmental funds	-	-	-	128	128
Business-type activities:					
Utility Fund	<u>115,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,865</u>
Totals	<u>\$ 115,865</u>	<u>\$ 1,282,429</u>	<u>\$180,631</u>	<u>\$ 977</u>	<u>\$1,579,902</u>

(6) Restricted Assets

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

Governmental activities:	
LCDA bond refunding sinking fund	\$ 3,516
Donations for Gladys Trahan Tennis Court	<u>2,336</u>
Total governmental activities	5,852
Business-type activities:	
Sewer Revenue Bond and Interest Sinking Fund	<u>635,815</u>
Total restricted assets	<u>\$ 641,667</u>

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

(7) Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 662,989	\$ -	\$ -	\$ 662,989
Capital assets being depreciated:				
Land improvements	107,576	-	-	107,576
Buildings and improvements	8,378,029	-	-	8,378,029
Infrastructure	16,609,732	-	-	16,609,732
Machinery and equipment	3,699,407	159,856	401,385	3,457,878
Autos and trucks	<u>3,324,750</u>	<u>541,948</u>	<u>332,285</u>	<u>3,534,413</u>
Total capital assets being depreciated	<u>32,119,494</u>	<u>701,804</u>	<u>733,670</u>	<u>32,087,628</u>
Less accumulated depreciation				
Land improvements	61,315	5,379	-	66,694
Buildings and improvements	4,369,114	283,254	-	4,652,368
Infrastructure	4,123,814	571,216	-	4,695,030
Machinery and equipment	2,888,438	224,146	305,432	2,807,152
Autos and trucks	<u>2,806,571</u>	<u>306,251</u>	<u>307,868</u>	<u>2,804,954</u>
Total accumulated depreciation	<u>14,249,252</u>	<u>1,390,246</u>	<u>613,300</u>	<u>15,026,198</u>
Total capital assets being depreciated, net	<u>17,870,242</u>	<u>(688,442)</u>	<u>120,370</u>	<u>17,061,430</u>
Governmental activities, capital assets, net	<u>\$ 18,533,231</u>	<u>\$ (688,442)</u>	<u>\$ 120,370</u>	<u>\$ 17,724,419</u>

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 161,482	\$ -	\$ -	\$ 161,482
Capital assets being depreciated:				
Buildings and improvements	4,271	-	-	4,271
Sewer plant	31,236,404	-	-	31,236,404
Machinery and equipment	373,273	-	11,290	361,983
Autos and trucks	318,167	-	29,180	288,987
Total capital assets being depreciated	31,932,115	-	40,470	31,891,645
Less accumulated depreciation				
Buildings and improvements	1,307	107	-	1,414
Sewer plant	17,990,318	1,101,976	-	19,092,294
Machinery and equipment	281,197	22,515	11,290	292,422
Autos and trucks	286,381	16,686	29,180	273,887
Total accumulated depreciation	18,559,203	1,141,284	40,470	19,660,017
Total capital assets being depreciated, net	13,372,912	(1,141,284)	-	12,231,628
Business-type activities, capital assets, net	\$ 13,534,394	\$ (1,141,284)	\$ -	\$ 12,393,110

Depreciation expense was charged to governmental activities as follows:

General government	\$ 238,911
Public safety	394,203
Public works	583,119
Economic development	8,074
Culture and recreation	161,936
Cemetery	4,003
Total depreciation expense	\$ 1,390,246

Depreciation expense was charged to the business-type activities as follows.

Sewer	\$ 1,141,284
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CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

(8) Accounts, Salaries, and Other Payables

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 315,788	\$ 43,073	\$ 358,861
Payroll liabilities	<u>279,810</u>	<u>17,470</u>	<u>297,280</u>
Totals	<u>\$ 595,598</u>	<u>\$ 60,543</u>	<u>\$ 656,141</u>

(9) Long-Term Liabilities

Long-term liabilities at August 31, 2019 are comprised of the following individual issues:

Governmental activities –

Bonds payable:

\$5,780,000 Louisiana Local Government Environmental Facilities and Community Development Authority - Revenue Refunding Bonds, Series 2011 due in annual installments of \$75,000 to \$360,000 through November 1, 2029, at a variable interest rate of 2% to 4.625%. The debt will be retired from excess annual revenue. \$ 3,650,000

Business-type activities –

Revenue bonds payable:

\$3,590,000 Sewer Revenue Refunding Bonds, Series 2012, due in annual installments of \$170,000 to \$250,000 through September, 2028; interest rate of 2.44%; to be retired from excess annual sewer revenues. \$ 2,040,000

\$1,900,000 Wastewater Revenue Bonds, Series 2013, due in annual installments of \$90,000 to \$100,000 through September, 2033; interest rate of .45%; to be retired from excess annual sewer revenues. 1,020,389

Total business-type activities long-term liabilities \$ 3,060,389

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

The long-term liabilities are due as follows:

Year Ending August 31,	Governmental Activities		Business-type Activities		Total
	Principal Payments	Interest Payments	Principal Payments	Interest Payments	
2020	\$ 305,000	\$ 147,282	\$ 297,000	\$ 59,033	\$ 808,315
2021	310,000	134,982	303,000	53,152	801,134
2022	315,000	122,482	313,000	47,144	797,626
2023	320,000	109,782	314,000	40,888	784,670
2024	325,000	96,883	320,000	34,622	776,505
2025 - 2029	1,715,000	274,207	1,450,000	74,112	3,513,319
2030 - 2034	<u>360,000</u>	<u>8,325</u>	<u>63,389</u>	<u>301</u>	<u>432,015</u>
Totals	<u>\$ 3,650,000</u>	<u>\$ 893,943</u>	<u>\$ 3,060,389</u>	<u>\$ 309,252</u>	<u>\$ 7,913,584</u>

Changes in General Long-Term Liabilities

During the year ended August 31, 2019, the following changes occurred in long-term liabilities transactions and balances:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable -					
Revenue Refunding					
Bonds, Series 2011	\$ 3,945,000	\$ -	\$ 295,000	\$ 3,650,000	\$ 305,000
Lowe's Certificate of					
Indebtedness, Series					
2006	<u>141,260</u>	<u>-</u>	<u>141,260</u>	<u>-</u>	<u>-</u>
Total governmental					
activities	<u>\$4,086,260</u>	<u>\$ -</u>	<u>\$ 436,260</u>	<u>\$ 3,650,000</u>	<u>\$ 305,000</u>
Business-type activities:					
Sewer Revenue					
Refunding Bonds,					
Series 2012	\$ 2,240,000	\$ -	\$ 200,000	\$ 2,040,000	\$ 205,000
Wastewater Revenue					
Bonds, Series 2013	<u>1,088,389</u>	<u>-</u>	<u>68,000</u>	<u>1,020,389</u>	<u>92,000</u>
Total business-					
type activities	<u>\$3,328,389</u>	<u>\$ -</u>	<u>\$ 268,000</u>	<u>\$ 3,060,389</u>	<u>\$ 297,000</u>

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

(10) Department of Environmental Quality Revolving Loan

On June 26, 2013, the City issued \$1,900,000 of Wastewater Revenue Bonds, Series 2013, bearing interest of .45% for the rehabilitation and restoration improvements to the Rock Filter and Facultative Pond Levee System at the Wastewater Treatment Facility and to provide erosion protection for levees. The City entered into a loan and pledge agreement with the Department of Environmental Quality that allows the City to make draws of the \$1,900,000 commitment as construction funds are expended for the improvements to the Wastewater Treatment Facility. At August 31, 2019, amounts drawn to date totaled \$1,224,390.

(11) Outstanding Letter of Credit

At August 31, 2019 the City had a \$300,000 outstanding letter of credit secured by a certificate of deposit. The letter of credit is for the benefit of the Louisiana Office of Workers' Compensation.

(12) Flow of Funds; Restrictions on Use - Sewer Revenues

Under the terms of the loan and pledge agreements with the financial institutions, all revenues derived from the operation of the utilities system are to be deposited into an account designated as the Sewer Revenue Fund and said account is to be maintained and administered in the following order of priority and for the following express purposes:

- (a) The payment of all reasonable and necessary expenses of operating and maintaining the utilities system.
- (b) Each month there shall be set aside into the Sewer Revenue Bond Sinking Fund on or before the 20th day of each month an amount equal to the principal and interest with respect to the bonds for such calendar month together with such additional proportionate sum as may be required to pay such principal and interest as they become due.
- (c) Each month, there shall be set aside into the Taxable Revenue Bond, Series 2013 Debt Service Reserve Fund on or before the 20th day of each month a sum at least equal to 25% of the amount required to be paid into the Sewer Revenue Bond Sinking Fund until such time as there has been accumulated therein a sum equal to the Reserve Fund Requirement.
- (d) Funds shall be set aside into the Depreciation and Contingency Fund to provide for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system. Transfers shall be made on or before the 20th day of each month until the Fund equals \$250,000. Payments are to be made in a sum equal to 5% of Net Revenues for the preceding month provided that sum is available after provision is made for the payments required under (a) – (c) above.

Not all required transfers were made for the year ended August 31, 2019.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

(13) Employee Retirement

Substantially all City employees are covered under the Municipal Employees' Retirement System of Louisiana except police, firemen, and judges, who are covered under the Municipal Police Employees' Retirement System, the Firefighters' Retirement System and the Louisiana State Employees' Retirement System, respectively. Details concerning these plans follow:

A. Municipal Employees' Retirement System of Louisiana

Plan description: The Municipal Employees' Retirement System of Louisiana (the System) is a cost-sharing, multiple-employer public employee retirement system (PERS) as established by Act 356 of 1954 regular session of the Legislature of the State of Louisiana. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan A.

The Municipal Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

Eligibility Requirements: Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the City are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the Plan A Tier 2 or Plan B Tier 2 of the System as a condition of employment.

Retirement Benefits: Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. 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 member of Plan A, who commenced participation in the System prior to January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with 20 years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

Any member of Plan A Tier 2 can retire providing the member meets one of the following requirements:

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits: Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Deferred Retirement Option Plan (DROP) Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During 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 and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in System.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

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

Deferred Benefits: Plan A provides for deferred benefits for members who terminate before being eligible for retirement. Once a member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Employer Contributions: Contributions for all members are established by statute. Member contributions are at 9.50% of earnable compensation for Plan A. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2019, the employer contribution rate was 26% for Plan A.

In accordance with state statute, the System receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes. The System also receives state revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. The City recognized \$60,855 of non-employer contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At August 31, 2019, the City reported a liability of \$3,962,700 for its proportionate share of the net pension liability, of which \$3,319,464 and \$643,808 was reported in the governmental activities and business-type activities, respectively. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion was .948318%, which was a decrease of .003407% from its proportion measured as of June 30, 2018.

