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## CITY OF ABBEVILLE, LOUISIANA

## Financial Statements

Year Ended December 31, 2003

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

Release Date 7-28-04

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis (Unaudited)	3-13
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)</b>	
Statement of net assets	15
Statement of activities	16
<b>FUND FINANCIAL STATEMENTS (FFS)</b>	
Balance sheet - governmental funds	19
Reconciliation of the governmental funds balance sheet to the statement of net assets	20
Statement of revenues, expenditures, and changes in fund balances - governmental funds	21
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	22
Comparative statement of net assets - proprietary funds	23
Comparative statement of revenues, expenses, and changes in fund net assets - proprietary funds	24
Comparative statement of cash flows - proprietary funds	25-26
Statement of fiduciary net assets	27
Notes to basic financial statements	28-53
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedules:	
General Fund	57
Sales Tax Special Revenue Fund	58
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
<b>OTHER FINANCIAL INFORMATION</b>	
Major Governmental Funds -	
General Fund - budgetary comparison schedule - revenues	61
General Fund - budgetary comparison schedule - expenditures	62-66
General Fund - budgetary comparison schedule - other financing sources (uses)	67

(continued)

TABLE OF CONTENTS (continued)

	<u>Page</u>
<b>Nonmajor Governmental Funds -</b>	
Combining balance sheet	69
Combining statement of revenues, expenditures, and changes in fund balances	70
<b>Nonmajor Special Revenue Funds -</b>	
Combining balance sheet	72
Combining statement of revenues, expenditures, and changes in fund balances	73
Statement of revenues, expenditures, and changes in fund balances-budget (GAAP basis) and actual - Public Improvement (Sewer) Fund	74
Statement of revenues, expenditures, and changes in fund balances-budget (GAAP basis) and actual - Maintenance and Operation - Fire Department Fund	75
<b>Nonmajor debt service fund -</b>	
Comparative balance sheet	77
Statement of revenues, expenditures, and changes in fund balances-budget (GAAP basis) and actual	78
<b>Nonmajor capital project funds -</b>	
Combining balance sheet	80
Combining statement of revenues, expenditures, and changes in fund balances	81
Statement of revenues, expenditures, and changes in fund balances-budget (GAAP basis) and actual - Airport Improvement Fund	82
Statement of revenues, expenditures, and changes in fund balances-budget (GAAP basis) and actual - 2003 LCRBO Drainage Improvement Fund	83
<b>Internal service funds -</b>	
Combining balance sheet	85
Combining statement of revenues, expenditures, and changes in retained earnings	86
Combining statement of cash flows	87-88
Comparative departmental analysis of operating expenses - utility fund	89-90
<b>COMPLIANCE AND INTERNAL CONTROL</b>	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	92-93

(continued)

TABLE OF CONTENTS (continued)

	<u>Page</u>
Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133	84-95
Schedule of expenditures of federal awards	96
Notes to schedule of expenditures of federal awards	97
Schedule of findings and questioned costs	98-99
Summary schedule of current and prior year audit findings and corrective action plan	100-101



**Darnall, Sikes  
& Frederick.**

U.S. CORPORATION OF THE STATE OF MISSISSIPPI

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**INDEPENDENT AUDITOR'S REPORT**

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

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We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Abbeville, Louisiana, as of and for the year ended December 31, 2003, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Abbeville, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The financial statements referred to above include only the primary government of the City of Abbeville, Louisiana, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Abbeville, Louisiana as of December 31, 2003, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Raymond E. Oswald, CPA  
 Public R. Wilson, CPA  
 James P. Haskins, CPA

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the City of Abbeville, Louisiana, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the City of Abbeville, Louisiana has implemented a new financial reporting model as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of January 1, 2003. This results in a change in the format and content of the financial statements.

In accordance with Governor *Judith Landrot*, we have also issued a report dated May 18, 2004, on our consideration of the City of Abbeville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governor's Judith Landrot's* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 17 through 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However we did not audit the information and express no opinion on it.

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

The prior year summarized comparative information has been derived from the City's 2003 financial statements and, in our report dated May 12, 2003 we expressed an unqualified opinion on the respective financial statements of the primary government.

*Darrell Allen & Friedrich*

A Corporation of Certified Public Accountants

Abbeville, Louisiana

May 18, 2004

## CITY OF ABBEVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited)

Within this section of the City of Abbeville, Louisiana (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2003. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### FINANCIAL HIGHLIGHTS

The City's assets exceeded its liabilities by \$24,799,899 (net assets) for the fiscal year reported.

Total net assets are composed of the following:

1. Capital assets, net of related debt, of \$11,156,363 include property and equipment, net of accumulated depreciation, and related to outstanding debt related to the purchase or construction of capital assets.
2. Net assets of \$2,952,238 are restricted by constraints imposed from outside the City such as debt covenants, grants, laws, or regulations.
3. Unrestricted net assets of \$1,784,546 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

The City's governmental funds reported total ending fund balance of \$1,380,112 this year. This compares to the prior year ending fund balance of \$1,481,339 showing a moderate decrease of \$101,227 during the current year. The General Fund total fund balance of \$83,434 for fiscal year 2003 shows a \$51,615 decrease from the prior year.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$80,893, or 1.2% of total General Fund expenditures including transfers and 1.2% of total General Fund revenues including transfers.

Overall, the City continues to maintain an adequate financial position, in spite of a somewhat depressed economy.

The above financial highlights are explained in more detail in the "Financial Analysis" section of this document.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data in fiscal year 2004.

## CITY OF ABBEVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, and streets. Business-type activities include the electric, water and sewer systems.

The government-wide financial statements are presented on pages 15 & 16 of this report.

#### FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources aggregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported in governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.



## CITY OF ABBEVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 19 & 21 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City maintains two different types of proprietary funds. The enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for electricity, water and sewer utilities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for risk management and group insurance activities. Because services accounted for in internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements are presented on pages 23 - 26 of this report.

#### Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

#### OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the major special revenue fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on pages 57 - 58 of this report.

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 89.

#### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City implemented the new financial reporting model used in this report beginning with the current fiscal year ended December 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

**CITY OF ABBEVILLE, LOUISIANA**

**Management's Discussion and Analysis (Unaudited) (Continued)**

The City's net assets at fiscal year-end are \$34,199,899. The following table provides a summary of the City's net assets:

**Summary of Net Assets**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
<b>Assets:</b>				
Current assets and other assets	\$ 2,180,713	\$ 2,457,153	\$ 4,637,866	13%
Restricted assets	-	717,988	717,988	2%
Capital assets	<u>18,176,879</u>	<u>12,768,324</u>	<u>31,945,203</u>	85%
<b>Total assets</b>	<u>\$21,214,792</u>	<u>14,981,385</u>	<u>37,196,177</u>	100%
<b>Liabilities:</b>				
Current liabilities	944,181	834,086	1,808,187	5%
Long-term liabilities	<u>887,381</u>	<u>448,076</u>	<u>1,335,457</u>	4%
<b>Total liabilities</b>	<u>1,831,562</u>	<u>1,304,572</u>	<u>3,136,134</u>	100%
<b>Net assets:</b>				
Investment in capital assets, net of debt	18,176,879	12,768,214	31,156,303	81%
Restricted	121,830	134,808	259,838	1%
Unrestricted	<u>967,890</u>	<u>1,806,568</u>	<u>2,784,558</u>	8%
<b>Total net assets</b>	<u>\$ 19,441,308</u>	<u>\$ 14,756,790</u>	<u>\$ 34,199,899</u>	100%

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 2.23 to 1 and 2.89 to 1 for business-type activities. For the City overall, the current ratio is 2.59 to 1. These ratios are strong.

The City reported positive balances in net assets for both governmental and business-type activities. Net assets decreased \$1,893,883 for governmental activities and increased by \$1,573,187 for business-type activities. The City's overall financial position improved during fiscal year 2003.

Note that approximately 85% of the governmental activities' net assets are tied up in capital (with 61% of the capital assets being infrastructure). The City uses these capital assets to provide services to its citizens. However, with business-type activities, the City has spent approximately 87% of its net assets on capital. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 90% of the City's total net assets are invested in capital assets.

CITY OF ABBEVILLE, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the City's changes in net assets:

Summary of Changes in Net Assets

	Governmental Activities	Business-type Activities	Total	Percentage of Total
<b>Revenues:</b>				
<b>Program</b>				
Charges for services/fees	\$ 498,408	\$ 13,831,343	\$ 14,329,751	70%
Operating grants	394,672	-	394,672	2%
Capital grants	394,679	-	394,679	2%
<b>General:</b>				
Sales taxes	2,465,651	-	2,465,651	12%
Other taxes	231,718	-	231,718	1%
Unrestricted grants	14,693	-	14,693	0%
Interest	14,064	19,741	33,805	0%
Other	379,648	3,617,661	4,007,309	20%
<b>Total Revenues</b>	<b>4,485,881</b>	<b>15,489,344</b>	<b>19,975,225</b>	<b>100%</b>
<b>Program expenses:</b>				
<b>General government</b>				
Public safety:				
Police	2,377,131	-	2,377,131	12%
Fire	1,935,152	-	1,935,152	10%
Highways and streets	2,312,843	-	2,312,843	12%
Culture and recreation	315,810	-	315,810	2%
Interest	19,934	-	19,934	0%
Electric, water and sewer	-	10,963,127	10,963,127	55%
<b>Total expenses</b>	<b>\$ 4,588,740</b>	<b>\$ 10,963,127</b>	<b>\$ 15,551,867</b>	<b>78%</b>
Excess (deficiency)	(1,094,313)	4,526,217	477,684	
Transfers	2,388,650	(2,388,650)	-	
<b>Change in net assets</b>	<b>(1,095,683)</b>	<b>1,571,267</b>	<b>477,684</b>	
<b>Beginning net assets</b>	<b>30,538,799</b>	<b>13,383,456</b>	<b>43,922,255</b>	
<b>Ending net assets</b>	<b>\$ 29,443,116</b>	<b>\$ 14,954,723</b>	<b>\$ 44,397,839</b>	