For the year ended August 31, 2019, the City recognized pension expense of \$658,237.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

At August 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ 80,992	\$ -	\$ 15,694
Change of assumptions	83,886		16,255	
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	6,714	47,768	1,301	9,257
Net differences between projected and actual earnings on plan investments	329,221	-	63,794	-
Contributions subsequent to the measurement date	61,250	-	11,870	-
Total	<u>\$ 481,071</u>	<u>\$ 128,760</u>	<u>\$ 93,220</u>	<u>\$ 24,951</u>

Deferred outflows of resources of \$73,120 related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended August 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	
<u>June 30:</u>	
2020	\$ 168,635
2021	95,643
2022	50,190
2023	32,992
	<u>\$ 347,460</u>

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2019 valuation was based on the results of an experience study for the period July 1, 2013 through June 30, 2018.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation, (decreased from 7.275% in 2018)
Salary Increases, including	
Inflation and merit increases:	
1 to 4 years of service	6.4% (increased from 5.0% in 2018)
More than 4 years of service	4.5% (decreased from 5.0% in 2018)
Inflation rate	2.5% (decreased from 2.6% in 2018)
Annuitant and Beneficiary	
Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales
Disabled lives mortality	PubG-2010(B) Disables Retiree Table set equal to 120% for males and females, with the full generational MP2018 scales
Expected Remaining	
Service Lives	3 years for Plan A

The 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.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Rate of Return
Public equity	50%	2.15%
Public fixed income	35%	1.51%
Alternatives	<u>15%</u>	<u>0.64%</u>
Totals	<u>100%</u>	<u>4.30%</u>
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 7.00% for the years ended June 30, 2019 (a decrease from 7.275% in 2018). 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, which are calculated in accordance with relevant statutes and approved by Board of Trustees and the Public Retirement Systems’ Actuarial Committee. Based on those assumptions, the System’s fiduciary net position was 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 to Changes in the Discount Rate: The following presents the net pension liability of the participating employer calculated using the discount rate of 7.00%, as well as what the employer’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2019:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 5,166,652	\$ 3,962,700	\$ 2,944,796

B. Municipal Police Employees’ Retirement System of Louisiana

Plan Description: The Municipal Police Employees' Retirement System (the System) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit

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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.

The Municipal Police Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the audit report can be found on the System's website: www.lampers.org or on the Louisiana Legislative Auditor's website, www.la.state.la.us.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. 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.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System 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 creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service, not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are 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 has been a member of the System 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 has been a member of the System 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 has been a member of the System 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.

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Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If the deceased member had less than ten years of service, the beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan: In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial

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Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Employer Contributions: Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended August 31, 2019, total contributions due from employers and employees were 42.25%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.25% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.75% and 7.5%, respectively.

Non-employer contributions: The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended August 31, 2019 and excluded from pension expense. The City recognized \$100,740 of non-employer contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At August 31, 2019, the City reported a liability of \$4,443,990 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion was 0.489336%, which was a decrease of 0.049872% from its proportion measured as of June 30, 2018.

For the year ended August 31, 2019, the City recognized pension expense of \$754,884.

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At August 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the System from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,325	\$ 136,722
Change of assumptions	249,033	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	39,776	310,900
Net differences between projected and actual earnings on plan investments	288,719	-
Contributions subsequent to the measurement date	70,344	-
Total	<u>\$ 657,197</u>	<u>\$ 447,622</u>

Deferred outflows of resources of \$70,344 related to the System resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended June 30:	
2020	\$ 150,657
2021	(93,521)
2022	10,009
2023	72,086
	<u>\$ 139,231</u>

Contributions – Proportionate Share - Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

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A summary of the actuarial methods and assumptions used in determining MPERS total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.125%, net of investment income (decrease from 7.20% in 2018)
Projected Salary Increases	Vary from 9.75% in the first 2 years of Service, 4.75% years 3-23, and 4.25% after 23 years
Inflation Rate	2.50% (decrease from 2.60% in 2018)
Expected Remaining Service Lives	4 years
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.
Cost-of-Living Adjustments	The present value of future retirement benefits is 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.

The mortality rate assumption used was based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

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The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Rate of Return
Equity	48.5%	3.28%
Fixed income	33.5%	0.80%
Alternative	18.0%	1.06%
Other	<u>0.0%</u>	<u>0.00%</u>
Totals	<u>100%</u>	5.14%
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>7.89%</u>

Discount Rate: The discount rate used to measure net pension liability was 7.125% (a decrease from 7.2% in 2018). 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 System's actuary. Based on those assumptions, the System's fiduciary net position was 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 to Changes in the Discount Rate: The following presents net pension liability of the participating employer calculated using the discount rate of 7.20%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	1% Decrease 6.125%	Current Discount Rate 7.125%	1% Increase 8.125%
Net Pension Liability	\$6,191,943	\$4,443,990	\$2,977,633

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C. Firefighters Retirement System of Louisiana

Plan description: The Firefighters' Retirement System (the System) is the administrator of a cost-sharing, multiple-employer, defined benefit pension plan. Membership in the System is a condition of employment for any full-time firefighters (or any person in a position as defined in the municipal fire and police civil service system) who earn at least \$375 per month, excluding state supplemental pay, 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.

Firefighters' Retirement System issues a stand-alone report on its financial statements. Access to the audit report can be found on the System's website www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website www.lla.state.la.us.

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 informational purposes only.

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

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

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits there from may become a member of 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.

Retirement Benefits: Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

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If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits: A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits: Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

Deferred Retirement Option Plan Benefits: After completing 20 years of creditable service and attaining the age of 50 years, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

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 member's deferred retirement option plan account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are 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 withdrawals may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan: Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

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Cost of Living Adjustments (COLAs): Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of living adjustment.

Employer and Employee Contributions: According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2019, employer and employee contribution rates for members above the poverty line were 26.50% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.0%, respectively.

Non-employer Contributions: The System also receives insurance premium assessments from the state of Louisiana. The assessment is considered support from a non-employer contributing entity and appropriated by the legislature each year based on a actuarial study. Non-employer contributions are recognized as revenue during the year ended August 31, 2019 and excluded from pension expense. The City recognized \$173,240 of non-employer contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At August 31, 2019, the City reported a liability of \$4,046,659 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportionate share was .646234%, which was an increase of .041223% from its proportionate share measured as of June 30, 2018.

For the year ended August 31, 2019, the City recognized pension expense of \$748,484.

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At August 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 291,903
Change of assumptions	368,147	294
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	192,253	222,916
Net differences between projected and actual earnings on plan investments	272,126	-
Contributions subsequent to the measurement date	65,288	-
Total	<u>\$ 897,814</u>	<u>\$ 515,113</u>

Deferred outflows of resources of \$65,288 related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2020	\$ 115,702
2021	(41,621)
2022	95,394
2023	86,908
2024	15,346
2025	45,684
	<u>\$ 317,413</u>

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the System's fiduciary net position.

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The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2009 through June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability of the System as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.15% per annum (net of investment expenses, including inflation) (decreased from 7.3% in 2018)
Salary Increases	Vary from 14.75% in the first two years of service to 4.50% with 25 or more years of service; includes inflation and merit increases
Inflation Rate	2.50% per annum (decreased from 2.70% in 2018)
Expected Remaining Service Lives	7 years, closed period
Cost of Living Adjustments	Only those previously granted

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 data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. 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 five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated 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, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 7.94% as of June 30, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

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Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Fixed income	31.00%	2.17%
Equity		
U.S. Equity	21.50%	5.98%
Non-U.S. Equity	17.50%	7.52%
Global	10.00%	6.59%
Alternatives		
Real Estate	6.00%	4.14%
Private Equity	4.00%	10.52%
Global Tactical Asset Allocation	5.00%	4.37%
Risk Parity	<u>5.00%</u>	4.67%
Totals	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.15% (a decrease from 7.3% in 2018). 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 the Board of Trustees and by the PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was 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 to Changes in the Discount Rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.15%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.15%</u>	<u>7.15%</u>	<u>8.15%</u>
Net Pension Liability	\$5,859,836	\$4,046,659	\$2,524,816

D. Louisiana State Employees’ Retirement System

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees’ Retirement System (LASERS) and additions to/deductions from LASERS’ fiduciary net position have been determined on

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the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan description: Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of LA R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Retirement Benefits: The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. LASERS' rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015, may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra

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1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Deferred Retirement Benefits: The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding the given date. The average rate so determined is to be reduced by a “contingency” adjustment of 0.5%, but not to be below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

Disability Benefits: Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an intentional act of violence.

Members of the Harbor Police Retirement System who became disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service of 100% of final average compensation if the injury was the result of an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

Survivor’s Benefits: Certain eligible surviving dependents receive benefits based on the deceased member’s compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation, and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

Cost of Living Adjustments: As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Employer Contributions: The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the PRSAC, taking into consideration the recommendation of the Systems' Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Rates for the year ended June 30, 2019 are as follows:

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

Plan	Plan Status	Employer Contribution Rate
Appellate Law Clerks		
Pre Act 75 (hired before 7/1/2006)	Closed	37.9%
Post Act 75 (hired after 6/30/2006)	Open	37.9%
Optional Retirement Plan (ORP)		
Pre Act 75 (hired before 7/1/2006)	Closed	37.9%
Post Act 75 (hired after 6/30/2006)	Closed	37.9%
Regular Employees hired before 7/1/06	Closed	37.9%
Regular Employees hired on or after 7/1/06	Closed	37.9%
Regular Employees hired on or after 1/1/11	Closed	37.9%
Regular Employees hired on or after 7/1/15	Open	37.9%
Legislators	Closed	41.6%
Special Legislative Employees	Closed	43.7%
Judges hired before 1/1/2011	Closed	40.1%
Judges hired after 12/31/2010	Closed	39.0%
Judges hired on or after 7/1/15	Open	39.0%
Corrections Primary	Closed	37.7%
Corrections Secondary	Closed	37.6%
Wildlife Agents	Closed	46.3%
Peace Officers	Closed	36.7%
Alcohol Tobacco Control	Closed	31.4%
Bridge Police	Closed	36.7%
Bridge Police hired on or after 7/1/06	Closed	36.7%
Harbor Police	Closed	7.1%
Hazardous Duty	Open	38.5%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At August 31, 2019, the employer reported a liability of \$116,933 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion was .00161%, which was a decrease of .00068% from its proportion measured as of June 30, 2018.

For the year ended August 31, 2019, the City recognized pension expense of \$18,035.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

At August 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 718	\$ 243
Change of assumptions	1,002	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	35,512
Net differences between projected and actual earnings on plan investments	4,040	-
Contributions subsequent to the measurement date	<u>2,016</u>	<u>-</u>
Total	<u>\$ 7,776</u>	<u>\$ 35,755</u>

Deferred outflows of resources of \$2,016 related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2020	\$ (15,455)
2021	(17,166)
2022	1,111
2023	<u>1,515</u>
	<u>\$ (29,995)</u>

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	2 years (A decrease of 1 year from June 30, 2018)
Investment Rate of Return	7.60% per annum, net of investment expenses (A decrease of .05% from June 30, 2018)
Inflation Rate	2.5% per annum (A decrease of .25% from June 30, 2018)
Mortality	Non-disabled members - Mortality rates for 2019 were based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

Termination, Disability, and Retirement Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members for 2019.