GOVERNMENTAL REVENUES

The City is heavily reliant on sales taxes to support governmental operations. Sales taxes provided 12% of the City's total revenues. Sales taxes equal 35% of the revenues for governmental activities. Also note that program revenues cover only 17% of governmental operating expenses. This means that the government's taxpayers and the City's other general revenues fund 83% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

CITY OF ABBEVILLE, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

GOVERNMENTAL FUNCTIONAL EXPENSES

Police services comprise 13% of the City's total expenses and 39% of the total governmental expenses. The total public safety makes up 23% of the total expenses and 33% of the total governmental expenses. The highway and street expenses are 13% of total City expenses, and culture and recreation represents 2% of total City expenses.

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	\$ 1,428,278	\$ 1,161,724
Public safety:		
Police	2,217,210	2,227,799
Fire	1,862,212	1,885,188
Highways and streets	2,212,842	2,122,842
Culture and recreation	312,818	312,818
Interest on long-term debt	19,922	19,922
Total	<u>\$ 8,238,218</u>	<u>\$ 7,185,288</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility funds were 12% more than 2002 and operating expenses 16% more than 2002. Within the total business-type activities of the City, these activities reported \$1,621,182 operating income compared to operating income of \$1,865,996 for the prior year.

The revenue for both the water and sewer departments was consistent with the prior year. However, revenue from sales of electricity was approximately 18% more than 2002.

The operating income from providing utility services was \$1,827,182 in fiscal year 2003 and \$1,865,996 in fiscal year 2002. However, after nonoperating revenues and expenses, capital contributions, and transfers in and out, the fund reported a profit of \$1,571,267, or \$647,303 more than 2002. By department, the fund reported the following operating income or loss:

Electric department	1,628,799
Water department	(77,344)
Sewer department	(124,268)

## CITY OF ABBEVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

The City is not charging its users the full amount of operational costs for the water and sewer operations, as discussed above. In an effort to improve operations, the City is taking a number of positive steps. The City is aggressively promoting its water supply from unauthorized use and expanding their customer base. Also, the City is repairing its utility infrastructure to provide better continuing service at lower costs.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

#### Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$1,208,112. Of this year-end total, \$815,143 is unreserved indicating availability for continuing City service requirements. Legally restricted fund balances (i.e., the reserved fund balances) include: \$2,751 for committed for inventory, \$148,808 committed to advance payments and \$123,128 committed to service debt.

The total ending fund balances of governmental funds show a decrease of \$187,283 or 7% below the prior year. This decrease is primarily the result of the events and programs described within the analysis of the City's governmental activities.

#### MAJOR GOVERNMENTAL FUNDS

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$81,615. However, the reader needs to remember that the City controls these differences by the amount of resources it transfers in from the Enterprise and Sales Tax Funds. Key factors contributing to this change were revenues received in excess of projections and continued efforts to control operating costs.

Taxes increased by a minimal amount due mainly to an increase in ad valorem taxes. Licenses and permits decreased by \$20,481 due to a decrease in insurance licenses. Local, state, and federal revenues were \$91,038 more than 2002, primarily because of additional monies received for prisoner maintenance. Fine revenues were down \$25,983 from the prior year because of fewer citations being issued. The expenditures side shows an increase of \$582,114 or 9% over the prior year. This increase related primarily to increases in employee health insurance and retirement in 2003 as compared to 2002. Finally, net transfers in from the other funds were \$278,780 more than the prior year.

The sales tax fund continues to maintain a strong fund balance. Sales tax revenues were \$60,293 more than 2002.

In 2003 the expenditures were used primarily for general road maintenance and the purchase of two vehicles. Transfers from the sales tax fund to the general fund included \$468,808 for public safety employees' salaries, and \$497,693 for municipal employees health insurance and retirement. Transfers to the utility fund consisted of \$118,942 for municipal employees health insurance and retirement, with the remaining transfers for repairs and improvements to the public works system.

## CITY OF ABBEVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

#### THE PROPRIETARY FUND

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise fund at the end of the year amounted to \$1,836,568. The total growth in net assets of the enterprise fund is \$1,571,366. Other factors concerning the enterprise fund have already been addressed in the discussion of the City's business-type activities.

#### BUDGETARY HIGHLIGHTS

The General Fund - Both of the General Fund's original revenue and expenditure budgets were less than the actual amounts reported in fiscal year 2003.

Total budgeted revenues were increased by \$38,318 over the original budget. Taxes were increased \$11,718 due to original conservative projections. Licenses and permits were decreased by \$18,800 due to actual amounts collected. Intergovernmental revenues were increased by \$92,800 due to additional amounts received from state and local governments for prisoner maintenance. Fines and forfeitures were decreased by \$5,800 based on decreasing court fees. Miscellaneous revenue decreased by \$3,208 due to actual amounts received.

The expenditure side of the original budget for the General Fund was revised \$587,726 or 9% this year. The increase was due primarily to the increase in group insurance, retirement and additional storm damage repairs.

Major differences between the actual results of the general fund and the final amended budget are as follows:

- The City actually collected \$21,791 more revenues from various governmental agencies over the \$294,800 budgeted.
- The City collected \$48,987 more revenues than the budget in miscellaneous revenues, from various sources.
- Fines and forfeitures were \$19,682 less than the \$63,800 budgeted due to a lower amount of court fees received by the City.
- Additional cost for salaries and retirement for the police department contributed to the \$99,793 of expenditures over the amended budget amount.
- The City incurred additional capital outlay cost for storm repairs of approximately \$12,333 over the amended budget amount of \$145,398.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital assets

The City's total capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2003 and 2002, were \$31,940,269 and \$32,251,041, respectively. The total decrease in this net investment was 9% for governmental and a 6% increase for business-type activities. The overall decrease was 1% for the City as a whole. See Note 9 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

CITY OF ABBEVILLE, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

The following table provides a summary of capital asset activity:

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
<b>Non-depreciable assets:</b>						
Land	\$ 422,228	\$ 422,228	\$ 19,929	\$ 50,024	\$ 442,157	\$ 472,252
Construction in progress	75,084	-	58,988	-	134,072	-
<b>Total non-depreciable</b>	<b>497,312</b>	<b>422,228</b>	<b>78,917</b>	<b>50,024</b>	<b>576,229</b>	<b>472,252</b>
<b>Depreciable assets:</b>						
Buildings	1,229,680	1,229,680	-	-	1,229,680	1,229,680
Equipment, fixtures, and furniture	1,647,701	1,625,823	1,071,437	697,340	4,367,158	4,607,143
Improvements other than buildings	11,407,070	11,932,088	-	-	11,407,070	11,932,088
Utility system improvements	20,126,494	20,284,494	-	-	20,126,494	20,284,494
<b>Total depreciable assets</b>	<b>43,410,945</b>	<b>45,072,085</b>	<b>11,171,437</b>	<b>797,340</b>	<b>54,582,382</b>	<b>53,543,305</b>
<b>Less accumulated depreciation</b>	<b>(34,826,681)</b>	<b>(37,821,126)</b>	<b>(18,724,188)</b>	<b>(18,724,182)</b>	<b>(53,550,969)</b>	<b>(56,545,493)</b>
<b>Book value depreciable assets</b>	<b>\$ 8,584,264</b>	<b>\$ 7,250,959</b>	<b>\$ 12,987,249</b>	<b>\$ 773,158</b>	<b>\$ 18,531,413</b>	<b>\$ 17,000,812</b>
Percentage depreciated	61%	61%	61%	60%	61%	61%
<b>Book value of asset</b>	<b>\$ 17,168,527</b>	<b>\$ 14,501,918</b>	<b>\$ 25,974,498</b>	<b>\$ 12,496,697</b>	<b>\$ 33,643,030</b>	<b>\$ 34,001,664</b>

At December 31, 2002, the depreciable capital assets for governmental activities were 61% depreciated. This approximates the December 31, 2001 percentage. This comparison indicates that the City is replacing its assets at the same rate as they are depreciating, which is a positive indicator.

With respect to the City's business-type activities, 60% of the asset values were depreciated at December 31, 2002 compared to 60% at December 31, 2001. The major purchases were for improvements to the utility system.

At the end of the fiscal year, the City had total bonded debt outstanding of \$979,080. Of this amount, \$804,080 is backed by the full faith and credit of the City (certificate of indebtedness) with debt service fully bonded by voter-approved sales taxes. The other major component is \$175,000, which is supported by pledged revenues generated primarily by the business-type activities of the City (revenue bonds).

CITY OF ABBEVILLE, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

During the year, the City retired \$804,000 or 48% of the beginning outstanding bonded debt balance.

	Consolidated Operating						Percentage Change
	Governmental Activities		Business-type Activities		Totals		
	2001	2002	2001	2002	2000	2002	
Certificate of indebtedness	\$ 804,000	\$ 984,000	\$ -	\$ -	\$ 804,000	\$ 984,000	21.0%
Revenue bonds	-	-	111,000	812,000	111,000	811,000	82.0%
Total	\$ 804,000	\$ 984,000	\$ 111,000	\$ 812,000	\$ 915,000	\$ 801,000	47.9%

See Note 11 for additional information about the City's long-term debt.

**ECONOMIC CONDITIONS AFFECTING THE CITY**

The City's primary source of revenue is electric charges. The City anticipates continued profit margins for the upcoming year. The City's sales taxes are an additional major revenue stream. The City anticipates an increase in sales tax revenues based upon the increase in retail business in the City of Abbeville.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Mayor, Mayor Mark Pincus, 181 N. State Street, Abbeville, LA 70510.