Salary Increases Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.20%	13.00%
Judges	2.80%	5.30%
Corrections	3.80%	14.00%
Hazardous Duty	3.80%	14.00%
Wildlife	3.80%	14.00%

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments 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.

The 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 of 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 9.00% for 2019. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0.24%
Domestic Equity	4.83%
International Equity	5.83%
Domestic Fixed Income	2.79%
International Fixed Income	4.49%
Alternative Investments	8.32%
Global Tactical Asset Allocation	5.06%
Total Fund	6.09%

Discount Rate: The discount rate used to measure the total pension liability was 7.60% (a decrease of .05% in 2018). The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was 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 to Changes in the Discount Rate: The following presents the employer's net pension liability using the discount rate of 7.60%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	<u>1% Decrease 6.60%</u>	<u>Current Discount Rate 7.60%</u>	<u>1% Increase 8.70%</u>
Net Pension Liability	\$ 147,584	\$ 116,933	\$ 91,043

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

(14) Commitments and Contingencies

Litigation

At August 31, 2019, the City of Crowley was a defendant in several lawsuits. Reserves for claims losses are established and recorded as liabilities of the Risk Management Fund when information available indicates that it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. The City's legal counsel has reviewed the claims and lawsuits, in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City not covered by insurance. As a result of the review, there are no claims and lawsuits that an unfavorable outcome would materially affect the financial statements. Also, the City may be exposed to losses for which the amounts cannot be determined at this time.

Grant Audits

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

(15) Leases

A. Operating Lease

The City leases property with lease terms of one year or less. The minimum annual commitments under these operating leases are considered to be immaterial. Income recognized for the year ended August 31, 2019 was \$70,408.

B. Capital Lease

In August 2015, the City entered into a lease agreement for acquisition of a freightliner truck with vac-con combo. Also, in February 2019, the City entered into a lease agreement for acquisition of 19 police vehicles. These lease agreements qualify as a capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligation and the net present value of the minimum lease payments as of August 31, 2019 were as follows:

2020	\$217,460
2021	140,441
2022	<u>140,441</u>
Total minimum lease payments	498,342
Less: amount representing interest	<u>(50,580)</u>
Present value of minimum lease payments	<u>\$447,762</u>

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

At August 31, 2019, the equipment is included in capital assets with a cost of \$846,992 and accumulated depreciation of \$330,189. Depreciation expense of \$123,670 was recorded for these assets at August 31, 2019.

(16) Compensation, Benefits, and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor Gregg Jones for the period of September 1, 2018 through December 31, 2018 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 28,653
Benefits-insurance	2,500
Benefits-retirement	7,951
	<u>\$ 39,104</u>

A detail of compensation, benefits, and other payments paid to Mayor Timothy Monceaux for the period of January 1, 2019 through August 31, 2019 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 48,605
Benefits-insurance	5,000
Benefits-retirement	13,488
Meals	204
Hotels	109
Conference registration fees	100
Travel	348
	<u>\$ 67,854</u>

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

(17) Compensation of City Officials

A detail of compensation paid to the City Officials for the year ended August 31, 2019 follows:

City Official (1/1/19 - 8/31/19):	
Steven C. Premeaux	\$ 11,350
Vernon Martin	10,150
Lyle Fogleman	10,150
Jeffery Cavell	6,386
Kimberly Stringfellow	6,386
Thompson Brad Core	6,386
Byron Wilridge, Sr.	6,386
Clinton Cradeur	6,386
Samuel J Reggie, III	6,386
City Official (9/1/18 - 12/31/18):	
Ira Thomas	3,764
Heuy B. Borill	3,764
Jeffery Dore	3,764
John Elliott Dore	3,764
Timothy P. Monceaux	3,764
Ezora J. Proctor	3,764
	<u>\$ 92,550</u>

(18) Risk Management

A. Workmen's Compensation and Commercial Insurance Coverage

Effective February 1, 1994, the City established a risk management program for its workman's compensation coverage and accounts for it in the Workmen's Compensation Fund. Interfund premiums are paid into this fund and are available to pay claims and administrative costs. All funds of the City participate in the program and make payments to the Workmen's Compensation Fund based on premiums needed to pay prior and current year claims, administrative costs, and commercial insurance premiums and to establish a reserve for losses relating to catastrophes.

For the year ended August 31, 2019, the claims liability of \$24,916 was reported in the Workmen's Compensation Fund. The claims liability is based on the requirements of GASB, which are that a liability for claims be reported as of the financial statement date if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

Reconciliation of Claims Liabilities

	<u>2019</u>	<u>2018</u>
Unpaid claims, beginning	\$ 53,739	\$ 33,081
Claims incurred	358,092	363,308
Claims payments	<u>(386,915)</u>	<u>(342,650)</u>
Unpaid claims, ending	<u>\$ 24,916</u>	<u>\$ 53,739</u>

Claims payable of \$24,916 at August 31, 2019 consisted of claims incurred prior to August 31, 2019 and paid in September, 2019 through October, 2019.

B. Group Self- Insurance

Effective May 1, 1990, the City established a risk management program for its group health and life insurance coverage and accounts for it in the Employee Benefit Plan Fund. Both the employer and employees' share of premiums are paid into this fund and are available to pay claims and administrative costs. Interfund premiums are based primarily upon the insured fund's number of participants.

For the year ended August 31, 2019, the claims liability of \$171,163 was reported in the Employee Benefit Plan Fund. The claims liability is based on the requirements of GASB, which are that a liability for claims be reported as of the financial statement date if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Reconciliation of Claims Liabilities

	<u>2019</u>	<u>2018</u>
Unpaid claims, beginning	\$ 47,530	\$ 90,918
Claims incurred	1,305,884	1,000,015
Claims payments	<u>(1,182,251)</u>	<u>(1,043,403)</u>
Unpaid claims, ending	<u>\$ 171,163</u>	<u>\$ 47,530</u>

Claims payable of \$171,163 at August 31, 2019 consisted of claims incurred prior to August 31, 2019 and paid in September, 2019 through November, 2019.

(19) Post-employment Benefits

Plan Description – The City of Crowley (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Crowley'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)

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

Codification Section P52 Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit.

Benefits Provided – Medical benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement. The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service.

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

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

In active employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>128</u>
	<u>134</u>

The City’s total OPEB liability of \$1,374,221 was measured as of August 31, 2019 and was determined by an actuarial valuation as of that date.

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

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	3.88%
Discount rate	2.97%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

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

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

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

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

The following presents changes in the total OPEB liability:

Balance at August 31, 2018	<u>\$ 1,208,901</u>
Changes for the year:	
Service cost	11,442
Interest	47,127
Differences between expected and actual experience	21,457
Changes in assumptions	122,224
Benefit payments and net transfers	<u>(36,930)</u>
Net changes	<u>165,320</u>
Balance at August 31, 2019	<u>\$ 1,374,221</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.97%) or 1-percentage-point higher (3.97%) than the current discount rate:

	1.0% Decrease <u>1.97%</u>	Current Discount Rate <u>2.97%</u>	1.0% Increase <u>3.97%</u>
Total OPEB liability	\$ 1,551,819	\$ 1,374,221	\$ 1,223,079

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 <u>4.50%</u>	Current Trend <u>5.50%</u>	1.0% Increase <u>6.50%</u>
Total OPEB liability	\$ 1,224,409	\$ 1,374,221	\$ 1,548,448

For the year ended August 31, 2019, the City recognized OPEB expense of \$67,335. At August 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 64,798	\$ -
Changes in assumptions	<u>115,034</u>	<u>39,575</u>
Total	<u>\$ 179,832</u>	<u>\$ 39,575</u>

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

Year Ended August 31:	
2020	\$ 8,766
2021	8,766
2022	8,766
2023	8,766
2024	8,766
2025 - 2039	<u>96,427</u>
	<u>\$ 140,257</u>

Actuarial Cost Method – Each employee’s service costs are calculated as a level percentage of that employee’s projected pay. The attribution period extends from the first period for which the employee provides service under the benefit terms through the assumed commencement of benefit payments for that employee. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets since the OPEB benefits are not as yet funded.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 13%.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays the retiree portion of the coverage (not dependents), but it is based on the blended rate (active and retiree) before age 65 Medicare eligibility. Since GASB 75 requires the use of unblended rates, we have "unblended" the rates before age 65 by assuming the unblended rate for retirees is 130% of the total blended rate. The employer rate is then determined by subtracting the retiree rate from the unblended rate. Retiree medical coverage ceases upon Medicare eligibility.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

(20) Interfund Receivables/Payables and Interfund Transfers

A. A summary of interfund receivables and payables at August 31, 2019 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 716,085	\$ 272,960
Sales Tax Fund	272,960	209,068
One-Half Cent Sales Tax - Salary Fund	203,296	-
2012 Sales Tax - Infrastructure Improvement fund	5,772	-
Internal service funds	302	-
Enterprise Fund	<u>-</u>	<u>716,387</u>
Total	<u>\$ 1,198,415</u>	<u>\$ 1,198,415</u>

The amounts due from the General Fund to various other funds are for reimbursements owed for expenditures paid for those funds.

B. Interfund transfers consisted of the following at August 31, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 6,152,281	\$ 819,172
Sales Tax Fund	-	4,233,939
1/2 Cent Sales Tax - Salary Fund	-	1,473,586
2012 Sales Tax - Infrastructure Improvement Fund	-	897,401
Other governmental funds	890,328	88,926
Enterprise Fund	<u>339,438</u>	<u>453,023</u>
Total	<u>\$ 7,966,047</u>	<u>\$ 7,966,047</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.

(21) On-Behalf Payments

The City has recognized \$413,424 as revenue and expenditure for on-behalf salary payments, of which \$372,584 was made by the State of Louisiana and \$40,840 was made by the Acadia Parish Police Jury.

CITY OF CROWLEY, LOUISIANA

Notes to Basic Financial Statements

(22) Deficit fund balance

The Youth Recreation Building Maintenance Fund had a deficit fund balance at August 31, 2019 of \$6,431. The deficit will be financed through future revenues of the fund.

(23) New Accounting Pronouncement

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. The effect of implementation on the City's financial statements has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF CROWLEY, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended August 31, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$2,551,964	\$2,551,964	\$ 2,563,310	\$ 11,346
Licenses and permits	707,900	707,900	621,671	(86,229)
Intergovernmental	493,000	493,000	926,314	433,314
Charges for services	36,630	36,630	33,678	(2,952)
Fines and fees	65,000	65,000	45,414	(19,586)
Investment income	42,245	42,245	73,913	31,668
Miscellaneous	164,000	164,000	204,721	40,721
Total revenues	<u>4,060,739</u>	<u>4,060,739</u>	<u>4,469,021</u>	<u>408,282</u>
Expenditures:				
Current -				
General government	1,639,687	1,639,687	1,733,395	(93,708)
Public safety	6,450,212	6,526,254	6,698,934	(172,680)
Public works	1,722,933	1,722,933	1,776,089	(53,156)
Economic development	105,500	105,500	95,458	10,042
Capital outlay	367,500	367,500	653,354	(285,854)
Debt service -				
Principal retirement	68,558	208,999	209,015	(16)
Interest and fiscal charges	2,569	2,569	2,542	27
Total expenditures	<u>10,356,959</u>	<u>10,573,442</u>	<u>11,168,787</u>	<u>(595,345)</u>
Deficiency of revenues over expenditures	<u>(6,296,220)</u>	<u>(6,512,703)</u>	<u>(6,699,766)</u>	<u>(187,063)</u>
Other financing sources (uses):				
Proceeds from capital lease	-	-	512,097	512,097
Proceeds from sale of fixed assets	-	-	91,364	91,364
Transfers in	6,526,018	6,526,018	6,152,281	(373,737)
Transfers out	(296,374)	(296,374)	(819,172)	(522,798)
Total other financing sources (uses)	<u>6,229,644</u>	<u>6,229,644</u>	<u>5,936,570</u>	<u>(293,074)</u>
Net change in fund balance	(66,576)	(283,059)	(763,196)	(480,137)
Fund balance, beginning	<u>2,522,863</u>	<u>2,522,863</u>	<u>2,522,863</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,456,287</u>	<u>\$ 2,239,804</u>	<u>\$ 1,759,667</u>	<u>\$ (480,137)</u>

CITY OF CROWLEY, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended August 31, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$4,910,000	\$4,160,000	\$4,388,043	\$ 228,043
Investment income	<u>1,000</u>	<u>1,000</u>	<u>1,667</u>	<u>667</u>
Total revenues	<u>4,911,000</u>	<u>4,161,000</u>	<u>4,389,710</u>	<u>228,710</u>
Expenditures:				
Current -				
General government	<u>77,650</u>	<u>116,400</u>	<u>118,550</u>	<u>(2,150)</u>
Excess of revenues over expenditures	4,833,350	4,044,600	4,271,160	226,560
Other financing uses:				
Transfers out	<u>(4,833,350)</u>	<u>(4,833,350)</u>	<u>(4,233,939)</u>	<u>599,411</u>
Net change in fund balance	-	(788,750)	37,221	825,971
Fund balance, beginning	<u>515,437</u>	<u>515,437</u>	<u>515,437</u>	<u>-</u>
Fund balance, ending	<u>\$ 515,437</u>	<u>\$ (273,313)</u>	<u>\$ 552,658</u>	<u>\$ 825,971</u>

CITY OF CROWLEY, LOUISIANA
One-Half Cent Sales Tax - Salary Fund

Budgetary Comparison Schedule
For the Year Ended August 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,637,070	\$ 1,552,070	\$ 1,462,681	\$ (89,389)
Investment income	<u>3,600</u>	<u>3,600</u>	<u>3,239</u>	<u>(361)</u>
Total revenues	1,640,670	1,555,670	1,465,920	(89,750)
Expenditures:				
Current -				
General government	<u>30,005</u>	<u>30,005</u>	<u>25,365</u>	<u>4,640</u>
Excess of revenues over expenditures	1,610,665	1,525,665	1,440,555	(85,110)
Other financing uses:				
Transfers out	<u>(1,610,665)</u>	<u>(1,610,665)</u>	<u>(1,473,586)</u>	<u>137,079</u>
Net change in fund balance	-	(85,000)	(33,031)	51,969
Fund balance, beginning	<u>1,297,533</u>	<u>1,297,533</u>	<u>1,297,533</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,297,533</u>	<u>\$ 1,212,533</u>	<u>\$ 1,264,502</u>	<u>\$ 51,969</u>

CITY OF CROWLEY, LOUISIANA
2012 Sales Tax - Infrastructure Improvement Fund

Budgetary Comparison Schedule
For the Year Ended August 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$1,637,070	\$1,552,070	\$1,462,681	\$ (89,389)
Net increase in fair value of investments	<u>215,000</u>	<u>210,000</u>	<u>460,910</u>	<u>250,910</u>
Total revenues	1,852,070	1,762,070	1,923,591	161,521
Expenditures:				
Current -				
General government	<u>30,605</u>	<u>30,605</u>	<u>25,829</u>	<u>4,776</u>
Excess of revenues over expenditures	1,821,465	1,731,465	1,897,762	166,297
Other financing uses:				
Transfers out	<u>(600,000)</u>	<u>(600,000)</u>	<u>(897,401)</u>	<u>(297,401)</u>
Net change in fund balance	1,221,465	1,131,465	1,000,361	(131,104)
Fund balance, beginning	<u>6,700,630</u>	<u>6,700,630</u>	<u>6,700,630</u>	<u>-</u>
Fund balance, ending	<u>\$7,922,095</u>	<u>\$7,832,095</u>	<u>\$7,700,991</u>	<u>\$ (131,104)</u>

CITY OF CROWLEY, LOUISIANA

Notes to Budgetary Comparison Schedule

(1) Budgets and Budgetary Accounting

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

- (a) The City Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and City Council not later than fifteen days prior to the beginning of each fiscal year.
- (b) 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.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- (d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- (e) 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 Council.
- (f) All budgetary appropriations lapse at the end of each fiscal year.
- (g) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Council.

The General Fund and Sales Tax Fund reported excess expenditures over appropriations.

CITY OF CROWLEY, LOUISIANA

Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended August 31, 2019

	<u>2018</u>	<u>2019</u>
Changes for the year:		
Service cost	\$ 12,787	\$ 11,442
Interest	42,104	47,127
Changes of benefit terms	-	-
Differences between expected and actual experience	50,179	21,457
Changes of assumptions	(44,522)	122,224
Benefit payments	<u>(35,005)</u>	<u>(36,930)</u>
Net change in total OPEB liability	25,543	165,320
Total OPEB liability - beginning	<u>1,183,358</u>	<u>1,208,901</u>
Total OPEB liability - ending	<u>\$ 1,208,901</u>	<u>\$ 1,374,221</u>
Covered - employee payroll	<u>\$ 4,078,966</u>	<u>\$ 4,201,335</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>29.64%</u>	<u>32.71%</u>
Notes to Schedule:		
Benefit Changes	None	None
Changes of Assumptions:		
Discount Rate	3.88%	2.97%

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

CITY OF CROWLEY, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Municipal Employees' Retirement System - Plan A
For the Year Ended August 31, 2019

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	1.016240%	\$ 3,630,168	\$ 1,751,109	207.31%	66.18%
2016	0.991152%	\$ 4,062,445	\$ 1,761,004	230.69%	62.11%
2017	0.983876%	\$ 4,115,968	\$ 1,782,810	230.87%	62.49%
2018	0.944911%	\$ 3,912,572	\$ 1,576,562	248.17%	63.94%
2019	0.948318%	\$ 3,962,700	\$ 1,688,062	234.75%	64.68%

* The amounts presented have a measurement date of June 30.

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

CITY OF CROWLEY, LOUISIANA

Schedule of Employer Contributions
Municipal Employees' Retirement System - Plan A
For the Year Ended August 31, 2019

<u>Year ended August 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2015	\$ 339,460	\$ 339,460	\$ -	\$ 1,773,145	19.14%
2016	\$ 349,690	\$ 349,690	\$ -	\$ 1,754,813	19.93%
2017	\$ 393,156	\$ 393,156	\$ -	\$ 1,707,230	23.03%
2018	\$ 416,092	\$ 416,092	\$ -	\$ 1,557,923	26.71%
2019	\$ 484,853	\$ 484,853	\$ -	\$ 1,719,220	28.20%

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

CITY OF CROWLEY, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Municipal Police Employees' Retirement System
For the Year Ended August 31, 2019

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.483806%	\$ 3,790,114	\$ 1,281,284	295.81%	70.73%
2016	0.534363%	\$ 5,008,487	\$ 1,228,042	407.84%	66.04%
2017	0.529237%	\$ 4,620,463	\$ 1,568,181	294.64%	70.08%
2018	0.539208%	\$ 4,558,497	\$ 1,583,531	287.87%	71.89%
2019	0.489336%	\$ 4,443,990	\$ 1,518,571	292.64%	71.01%

* The amounts presented have a measurement date of June 30.

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

CITY OF CROWLEY, LOUISIANA

Schedule of Employer Contributions
Municipal Police Employees' Retirement System
For the Year Ended August 31, 2019

<u>Year ended August 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2015	\$ 407,996	\$ 407,996	\$ -	\$ 1,290,437	31.62%
2016	\$ 420,498	\$ 420,498	\$ -	\$ 1,235,209	34.04%
2017	\$ 492,477	\$ 492,477	\$ -	\$ 1,562,453	31.52%
2018	\$ 491,991	\$ 491,991	\$ -	\$ 1,578,543	31.17%
2019	\$ 498,542	\$ 498,542	\$ -	\$ 1,495,624	33.33%

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

CITY OF CROWLEY, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
 Firefighters' Retirement System
 For the Year Ended August 31, 2019

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.653756%	\$ 3,528,395	\$ 1,401,307	251.79%	72.45%
2016	0.649170%	\$ 4,246,159	\$ 1,463,744	290.09%	68.16%
2017	0.646731%	\$ 3,706,964	\$ 1,510,026	245.49%	73.55%
2018	0.605011%	\$ 3,480,070	\$ 1,440,435	241.60%	74.76%
2019	0.646234%	\$ 4,046,659	\$ 1,544,847	261.95%	73.96%

* The amounts presented have a measurement date of June 30.

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

CITY OF CROWLEY, LOUISIANA

Schedule of Employer Contributions
 Firefighters' Retirement System
 For the Year Ended August 31, 2019

<u>Year ended August 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2015	\$ 408,671	\$ 408,671	\$ -	\$ 1,408,210	29.02%
2016	\$ 396,009	\$ 396,009	\$ -	\$ 1,475,113	26.85%
2017	\$ 370,264	\$ 370,264	\$ -	\$ 1,452,523	25.49%
2018	\$ 386,559	\$ 386,559	\$ -	\$ 1,445,149	26.75%
2019	\$ 423,078	\$ 423,078	\$ -	\$ 1,556,545	27.18%

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

CITY OF CROWLEY, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Louisiana State Employees' Retirement System
For the Year Ended August 31, 2019

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.001880%	\$ 84,679	\$ 23,003	368.1%	62.66%
2016	0.001300%	\$ 102,319	\$ 25,001	409.3%	57.70%
2017	0.002380%	\$ 167,595	\$ 27,124	617.9%	62.50%
2018	0.002290%	\$ 156,449	\$ 30,301	516.3%	64.30%
2019	0.001610%	\$ 116,933	\$ 29,625	394.7%	62.90%

* The amounts presented have a measurement date of June 30.