## BASIC FINANCIAL STATEMENTS

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

## CITY OF ABBEVILLE, LOUISIANA

Statement of Net Assets  
December 31, 2000

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and interest-bearing deposits	\$ 1,084,622	\$ 1,012,377	\$ 2,097,000
Receivables, net	488,831	1,628,823	2,117,654
Due from other governmental units	80,278	78,852	159,130
Inventory-materials and supplies, at cost	2,731	172,818	175,549
Prepaid items	88,763	-	88,763
Internal balances	209,984	(209,988)	-
Total current assets	<u>2,085,210</u>	<u>2,532,490</u>	<u>4,617,700</u>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
Cash and interest-bearing deposits	-	311,048	311,048
Capital assets, net	18,734,079	12,786,224	31,520,303
Unamortized bond issuance costs	-	24,882	24,882
Total noncurrent assets	<u>18,734,079</u>	<u>13,042,154</u>	<u>31,776,233</u>
Total assets	<u>11,219,290</u>	<u>16,004,704</u>	<u>27,224,000</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts and other payables	118,798	720,284	1,039,074
Claims payable	348,880	-	348,880
Bonds payable	180,888	110,888	291,776
Accrued interest	8,288	912	9,200
Total current liabilities	<u>656,854</u>	<u>832,068</u>	<u>1,488,922</u>
<b>Noncurrent liabilities:</b>			
Compensated absences payable	270,983	-	270,983
Customers deposits payable	-	688,476	688,476
Bonds payable	812,888	-	812,888
Total noncurrent liabilities	<u>1,083,871</u>	<u>688,476</u>	<u>1,772,347</u>
Total liabilities	<u>1,840,725</u>	<u>1,520,544</u>	<u>3,361,269</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	18,734,079	12,786,224	31,520,303
Referred for debt service	121,088	124,088	245,176
Unallocated	841,923	1,078,382	1,920,305
Total net assets	<u>1,957,090</u>	<u>1,489,700</u>	<u>3,446,790</u>

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

CITY OF ARLINGTON, TEXAS

Statement of Activities  
for the Year Ended December 31, 2003

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental activities</b>						
General government	\$ 1,029,129	\$ 473,889	\$ 584,240	\$ (554,740)	\$ -	\$ (554,740)
Public safety						
Police	1,552,214	49,591	193,844	-	1,502,623	(49,591)
Fire	1,000,116	-	126,471	-	873,645	(126,471)
Highways and streets	1,112,841	-	-	-	1,112,841	-
Children and recreation	202,879	-	-	-	202,879	-
Income on long-term debt	30,022	-	-	-	30,022	-
<b>Total governmental activities</b>	<b>5,728,249</b>	<b>493,480</b>	<b>280,115</b>	<b>-</b>	<b>(5,234,669)</b>	<b>(5,234,669)</b>
<b>Business-type activities</b>						
Electricity	4,676,424	13,143,259	698,117	-	4,817,811	4,817,811
Water	1,171,251	1,633,751	460,448	-	4,266,250	4,266,250
Sewer	1,075,682	333,881	98,111	-	1,407,674	1,407,674
<b>Total business-type activities</b>	<b>6,923,357</b>	<b>15,110,291</b>	<b>1,256,676</b>	<b>-</b>	<b>10,683,735</b>	<b>10,683,735</b>
<b>Total</b>	<b>\$ 12,651,606</b>	<b>\$ 15,603,771</b>	<b>\$ 1,536,791</b>	<b>\$ -</b>	<b>\$ 5,448,866</b>	<b>\$ 5,448,866</b>

General revenues

Taxes:

- Property taxes levied for general purposes
- Property taxes levied for street improvements
- Sales and use taxes, levied for general purposes
- Expenses in lieu of taxes
- Franchise and other taxes levied

Grants and contributions not reported in specific programs -

- State grants
- Federal grants and loan guarantee earnings
- Miscellaneous

Total general revenues and transfers

Change in net assets

Net assets - January 1, 2003

Net assets - December 31, 2003

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

**FUND FINANCIAL STATEMENTS (FFS)**

## FUND DESCRIPTIONS

### General Fund

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

### Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### Sales Tax Fund -

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

### Enterprise Fund

#### Utility Fund -

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

CITY OF ABBEVILLE, LOUISIANA

Balance Sheet  
Governmental Funds  
December 31, 2003

With Comparative Totals for December 31, 2002

ASSETS	General	Sales Tax Special Revenue	Other Governmental Funds	Totals	
				2003	2002
Cash and interest-bearing deposits	\$ 81,758	\$215,128	\$ 479,887	\$ 881,771	\$1,026,438
Receivables:					
Accounts	8,899	-	-	8,899	4,517
Taxes	11,117	186,889	7,718	215,824	298,793
Franchise fees	118,888	-	-	118,888	132,137
Other	3	7,157	28	7,188	11,486
Due from other funds	-	1,478	-	1,478	11,318
Due from other governmental units	11,899	-	64,419	93,378	39,823
Advances to other funds	-	148,908	-	148,908	460,880
Inventory	2,731	-	-	2,731	2,281
Total assets	\$113,495	\$798,652	\$548,148	\$1,627,614	\$1,917,611
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 81,158	\$ 39,430	\$ 76,881	\$ 197,469	\$ 192,340
Accounts receivable	31,644	-	-	31,644	68,345
Retainage payable	-	-	-	-	22,652
Other accrued liabilities	34,386	-	-	34,386	28,318
Due to other funds	35,268	-	-	35,268	28,181
Due to other governmental units	17,826	-	-	17,826	28,625
Deferred revenue	-	-	-	-	43,756
Total liabilities	218,071	78,860	76,881	373,812	515,541
<b>Fund balances:</b>					
Reserved for inventory	2,731	-	-	2,731	1,281
Reserved for interfund advances	-	148,908	-	148,908	460,880
Reserved for debt service	-	-	152,318	152,318	137,964
Unreserved, undesignated	88,693	389,628	245,829	814,149	812,681
Total fund balances	91,424	737,628	478,148	1,627,112	1,402,726
Total liabilities and fund balances	\$113,495	\$798,652	\$548,148	\$1,627,614	\$1,917,611