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

CITY OF CROWLEY, LOUISIANA

Schedule of Employer Contributions
Louisiana State Employees' Retirement System
For the Year Ended August 31, 2019

<u>Year ended August 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2015	\$ 10,281	\$ 10,281	\$ -	\$ 24,039	42.77%
2016	\$ 9,545	\$ 9,545	\$ -	\$ 25,001	38.18%
2017	\$ 10,531	\$ 10,531	\$ -	\$ 26,978	39.04%
2018	\$ 12,193	\$ 12,193	\$ -	\$ 30,301	40.24%
2019	\$ 12,564	\$ 12,564	\$ -	\$ 29,718	42.28%

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

CITY OF CROWLEY, LOUISIANA

Notes to Retirement System Schedules

(1) Retirement Systems

A. Municipal Employees' Retirement System

Changes of benefit terms –

There were no changes of benefit terms for the year ended August 31, 2019.

Changes of assumptions –

* Year Ended August 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase	
					Lower Range	Upper Range
2015	7.500%	7.500%	2.875%	3	-	5.00%
2016	7.500%	7.500%	2.875%	3	-	5.00%
2017	7.400%	7.400%	2.775%	3	-	5.00%
2018	7.275%	7.275%	2.600%	3	-	5.00%
2019	7.000%	7.000%	2.500%	3	4.50%	6.40%

* The amounts presented have a measurement date of June 30.

B. Municipal Police Employees' Retirement System

Changes of benefit terms –

There were no changes of benefit terms for the year ended August 31, 2019.

Changes of assumptions –

* Year Ended August 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase	
					Lower Range	Upper Range
2015	7.500%	7.500%	2.875%	4	4.25%	9.75%
2016	7.500%	7.500%	2.875%	4	4.25%	9.75%
2017	7.325%	7.500%	2.700%	4	4.25%	9.75%
2018	7.200%	7.200%	2.600%	4	4.25%	9.75%
2019	7.125%	7.125%	2.500%	4	4.25%	9.75%

* The amounts presented have a measurement date of June 30.

CITY OF CROWLEY, LOUISIANA

Notes to Retirement System Schedules (Continued)

C. Firefighters' Retirement System

Changes of benefit terms –

There were no changes of benefit terms for the year ended August 31, 2019.

Changes of assumptions –

* Year Ended August 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase	
					Lower Range	Upper Range
2015	7.50%	7.50%	2.875%	7	4.75%	15.00%
2016	7.50%	7.50%	2.875%	7	4.75%	15.00%
2017	7.40%	7.40%	2.775%	7	4.75%	15.00%
2018	7.30%	7.30%	2.700%	7	4.75%	15.00%
2019	7.15%	7.15%	2.500%	7	4.50%	14.75%

* The amounts presented have a measurement date of June 30.

D. Louisiana State Employees' Retirement System

Changes of benefit terms –

There were no changes of benefit terms for the year ended August 31, 2019.

Changes of assumptions –

* Year Ended August 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase	
					Lower Range	Upper Range
2015	7.750%	7.750%	3.000%	3	3.00%	5.50%
2016	7.750%	7.750%	3.000%	3	3.00%	5.50%
2017	7.700%	7.700%	2.750%	3	2.80%	5.30%
2018	7.650%	7.650%	2.750%	3	2.80%	5.30%
2019	7.600%	7.600%	2.500%	2	2.80%	5.30%

* The amounts presented have a measurement date of June 30.

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

CITY OF CROWLEY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended August 31, 2019
With Comparative Actual Amounts for the Year Ended August 31, 2018

	2019			Variance with Final Budget Positive (Negative)	2018 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 1,610,864	\$ 1,610,864	\$ 1,635,529	\$ 24,665	\$ 1,637,066
Electric franchise	616,600	616,600	591,771	(24,829)	606,707
Gas franchise	81,500	81,500	99,629	18,129	81,413
Telephone franchise	28,000	28,000	26,107	(1,893)	23,986
Cable TV franchise	130,000	130,000	121,808	(8,192)	134,830
Water franchise	70,000	70,000	70,242	242	70,225
In lieu of tax payments	10,000	10,000	10,000	-	10,000
Interest and penalties on taxes	5,000	5,000	8,224	3,224	4,899
Total taxes	<u>2,551,964</u>	<u>2,551,964</u>	<u>2,563,310</u>	<u>11,346</u>	<u>2,569,126</u>
Licenses and permits:					
Occupational licenses	300,000	300,000	239,636	(60,364)	299,310
Insurance licenses	300,000	300,000	277,936	(22,064)	192,198
Liquor licenses	30,500	30,500	39,823	9,323	30,735
Building permits	62,400	62,400	45,728	(16,672)	60,950
Chain store licenses	11,000	11,000	9,153	(1,847)	10,958
Other licenses and permits	4,000	4,000	9,395	5,395	3,856
Total licenses and permits	<u>707,900</u>	<u>707,900</u>	<u>621,671</u>	<u>(86,229)</u>	<u>598,007</u>
Intergovernmental:					
Beer tax revenue	25,500	25,500	19,812	(5,688)	20,434
Video poker tax revenue	395,000	395,000	390,265	(4,735)	372,978
2% fire insurance proceeds	58,500	58,500	53,003	(5,497)	53,256
Federal grants	-	-	(6,817)	(6,817)	1,011,746
State grants	14,000	14,000	56,627	42,627	205,764
Other governmental sources	-	-	-	-	99,291
On-behalf payments	-	-	413,424	413,424	428,180
Total intergovernmental	<u>493,000</u>	<u>493,000</u>	<u>926,314</u>	<u>433,314</u>	<u>2,191,649</u>
Charges for services:					
Lot cutting fees	6,000	6,000	3,200	(2,800)	2,857
Animal control fees	2,500	2,500	1,450	(1,050)	1,920
Frame and grate income	1,000	1,000	1,016	16	1,262
State highway clean-up fees	24,730	24,730	24,730	-	24,730
Miscellaneous fees	2,400	2,400	3,282	882	2,454
Total charges for services	<u>36,630</u>	<u>36,630</u>	<u>33,678</u>	<u>(2,952)</u>	<u>33,223</u>

(continued)

CITY OF CROWLEY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues (Continued)
For the Year Ended August 31, 2019
With Comparative Actual Amounts for the Year Ended August 31, 2018

	2019			Variance with Final Budget Positive (Negative)	2018 Actual
	Budget		Actual		
	Original	Final			
Fines and fees:					
Court fines and fees	65,000	65,000	45,414	(19,586)	42,717
Investment income	42,245	42,245	73,913	31,668	27,235
Miscellaneous:					
Rental of property	71,500	71,500	70,408	(1,092)	76,066
Mardi Gras fundraiser	6,000	6,000	7,500	1,500	4,771
Gas and oil royalties	600	600	357	(243)	408
Miscellaneous police revenues	31,500	31,500	50,680	19,180	24,763
Retirees insurance reimbursements	25,000	25,000	11,306	(13,694)	25,737
Other	29,400	29,400	64,470	35,070	46,652
Total miscellaneous	164,000	164,000	204,721	40,721	178,397
 Total revenues	 \$4,060,739	 \$4,060,739	 \$4,469,021	 \$ 408,282	 \$5,640,354

CITY OF CROWLEY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended August 31, 2019
With Comparative Actual Amounts for the Year Ended August 31, 2018

	2019			Variance with Final Budget Positive (Negative)	2018 Actual
	Budget		Actual		
	Original	Final			
General government -					
Administrative:					
Salaries and wages	\$ 514,485	\$ 514,485	\$ 528,982	\$ (14,497)	\$ 495,138
Payroll taxes	12,637	12,637	11,019	1,618	9,029
Retirement	105,042	105,042	106,521	(1,479)	99,133
Group insurance	132,194	132,194	103,087	29,107	137,828
General insurance	25,300	25,300	26,535	(1,235)	25,195
Office expense	23,500	23,500	23,410	90	23,674
Telephone and utilities	16,000	16,000	38,058	(22,058)	18,797
Professional services	125,000	125,000	136,428	(11,428)	107,710
Computer expense	74,900	74,900	107,781	(32,881)	131,966
Convention and schools	17,000	17,000	17,810	(810)	16,721
Dues	4,750	4,750	6,089	(1,339)	2,447
Publication expense	25,300	25,300	25,315	(15)	23,846
Tax roll expense	14,000	14,000	16,971	(2,971)	13,530
Collision loss	137,000	137,000	153,412	(16,412)	89,868
Repairs and maintenance	10,000	10,000	10,783	(783)	8,255
Miscellaneous	70,120	70,120	94,242	(24,122)	83,400
Total administrative	<u>1,307,228</u>	<u>1,307,228</u>	<u>1,406,443</u>	<u>(99,215)</u>	<u>1,286,537</u>
Courts:					
Salaries and wages	168,443	168,443	169,127	(684)	153,186
Payroll taxes	2,666	2,666	2,431	235	2,192
Retirement	50,465	50,465	49,896	569	44,885
Group insurance	49,385	49,385	41,273	8,112	42,283
General insurance	11,400	11,400	11,367	33	11,382
City court appropriation	40,000	40,000	40,000	-	40,000
Telephone and utilities	4,500	4,500	7,968	(3,468)	3,134
Miscellaneous	5,600	5,600	4,890	710	4,571
Total courts	<u>332,459</u>	<u>332,459</u>	<u>326,952</u>	<u>5,507</u>	<u>301,633</u>
Total general government	<u>1,639,687</u>	<u>1,639,687</u>	<u>1,733,395</u>	<u>(93,708)</u>	<u>1,588,170</u>

(continued)

CITY OF CROWLEY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended August 31, 2019
With Comparative Actual Amounts for the Year Ended August 31, 2018

	2019		Actual	Variance with Final Budget Positive (Negative)	2018 Actual
	Budget				
	Original	Final			
Public safety -					
Fire department:					
Salaries and wages	1,638,743	1,499,287	1,723,751	(224,464)	1,589,942
Payroll taxes	28,029	28,029	27,526	503	25,654
Retirement	427,400	427,400	423,078	4,322	386,559
Group insurance	334,805	334,805	318,611	16,194	337,305
General insurance	65,000	65,000	62,333	2,667	64,644
Office expense	1,500	1,500	2,606	(1,106)	18,757
Telephone and utilities	40,000	40,000	45,232	(5,232)	35,324
Gas and oil	14,000	14,000	12,897	1,103	12,413
Repairs and supplies	105,000	150,000	86,121	63,879	98,725
Uniforms	13,500	13,500	13,230	270	13,072
External appropriations	6,000	6,000	6,000	-	6,000
Fire prevention	1,800	1,800	2,145	(345)	2,615
Miscellaneous	17,350	17,350	4,356	12,994	2,244
Total fire department	<u>2,693,127</u>	<u>2,598,671</u>	<u>2,727,886</u>	<u>(129,215)</u>	<u>2,593,254</u>
Police department:					
Salaries and wages	1,671,380	1,671,380	1,833,722	(162,342)	1,899,453
Payroll taxes	29,665	29,665	29,175	490	28,645
Retirement	563,583	563,583	524,010	39,573	525,916
Group insurance	395,895	395,895	380,210	15,685	388,640
General insurance	249,500	249,500	250,733	(1,233)	249,485
Office expense	11,500	11,500	17,361	(5,861)	12,898
Telephone and utilities	53,300	53,300	72,612	(19,312)	57,203
Computer expense	40,000	40,000	38,276	1,724	46,257
Gas and oil	110,000	110,000	86,508	23,492	76,611
Repairs and maintenace	64,000	198,718	211,358	(12,640)	86,521
Conventions and schools	15,000	15,000	13,847	1,153	14,292
Building rental	90,000	130,530	117,216	13,314	51,140
Miscellaneous	62,750	62,750	88,470	(25,720)	159,836
Total police department	<u>3,356,573</u>	<u>3,531,821</u>	<u>3,663,498</u>	<u>(131,677)</u>	<u>3,596,897</u>

(continued)

CITY OF CROWLEY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended August 31, 2019
With Comparative Actual Amounts for the Year Ended August 31, 2018

	2019			Variance with Final Budget Positive (Negative)	2018 Actual
	Budget		Actual		
	Original	Final			
Code enforcement:					
Salaries and wages	194,354	194,354	138,176	56,178	167,700
Payroll taxes	3,667	3,667	2,361	1,306	3,034
Retirement	48,244	48,244	33,728	14,516	38,065
Group insurance	40,897	40,897	32,756	8,141	38,426
General insurance	16,600	16,600	15,507	1,093	16,616
Office expense	5,000	5,000	4,414	586	627
Telephone and utilities	11,600	11,600	11,164	436	9,619
Gas and oil	11,000	11,000	7,804	3,196	10,086
Repairs and supplies	22,250	22,250	33,067	(10,817)	35,421
Trash clean-up	15,000	15,000	12,277	2,723	15,357
Animal control	7,000	7,000	2,508	4,492	3,930
Miscellaneous	24,900	20,150	13,788	6,362	6,582
Total code enforcement	<u>400,512</u>	<u>395,762</u>	<u>307,550</u>	<u>88,212</u>	<u>345,463</u>
Total public safety	<u>6,450,212</u>	<u>6,526,254</u>	<u>6,698,934</u>	<u>(172,680)</u>	<u>6,535,614</u>
Public works -					
Drainage and public buildings:					
Salaries and wages	288,370	288,370	207,399	80,971	210,491
Payroll taxes	4,736	4,736	3,567	1,169	3,160
Retirement	70,936	70,936	47,518	23,418	46,582
Group insurance	75,499	75,499	43,216	32,283	49,813
General insurance	29,000	29,000	27,086	1,914	28,909
Telephone and utilities	50,200	50,200	53,552	(3,352)	44,260
Professional services	5,000	5,000	-	5,000	-
Gas and oil	15,000	15,000	6,365	8,635	6,815
Repairs and maintenance	63,750	63,750	295,969	(232,219)	144,745
Miscellaneous	19,825	19,825	15,283	4,542	20,009
Total drainage and public buildings	<u>622,316</u>	<u>622,316</u>	<u>699,955</u>	<u>(77,639)</u>	<u>554,784</u>

(continued)

CITY OF CROWLEY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended August 31, 2019
With Comparative Actual Amounts for the Year Ended August 31, 2018

	2019			Variance with Final Budget Positive (Negative)	2018 Actual
	Budget		Actual		
	Original	Final			
Street department:					
Salaries and wages	359,668	359,668	282,678	76,990	255,643
Payroll taxes	5,934	5,934	5,755	179	4,339
Retirement	89,354	89,354	64,764	24,590	59,910
Group insurance	105,286	105,286	62,076	43,210	79,214
General insurance	55,000	55,000	49,622	5,378	54,065
Gas and oil	35,600	35,600	33,056	2,544	20,597
Repairs and supplies	88,000	88,000	205,980	(117,980)	263,892
Asphalt, gravel, shell, and sand	24,500	24,500	10,052	14,448	19,617
Street signs and signals	20,000	20,000	15,461	4,539	7,099
Street and traffic lights	245,000	245,000	267,826	(22,826)	223,745
Telephone and utilities	1,000	1,000	-	1,000	724
Rice festival expense	13,000	13,000	15,753	(2,753)	12,288
Tree expense	5,000	5,000	1,536	3,464	202
Mosquito control	35,000	35,000	34,468	532	40,308
Miscellaneous	18,275	18,275	27,107	(8,832)	16,037
Total street department	<u>1,100,617</u>	<u>1,100,617</u>	<u>1,076,134</u>	<u>24,483</u>	<u>1,057,680</u>
Total public works	<u>1,722,933</u>	<u>1,722,933</u>	<u>1,776,089</u>	<u>(53,156)</u>	<u>1,612,464</u>
Economic development -					
Mardi Gras Fundraiser	30,000	30,000	23,599	6,401	24,154
Tourism and promotion	75,500	75,500	71,859	3,641	70,005
Total economic development	<u>105,500</u>	<u>105,500</u>	<u>95,458</u>	<u>10,042</u>	<u>94,159</u>
Capital outlay	<u>367,500</u>	<u>367,500</u>	<u>653,354</u>	<u>(285,854)</u>	<u>1,352,376</u>
Debt service -					
Principal retirement	68,558	208,999	209,015	(16)	174,806
Interest and fiscal charges	2,569	2,569	2,542	27	8,628
Total debt service	<u>71,127</u>	<u>211,568</u>	<u>211,557</u>	<u>11</u>	<u>183,434</u>
Total expenditures	<u>\$10,356,959</u>	<u>\$10,573,442</u>	<u>\$11,168,787</u>	<u>\$ (595,345)</u>	<u>\$11,366,217</u>

CITY OF CROWLEY, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
August 31, 2019

	Special Revenue	Debt Service	Total
ASSETS			
Cash and interest-bearing deposits	\$1,127,953	\$ 344,923	\$1,472,876
Receivables:			
Accrued interest receivable	128	-	128
Total assets	<u>\$1,128,081</u>	<u>\$ 344,923</u>	<u>\$1,473,004</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 35,225	\$ -	\$ 35,225
Accrued liabilities	18,446	-	18,446
Total liabilities	<u>53,671</u>	<u>-</u>	<u>53,671</u>
Fund balances:			
Restricted	839,183	344,923	1,184,106
Assigned	241,658	-	241,658
Unassigned	(6,431)	-	(6,431)
Total fund balances	<u>1,074,410</u>	<u>344,923</u>	<u>1,419,333</u>
Total liabilities and fund balances	<u>\$1,128,081</u>	<u>\$ 344,923</u>	<u>\$1,473,004</u>

CITY OF CROWLEY, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended August 31, 2019

	Special Revenue	Debt Service	Total
Revenues:			
Taxes	\$ 351,565	\$ -	\$ 351,565
Charges for services	278,860	-	278,860
Investment income	2,469	5,863	8,332
Miscellaneous	4,436	-	4,436
Total revenues	637,330	5,863	643,193
Expenditures:			
Current -			
General government	21,509	433	21,942
Economic development	1,669	-	1,669
Culture and recreation	987,965	-	987,965
Cemetery	62,689	-	62,689
Capital outlay	48,450	-	48,450
Debt service -			
Principal retirement	-	295,000	295,000
Interest and fiscal charges	-	162,379	162,379
Total expenditures	1,122,282	457,812	1,580,094
Deficiency of revenues over expenditures	(484,952)	(451,949)	(936,901)
Other financing sources (uses):			
Transfers in	500,440	389,888	890,328
Transfers out	(88,926)	-	(88,926)
Total financing sources (uses)	411,514	389,888	801,402
Net changes in fund balances	(73,438)	(62,061)	(135,499)
Fund balance, beginning	1,147,848	406,984	1,554,832
Fund balance, ending	\$ 1,074,410	\$ 344,923	\$1,419,333

NONMAJOR SPECIAL REVENUE FUNDS

Industrial Inducement Fund

The Industrial Inducement fund is a restricted fund to be used for industrial development.

Rice City Civic Center Fund

The Rice City Civic Center fund accounts for the receipt and disbursement of funds used in the maintenance and operation of the civic center.

Youth Recreation Operation Fund

The Youth Recreation Operation fund accounts for the receipt and disbursement of funds to be used in the daily operations of the youth center.

Youth Recreation Building Maintenance Fund

The Youth Recreation Building Maintenance fund accounts for the receipt and disbursement of funds received from the sales tax fund to be used for the maintenance of the youth center buildings.

Cemetery Maintenance Fund

The Cemetery Maintenance fund accounts for the receipt and disbursement of funds used in the maintenance of the City cemetery.

Cemetery Development Fund

The Cemetery Development fund accounts for the receipt and disbursement of the proceeds from the sale of cemetery plots. Proceeds are used for the development and maintenance of the new section of the South

Motor Vehicle Facility Fund

The City owns the facility that is used by the State Motor Vehicle Department. The State reimburses a fee to the City and this fund is to account for the collection and disbursement of those fees. The fees changed from \$2.00 per eligible transaction to \$3.00 effective July 1, 2003.

Main Street Fund

This fund is for operation and management expenses of main street projects.