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

CITY OF ABBEVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
December 31, 2003

Total fund balances for governmental funds at December 31, 2003		\$ 1,386,111	
Total net assets reported for governmental activities in the statement of net assets is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:			
Land and construction in progress	\$	487,283	
Buildings, net of \$783,215 accumulated depreciation		476,871	
Infrastructure, net of \$16,317,964 accumulated depreciation		14,148,570	
Equipment, furniture, and fixtures net of \$2,128,614 accumulated depreciation		999,797	
Improvements other than buildings, net of \$9,415,442 accumulated depreciation		<u>2,972,128</u>	18,176,679
Elimination of inter-fund assets and liabilities			
Due from other funds		78,576	
Due to other funds		<u>(78,576)</u>	
Long-term liabilities at December 31, 2003:			
Bonds payable		(384,800)	
Compensated absences		(273,885)	
Accrued interest payable		<u>(5,898)</u>	(1,061,893)
Net assets of the Internal Service Funds			<u>56,608</u>
Total net assets of governmental activities at December 31, 2003			<u>\$2,441,185</u>

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



CITY OF ABBEVILLE, LOUISIANA

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

For the Year Ended December 31, 2003

With Comparative Totals for the Year Ended December 31, 2002

	General	Sales Tax Special Revenue	Other Governmental Funds	Totals	
				2003	2002
<b>Revenues:</b>					
Taxes	\$ 337,263	\$2,483,600	\$ 54,243	\$2,875,106	\$2,693,643
Licenses and permits	453,268	-	-	453,268	473,415
Intragovernmental	266,983	-	439,641	706,624	589,366
Fines and forfeits	45,298	-	-	45,298	71,385
Miscellaneous	145,797	195,181	1,792	342,770	311,693
Total revenues	<u>1,338,609</u>	<u>2,678,781</u>	<u>56,036</u>	<u>4,073,426</u>	<u>3,749,502</u>
<b>Expenditures:</b>					
<b>Current -</b>					
General government	1,236,608	8,906	4,778	1,249,592	1,293,631
Public safety:					
Police	2,121,240	21,188	-	2,142,428	2,008,172
Fire	1,764,899	2,879	21,344	1,789,122	1,692,244
Highways and streets	863,238	128,388	-	991,626	1,118,438
Culture and recreation	347,268	9,413	-	356,681	288,839
Capital outlay	387,820	81,443	388,014	857,277	587,834
Debt service -					
Principal retirement	-	-	184,000	184,000	152,880
Interest and fiscal charges	-	-	28,128	28,128	64,695
Total expenditures	<u>6,633,826</u>	<u>348,747</u>	<u>627,966</u>	<u>7,580,620</u>	<u>7,117,521</u>
<b>Excess (deficiency) of revenues over expenditures</b>					
	<u>(5,301,345)</u>	<u>1,368,716</u>	<u>(171,930)</u>	<u>(4,004,559)</u>	<u>(4,889,284)</u>
<b>Other financing sources (uses):</b>					
Proceeds of refunding certificates	-	-	-	-	948,088
Payment of refunding certificates	-	-	-	-	(915,088)
Transfers in	5,228,699	-	373,712	5,602,411	4,937,181
Transfers out	(25,172)	(2,526,728)	(13,822)	(2,565,722)	(2,561,857)
Total other financing sources (uses)	<u>5,203,527</u>	<u>(2,526,728)</u>	<u>359,890</u>	<u>2,986,689</u>	<u>2,311,282</u>
Net changes in fund balances	<u>(11,418)</u>	<u>(198,032)</u>	<u>124,916</u>	<u>(100,214)</u>	<u>(271,088)</u>
Fund balances, beginning	<u>11,839</u>	<u>831,628</u>	<u>124,511</u>	<u>1,972,078</u>	<u>1,673,158</u>
Fund balances, ending	<u>\$ 3,421</u>	<u>\$ 633,596</u>	<u>\$ 249,427</u>	<u>\$ 1,906,444</u>	<u>\$ 1,402,070</u>

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

CITY OF ARSENVILLE, 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 December 31, 2003

Total net changes in fund balances at December 31, 2003 per  
Statement of Revenues, Expenditures and Changes in Fund Balances \$ (102,118)