CITY OF CROWLEY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
August 31, 2019

	Industrial Inducement Fund	Rice City Civic Center Fund	Youth Recreation Operation Fund	Youth Recreation Building Maintenance Fund
ASSETS				
Cash and interest-bearing deposits	\$ 561,001	\$ 48,887	\$ 76,067	\$ 14,627
Receivables:				
Accrued interest receivable	96	-	-	-
Total assets	\$ 561,097	\$ 48,887	\$ 76,067	\$ 14,627
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 12,465	\$ 4,419	\$ 18,341
Accrued liabilities	-	169	13,284	2,717
Total liabilities	-	12,634	17,703	21,058
Fund balances:				
Restricted	561,097	-	58,364	-
Assigned	-	36,253	-	-
Unassigned	-	-	-	(6,431)
Total fund balance	561,097	36,253	58,364	(6,431)
Total liabilities and fund balance	\$ 561,097	\$ 48,887	\$ 76,067	\$ 14,627

Cemetery Maintenance Fund	Cemetery Development Fund	Motor Vehicle Facility Fund	Main Street Fund	Total
\$ 221,966	\$ 51,349	\$ 152,414	\$ 1,642	\$ 1,127,953
<u>32</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128</u>
<u>\$ 221,998</u>	<u>\$ 51,349</u>	<u>\$ 152,414</u>	<u>\$ 1,642</u>	<u>\$ 1,128,081</u>
\$ -	\$ -	\$ -	\$ -	\$ 35,225
<u>2,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,446</u>
<u>2,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,671</u>
219,722	-	-	-	839,183
-	51,349	152,414	1,642	241,658
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,431)</u>
<u>219,722</u>	<u>51,349</u>	<u>152,414</u>	<u>1,642</u>	<u>1,074,410</u>
<u>\$ 221,998</u>	<u>\$ 51,349</u>	<u>\$ 152,414</u>	<u>\$ 1,642</u>	<u>\$ 1,128,081</u>

CITY OF CROWLEY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended August 31, 2019

	Industrial Inducement Fund	Rice City Civic Center Fund	Youth Recreation Operation Fund	Youth Recreation Building Maintenance Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Revenues:				
Taxes	\$ -	\$ -	\$ 222,030	\$ 74,010
Charges for services	-	16,393	184,254	-
Investment income	1,600	-	219	-
Miscellaneous	-	-	4,436	-
Total revenues	<u>1,600</u>	<u>16,393</u>	<u>410,939</u>	<u>74,010</u>
Expenditures:				
Current -				
General government	-	-	-	-
Economic development	429	-	-	-
Culture and recreation	-	63,943	755,725	168,297
Cemetery	-	-	-	-
Capital outlay	-	-	-	48,450
Total expenditures	<u>429</u>	<u>63,943</u>	<u>755,725</u>	<u>216,747</u>
Excess (deficiency) of revenues over expenditures	<u>1,171</u>	<u>(47,550)</u>	<u>(344,786)</u>	<u>(142,737)</u>
Other financing sources (uses):				
Transfers in	-	51,286	343,375	105,779
Transfers out	-	(7,562)	(34,707)	(11,657)
Total financing sources (uses)	<u>-</u>	<u>43,724</u>	<u>308,668</u>	<u>94,122</u>
Net changes in fund balances	1,171	(3,826)	(36,118)	(48,615)
Fund balances, beginning	<u>559,926</u>	<u>40,079</u>	<u>94,482</u>	<u>42,184</u>
Fund balances, ending	<u>\$ 561,097</u>	<u>\$ 36,253</u>	<u>\$ 58,364</u>	<u>\$ (6,431)</u>

Cemetery Maintenance Fund	Cemetery Development Fund	Motor Vehicle Facility Fund	Main Street Fund	Total
\$ 55,525	\$ -	\$ -	\$ -	\$ 351,565
-	7,450	70,763	-	278,860
549	-	101	-	2,469
-	-	-	-	4,436
<u>56,074</u>	<u>7,450</u>	<u>70,864</u>	<u>-</u>	<u>637,330</u>
-	-	21,509	-	21,509
-	-	1,240	-	1,669
-	-	-	-	987,965
62,084	605	-	-	62,689
-	-	-	-	48,450
<u>62,084</u>	<u>605</u>	<u>22,749</u>	<u>-</u>	<u>1,122,282</u>
<u>(6,010)</u>	<u>6,845</u>	<u>48,115</u>	<u>-</u>	<u>(484,952)</u>
-	-	-	-	500,440
-	-	(35,000)	-	(88,926)
-	-	(35,000)	-	411,514
(6,010)	6,845	13,115	-	(73,438)
<u>225,732</u>	<u>44,504</u>	<u>139,299</u>	<u>1,642</u>	<u>1,147,848</u>
<u>\$ 219,722</u>	<u>\$ 51,349</u>	<u>\$ 152,414</u>	<u>\$ 1,642</u>	<u>\$ 1,074,410</u>

NONMAJOR DEBT SERVICE FUND

Refunding Bonds Series 2011

To accumulate monies for payment of the \$5,780,000 Refunding Bonds, Series 2011. Debt service is financed by transfers from various funds.

CITY OF CROWLEY, LOUISIANA
Nonmajor Debt Service Fund
Refunding Bonds Series 2011 Fund

Balance Sheet
August 31, 2019

ASSETS

Cash and interest-bearing deposits	<u>\$ 344,923</u>
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LIABILITIES AND FUND BALANCE

Liabilities	\$ -
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Fund balance:	
Restricted	<u>344,923</u>

Total liabilities and fund balance	<u>\$ 344,923</u>
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CITY OF CROWLEY, LOUISIANA
 Nonmajor Debt Service Fund
 Refunding Bonds Series 2011 Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Year Ended August 31, 2019

Revenues		
Investment income		<u>\$ 5,863</u>
Expenditures:		
Current -		
General government		433
Debt service -		
Principal retirement		295,000
Interest and fiscal charges		<u>162,379</u>
Total expenditures		<u>457,812</u>
Deficiency of revenues over expenditures		(451,949)
Other financing sources:		
Transfers in		<u>389,888</u>
Net change in fund balance		(62,061)
Fund balance, beginning		<u>406,984</u>
Fund balance, ending		<u>\$ 344,923</u>

INTERNAL SERVICE FUNDS

Workman's Compensation Fund

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

Employee Benefit Plan Fund

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

CITY OF CROWLEY, LOUISIANA
Internal Service Funds

Combining Statement of Net Position
August 31, 2019

	<u>Workman's Compensation Fund</u>	<u>Employee Benefit Plan Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 363,419	\$ 123,906	\$ 487,325
Accrued interest receivable	130	-	130
Due from other funds	<u>302</u>	<u>-</u>	<u>302</u>
Total assets	363,851	123,906	487,757
LIABILITIES			
Current liabilities:			
Claims payable	<u>24,916</u>	<u>171,163</u>	<u>196,079</u>
NET POSITION			
Unrestricted	<u>\$ 338,935</u>	<u>\$ (47,257)</u>	<u>\$ 291,678</u>

CITY OF CROWLEY, LOUISIANA
Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended August 31, 2019

	Workman's Compensation Fund	Employee Health Insurance Fund	Total
Operating revenues:			
Charges for services	\$ 265,485	\$ 1,069,363	\$ 1,334,848
Miscellaneous	<u>4,097</u>	<u>43,601</u>	<u>47,698</u>
Total operating revenues	<u>269,582</u>	<u>1,112,964</u>	<u>1,382,546</u>
 Operating expenses:			
Insurance premiums	88,949	84,204	173,153
Claims	281,039	1,182,251	1,463,290
Loss time	105,876	-	105,876
Professional services	59,169	4,729	63,898
Miscellaneous	<u>22,359</u>	<u>30,241</u>	<u>52,600</u>
Total operating expenses	<u>557,392</u>	<u>1,301,425</u>	<u>1,858,817</u>
 Operating loss	 (287,810)	 (188,461)	 (476,271)
 Nonoperating revenues:			
Investment income	<u>475</u>	<u>-</u>	<u>475</u>
 Loss before transfers	 (287,335)	 (188,461)	 (475,796)
 Transfers in	 <u>425,000</u>	 <u>159,000</u>	 <u>584,000</u>
 Change in net position	 137,665	 (29,461)	 108,204
 Net position, beginning	 <u>201,270</u>	 <u>(17,796)</u>	 <u>183,474</u>
 Net position, ending	 <u>\$ 338,935</u>	 <u>\$ (47,257)</u>	 <u>\$ 291,678</u>

CITY OF CROWLEY, LOUISIANA
Internal Service Funds

Combining Statement of Cash Flows
For the Year Ended August 31, 2019

	<u>Workman's Compensation Fund</u>	<u>Employee Benefit Plan Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from insured	\$ -	\$ 215,806	\$ 215,806
Receipts from interfund services provided	265,485	853,557	1,119,042
Payments to suppliers	(170,477)	(119,174)	(289,651)
Payments for claims and loss time	(415,729)	(1,058,618)	(1,474,347)
Other receipts	4,097	43,601	47,698
Net cash used by operating activities	<u>(316,624)</u>	<u>(64,828)</u>	<u>(381,452)</u>
Cash flows from noncapital financing activities:			
Cash paid to other funds	302	-	302
Transfers in from other funds	425,000	159,000	584,000
Net cash provided by noncapital financing activities	<u>425,302</u>	<u>159,000</u>	<u>584,302</u>
Cash flows from investing activities:			
Purchase of interest-bearing deposits with maturity in excess of ninety days	(232,671)	-	(232,671)
Proceeds of interest-bearing deposits with maturity in excess of ninety days	231,897	-	231,897
Investment income	475	-	475
Net cash used by investing activities	<u>(299)</u>	<u>-</u>	<u>(299)</u>
Net increase in cash and cash equivalents	108,379	94,172	202,551
Cash and cash equivalents, beginning	<u>22,680</u>	<u>29,734</u>	<u>52,414</u>
Cash and cash equivalents, ending	<u>\$ 131,059</u>	<u>\$ 123,906</u>	<u>\$ 254,965</u>

(continued)

CITY OF CROWLEY, LOUISIANA
Internal Service Funds

Combining Statement of Cash Flows (Continued)
For the Year Ended August 31, 2019

	Workman's Compensation Fund	Employee Benefit Plan Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (287,810)	\$ (188,461)	\$ (476,271)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities -			
Increase (decrease) current liabilities			
Claims payable	<u>(28,814)</u>	<u>123,633</u>	<u>94,819</u>
Net cash used by operating activities	<u>\$ (316,624)</u>	<u>\$ (64,828)</u>	<u>\$ (381,452)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and cash equivalents, beginning of period -			
Cash and interest-bearing deposits - unrestricted	\$ 254,577	\$ 29,734	\$ 284,311
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(231,897)</u>	<u>-</u>	<u>(231,897)</u>
Total cash and cash equivalents	<u>22,680</u>	<u>29,734</u>	<u>52,414</u>
Cash and cash equivalents, end of period -			
Cash and interest-bearing deposits - unrestricted	363,419	123,906	487,325
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(232,360)</u>	<u>-</u>	<u>(232,360)</u>
Total cash and cash equivalents	<u>131,059</u>	<u>123,906</u>	<u>254,965</u>
Net decrease	<u>\$ 108,379</u>	<u>\$ 94,172</u>	<u>\$ 202,551</u>

**INTERNAL CONTROL,
COMPLIANCE,
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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 Tim Monceaux, Mayor
and Members of the City Council
City of Crowley, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crowley, Louisiana, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Crowley, Louisiana's basic financial statements and have issued our report thereon dated February 20, 2020.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of current and prior audit findings and management's corrective action plan as item 2019-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crowley, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2019-003 and 2019-004.