The change in net assets reported for governmental activities in the  
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of these assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 467,390	
Depreciation expense for the year ended December 31, 2003	<u>(3,638,675)</u>	(3,171,285)

Governmental funds report bonded debt expenditures as expenditures.  
However, this expenditure does not appear in the statement of activities  
since the payment is applied against the bond payable balance on the state-  
ment of net assets

194,000

Less: Net loss on the Group Insurance Self-Insurance Internal Service Fund (199,777)

Less: Balance of unexpended advances earned over compensated absences used (15,311)

Difference between interest on long-term debt on modified accrual basis  
versus interest on long-term debt on accrual basis 8,261

Total changes in net assets at December 31, 2003 per Statement of Activities \$ (1,095,013)

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

## CITY OF ABBEVILLE, LOUISIANA

Proprietary Funds  
Comparative Statement of Net Assets  
December 31, 2001 and 2002

	Business-type Activities - Enterprise Fund		Governmental Activities - General Service Fund	
	2001	2002	2001	2002
	ASSETS			
<b>Current assets</b>				
Cash and interest-bearing deposits	\$ 1,812,177	\$ 498,238	\$283,884	\$413,012
Receivables:				
Accounts	800,880	912,303	-	-
Unbilled utility receivables	862,643	(96,463)	-	-
Account interest receivable	112	(31)	-	-
Other	76,858	1,411,092	89,877	68,303
Due from other funds	-	-	44,724	-
Inventory - materials and supplies, at cost	(72,618)	140,652	-	-
Prepaid items	-	-	58,762	(63,733)
<b>Total current assets</b>	<u>3,880,673</u>	<u>3,123,632</u>	<u>(88,419)</u>	<u>(604,728)</u>
<b>Noncurrent assets</b>				
Restricted assets -				
Cash and interest-bearing deposits	917,048	721,044	-	-
Capital assets, net of accumulated depreciation	11,786,228	11,504,697	-	-
Unamortized bond issuance costs	39,662	33,478	-	-
<b>Total noncurrent assets</b>	<u>12,742,938</u>	<u>13,259,219</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$16,623,611</u>	<u>\$16,382,851</u>	<u>\$288,412</u>	<u>\$604,728</u>
	<b>LIABILITIES</b>			
<b>Current liabilities</b>				
Accounts payable	(76,880)	1,111,882	(49,482)	144,777
Taxes sales tax payable	(1,898)	(7,964)	-	-
Accrued salaries payable	884	30,828	-	1,880
Other accrued liabilities	28,680	7,964	783	279
Customers payable	(4,462)	-	-	-
Refinance payable	86,698	-	-	-
Capital lease payable	-	9,881	-	-
Note payable	-	502,000	-	-
Due to other funds	(1,884)	-	-	-
Payable from restricted assets -				
Revenue bonds	114,000	180,000	-	-
Accrued interest payable	(13)	1,026	-	-
<b>Total current liabilities</b>	<u>81,185</u>	<u>2,811,738</u>	<u>(41,692)</u>	<u>(684,11)</u>
<b>Noncurrent liabilities</b>				
Customers' deposits	444,474	614,817	-	-
Refunding bonds payable	-	114,000	-	-
Advances from other funds	344,908	660,000	-	-
<b>Total noncurrent liabilities</b>	<u>789,382</u>	<u>1,388,817</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>1,600,567</u>	<u>4,199,555</u>	<u>(41,692)</u>	<u>(684,11)</u>
	<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	12,746,114	11,690,840	-	-
Restricted for debt service	114,000	-	-	-
Unrestricted	1,863,497	3,579,262	58,004	220,688
<b>Total net assets</b>	<u>\$14,723,611</u>	<u>\$15,270,102</u>	<u>\$58,004</u>	<u>\$220,688</u>

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

CITY OF ABBEVILLE, LOUISIANA

Proprietary Funds

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Years Ended December 31, 2000 and 2001