City of Crowley's Response to Finding

The City of Crowley, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
February 20, 2020

CITY OF CROWLEY, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2019

Part I. Current Year Findings and Management's Corrective Action Plan:

A. Internal Control Over Financial Reporting

2019-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The City's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statement, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition is reliance on the external auditors as part of internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mayor Tim Monceaux has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the City to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

CITY OF CROWLEY, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended August 31, 2019

2019-002 Financial Records/Reconciliations

Fiscal year finding initially occurred: 2018

CONDITION: The City of Crowley failed to adequately reconcile interfund transactions and bank statements at year end.

CRITERIA: Internal control is a process - effected by those charged with governance, management, and other personnel - designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The City's internal controls over financial reporting include those policies and procedures that pertain to the City's ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements.

CAUSE: The cause of the condition was due to failure to reconcile the interfund accounts on a regular basis and in addition there were glitches with the accounting software upgrade which has caused year end reconciliations to no longer agree to year end general ledger balances.

EFFECT: Failure to reconcile the accounts mentioned above on a periodic basis increases the risk that account balances may not correspond between funds or be in balance. Additionally, unrecorded items may go undetected and the City may not be able to determine actual cash balances, or if proper funding is available to pay vendors and/or monthly bills.

RECOMMENDATIONS: We recommend that the City implement internal controls to ensure that these accounts are reconciled and agreed to the general ledger on a periodic basis. Additionally, we recommend that the City properly train employees assigned to perform bank reconciliations, and review work performed on a monthly basis to determine that reconciliations are being performed correctly and in a timely manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City of Crowley plans to hire a CPA consultant to assist employees and review reconciliations and interfund on a monthly basis.

CITY OF CROWLEY, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended August 31, 2019

B. Compliance

2019-003 Budget noncompliance

Fiscal year finding initially occurred: 2017

CONDITION: Expenditures of the General Fund exceeded budgeted expenditures by more than 5% and the revenues of the One-Half Cent Sales Tax – Salary Fund fell short of budgeted revenues by more than 5%.

CRITERIA: LSA-RS 39:1311 et seq. Budgetary Authority and Control, provides for the following:

"A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures.

The chief executive or administrative officer for a political subdivision subject to public participation shall advise the governing authority or independently elected official in writing when:

(1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent.

(2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

(3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

CAUSE: The condition is a result of failure to properly monitor the revenues and expenditures of the City.

EFFECT: The City may not prevent and/or detect compliance violations due to over expenditure of the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: The City should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to comply with state statute.

CITY OF CROWLEY, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended August 31, 2019

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mayor Tim Monceaux will periodically compare actual activity to budgeted amounts and ensure to adopt budgetary amendments as necessary to comply with state statute.

2019-004 Debt covenant noncompliance

Fiscal year finding initially occurred: 2019

CONDITION: The City did not make the November 2018 sinking fund payment required for the Sewer Revenue Refunding Bonds, Series 2012 and the City also made a late payment on the Sewer Revenue Refunding Bond, Series 2012 and the Wastewater Revenue Bonds, Series 2013.

CRITERIA: The Sewer Revenue Refunding Bonds, Series 2012 and the Wastewater Revenue Bonds, Series 2013 debt covenants state that the City must establish and maintain bank accounts designated as "Sewer Revenue Bond and Interest Sinking Fund" (the "Sinking Fund") sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, the Outstanding Parity Bonds and any Parity Obligations issued hereafter in the manner provided by Ordinance, by transferring from the Revenue Fund to the fiscal agent of the Issuer monthly in advance on or before the 20th day of each month of each year, a sum equal to the principal and interest accruing on said debt obligations for such calendar month together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due."

CAUSE: The condition is the result of failure to make the required sinking fund payments for the Series 2012 and 2013 Bonds timely (by the 20th of the month).

EFFECT: The City may not be in compliance with the bond requirements for the Sewer Revenue Refunding Bonds, Series 2012 and the Wastewater Revenue Bonds, Series 2013.

RECOMMENDATION: Management should ensure that all monthly sinking fund payments are made timely.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mayor Tim Monceaux has ensured that all sinking fund payments will be made on a timely manner. This has been assigned to accounts payable department and management will assure that all payments are made in a timely manner. One of the payments had erroneously been late and was transferred as soon as the error was found.

CITY OF CROWLEY, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended August 31, 2019

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2018-001 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The City does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2019-001.

2018-002 Financial Records/Reconciliation

CONDITION: The City of Crowley failed to adequately reconcile interfund transactions and bank statements at year end.

RECOMMENDATION: We recommend that the City implement internal controls to ensure that these accounts are reconciled and agreed to the general ledger on a periodic basis. Additionally, we recommend that the City properly train employees assigned to perform bank reconciliations, and review work performed on a monthly basis to determine that reconciliations are being performed correctly and in a timely manner.

CURRENT STATUS: Unresolved. See item 2019-002.

2018-003 Asset Management

CONDITION: The City of Crowley did not adequately maintain records of additions and dispositions of fixed assets on a regular basis.

RECOMMENDATION: Management should design or implement policies and procedures necessary to achieve adequate internal controls to track additions and dispositions of fixed assets.

CURRENT STATUS: Resolved.

CITY OF CROWLEY, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended August 31, 2019

B. Compliance

2018-004 Budget noncompliance

CONDITION: Revenues of the Sales Tax Fund, the One-Half Cent Sales Tax – Salary Fund, and the 2012 Sales Tax Infrastructure Improvement Fund fell short of budgeted revenues by more than 5%.

RECOMMENDATION: The City should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to comply with state statute

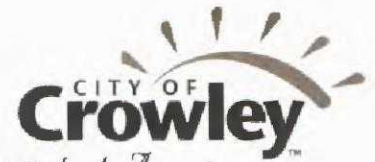
CURRENT STATUS: Unresolved. See item 2019-003.

2018-005 Bid law noncompliance/state contract

CONDITION: The City of Crowley may have violated state bid law when they purchased a vehicle under state contract and made modifications to the contract totaling \$7,000 of upgrades and purchased the vehicle from a local vendor, which was not the vendor specified by state contract.

RECOMMENDATION: Management should comply with the requirements of LSA-RS 39:1710 when purchasing off of state contract.

CURRENT STATUS: Resolved.



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TIMOTHY "TIM" MONCEAUX
MAYOR

The City of Crowley, Louisiana respectfully submits the following corrective action plan for the year ended August 31, 2019.

STEVEN PREMEAUX
ALDERMAN-AT-LARGE
MAYOR PRO-TEM

Audit conducted by:
Kolder, Slaven & Company, LLC
200 South Main Street
Abbeville, LA 70510

Audit Period: Fiscal year ended August 31, 2019

COUNCIL MEMBERS

The findings from the August 31, 2019 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

JEFF CAVELL
WARD I/DIV. A

FINDINGS -FINANCIAL AUDIT

KIM STRINGFELLOW
WARD I/DIV. B

Significant Deficiency

2019-001 Application of Generally Accepted Accounting Principles (GAAP)

THOMPSON BRADFORD CORE
WARD II/DIV. A

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

LYLE FOGLEMAN, Jr.
WARD II/DIV. B

CORRECTIVE ACTION PLAN: Mayor Tim Monceaux has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the City to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

VERNON MARTIN
WARD III/DIV. A

BYRON K. WILRIDGE, SR.
WARD III/DIV. B

Material Weaknesses

CLINT CRADEUR
WARD IV/DIV. A

2019-002 Financial Records/Reconciliations

SAMUEL J. REGGIE, III
WARD IV/DIV. B

RECOMMENDATIONS: We recommend that the City implement internal controls to ensure that these accounts are reconciled and agreed to the general ledger on a periodic basis. Additionally, we recommend that the City properly train employees assigned to perform bank reconciliations, and review work performed on a monthly basis to determine that reconciliations are being performed correctly and in a timely manner.

AN EQUAL OPPORTUNITY EMPLOYER

CORRECTIVE ACTION PLAN: The City of Crowley plans to hire a CPA consultant to assist employees and review reconciliations and interfund on a monthly basis.

Compliance

2019-003 Budget noncompliance

RECOMMENDATION: The City should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to comply with state statute.

CORRECTIVE ACTION PLAN: Mayor Tim Monceaux will periodically compare actual activity to budgeted amounts and ensure to adopt budgetary amendments as necessary to comply with state statute.

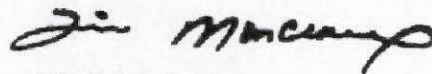
2019-004 Debt covenant noncompliance

RECOMMENDATION: Management should ensure that all monthly sinking fund payments are made timely.

CORRECTIVE ACTION PLAN: Mayor Tim Monceaux has ensured that all monthly sinking fund payments will be made on a timely manner. This has been assigned to the accounts payable department and management will assure that all payments are made in a timely manner. One of the payments had erroneously been late and was transferred as soon as the error was found.

If there are questions regarding this plan, please call Mayor Tim Monceaux at 337-788-4100.

Sincerely,



Tim Monceaux
Mayor

CITY OF CROWLEY

Statewide Agreed-Upon Procedures Report

Fiscal period September 1, 2018 through August 31, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Timothy Monceaux,
Mayor and Members of the City Council,
City of Crowley, and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City of Crowley (City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 1, 2018 through August 31, 2019. The City's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

- c) For governmental entities, we obtained the prior year audit report and we observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, we observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

- 3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, we obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

- 4. We obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), we obtained and inspected 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 we observed 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.
 - 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.
 - 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.
 - 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.

6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). Alternately, we used 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. We obtained supporting documentation for each of the 10 deposits and:
 - a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed 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).
 - e) Traced the actual deposit per the bank statement to the general ledger.

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

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and we observed 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.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and we obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
 - a) Observed that the disbursement matched the related original invoice/billing statement.

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

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

- 11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
- 12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
 - a) Observed 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.
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and we obtained supporting documentation for the transactions. For each transaction, we observed 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).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 14. We obtained 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. We randomly selected 5 reimbursements, obtained 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:
 - a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.
 - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, we obtained attendance records and leave documentation for the pay period, and:
- a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above we obtained ethics documentation from management, and:
 - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

Debt Service

21. We obtained a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Other

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. We observed 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.

Findings:

In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Written Policies and Procedures, Board or Finance Committee, Bank Reconciliations, Disbursements, Travel and Expense Reimbursement, Contracts, Debt Service and Other.

No exceptions were found as a result of applying procedures listed above except:

Collections:

1 of 20 receipts tested was deposited 6 days late.

1 of 20 receipts tested was deposited 9 days late.

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

5 out of 5 monthly statements showed no evidence of being reviewed and approved.

2 of 5 cards tested were assessed finance charges and/or late fees.

1 of the 7 transactions tested was for a personal expense and the city will receive reimbursement from the individual.

Payroll and Personnel:

1 payroll tax payment was not paid by the due date.

Ethics:

4 of 5 employees tested did not have documentation demonstrating he/she attested through signature verification that he/she has read the entity's ethics policy during the fiscal period.

Management's Response:

Management of the City of Crowley concurs with the exceptions and are working to address the deficiencies identified.

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
February 20, 2020