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds	
	2000	2001	2000	2001
<b>Operating revenues:</b>				
Charges for services	\$11,584,508	\$12,188,420	\$1,777,733	\$2,784,381
Other	307,066	186,415	187,893	383,421
<b>Total operating revenues</b>	<u>11,891,574</u>	<u>12,374,835</u>	<u>1,965,626</u>	<u>3,167,802</u>
<b>Operating expenses:</b>				
Electric department expenses	\$,141,185	7,844,455	-	-
Water department expenses	1,019,608	823,082	-	-
Sewerage department expenses	251,558	651,704	-	-
Depreciation expense	904,878	834,111	-	-
Self insurance expenses	-	-	1,700,678	2,488,511
<b>Total operating expenses</b>	<u>2,316,229</u>	<u>9,103,252</u>	<u>1,700,678</u>	<u>2,488,511</u>
<b>Operating income/(loss)</b>	<u>9,575,345</u>	<u>3,271,583</u>	<u>(735,052)</u>	<u>679,291</u>
<b>Nonoperating revenues/(expenses):</b>				
Interest income	16,741	22,794	4,643	3,666
Interest expense	(38,533)	(64,856)	-	-
Insurance proceeds	204,509	-	-	-
Paying agent's fee	(1,882)	(1,882)	-	-
Amortization of bond insurance cost	(57,814)	(77,814)	-	-
<b>Total nonoperating revenues/(expenses)</b>	<u>168,211</u>	<u>(106,698)</u>	<u>4,643</u>	<u>3,666</u>
<b>Income/(loss) before contributions and transfers</b>	<u>9,743,556</u>	<u>3,164,885</u>	<u>(730,409)</u>	<u>682,957</u>
<b>Capital contributions</b>	<u>1,092,122</u>	<u>1,611,132</u>	-	-
<b>Transfers in/(out):</b>				
Transfer in	1,171,299	388,898	64,724	988
Transfer out	(8,181,863)	(9,150,819)	-	-
<b>Total transfers in/(out)</b>	<u>(7,010,564)</u>	<u>(8,761,921)</u>	<u>64,724</u>	<u>988</u>
<b>Change in net assets</b>	<u>2,822,991</u>	<u>442,954</u>	<u>(665,785)</u>	<u>766,945</u>
<b>Net assets, beginning</b>	<u>1,183,438</u>	<u>12,127,792</u>	<u>253,985</u>	<u>49,184</u>
<b>Net assets, ending</b>	<u>3,996,429</u>	<u>12,570,746</u>	<u>188,200</u>	<u>816,129</u>

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

CITY OF ARBONNE, LOUISIANA

Comprehensive Statement of Cash Flows  
Proprietary Funds  
For the Years Ended December 31, 2000 and 2001

	Business-type Activities:		Governmental Activities:	
	Fireworks Fund		General Service Funds	
	2001	2000	2001	2000
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$11,401,039	\$ 11,811,016	\$ -	\$ -
Receipts from interfund services provided	-	-	2,731,111	1,894,080
Payments to suppliers	(9,111,042)	(6,694,713)	(2,379,896)	(2,349,277)
Payments to employees	(1,127,360)	(1,241,311)	(26,354)	(67,592)
Other receipts	313,066	496,416	368,478	737,812
Net cash provided (used) by operating activities	1,265,663	4,269,418	(176,762)	224,723
<b>Cash flows from noncapital financing activities:</b>				
Proceeds from revenue anticipation notes	-	800,000	-	-
Payment of revenue anticipation notes	(500,000)	-	-	-
Payment of interest on revenue anticipation notes	(1,811)	-	-	-
Cash received from other funds	11,084	-	-	4,804
Cash paid to other funds	(111,300)	(600,000)	-	-
Transfers from other funds	1,171,210	1,661,119	-	991
Transfers to other funds	(3,131,853)	(2,270,210)	-	-
Net cash provided (used) by noncapital financing activities	(1,560,669)	(1,248,091)	-	1,446
<b>Cash flows from capital and related financing activities:</b>				
Principal paid on revenue bonds payable	(480,000)	(500,000)	-	-
Interest and fiscal charges paid on revenue bonds payable	(20,819)	(26,679)	-	-
Principal paid on capital lease	(6,881)	(6,809)	-	-
Interest paid on capital lease	(241)	(1,880)	-	-
Net proceeds of notes deposits	12,659	9,709	-	-
Federal grants and other contributions	2,922,459	-	-	-
Insurance proceeds	224,000	-	-	-
Acquisition of property, plant and equipment	(1,220,822)	(1,629,123)	-	-
Net cash provided (used) by capital and related financing activities	104,155	(1,225,193)	-	-
<b>Cash flows from investing activities:</b>				
Proceeds of interest-bearing deposits with maturity in excess of ninety days	-	258,888	-	-
Purchase of interest-bearing deposits with maturity in excess of ninety days	-	-	(71,888)	-
Interest on investments	36,781	22,794	4,892	2,886
Net cash provided (used) by investing activities	36,781	278,702	(66,996)	2,886
Net increase (decrease) in cash and cash equivalents	21,889	34,027	(240,550)	228,419
Cash and cash equivalents, beginning of period	895,296	774,444	920,102	189,661
Cash and cash equivalents, end of period	\$ 1,117,185	\$ 808,471	\$ 679,552	\$ 418,080

(Continued)

**CITY OF ABBEVILLE, LOUISIANA**

**Comparative Statement of Cash Flows  
Proprietary Funds (continued)  
For the Years Ended December 31, 2003 and 2002**

	Business-type Activities - Enterprise Fund		Governmental Activities - Interest Revenue Fund	
	2003	2002	2003	2002
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$1,611,182	\$ 2,868,907	\$ (248,347)	\$ 302,889
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	908,471	804,913	-	-
Changes in current assets and liabilities:				
(Increase)/decrease in accounts receivable	(116,679)	(289,479)	(21,324)	228,892
Increase in other receivables	(31)	(220)	-	-
(Increase)/decrease in inventory	(28,566)	8,924	-	-
Increase in prepaid items	-	-	127,659	(268)
Increase (decrease) in accounts payable	(605,789)	775,431	84,723	(207,759)
Increase (decrease) in other accounts payable	(16,036)	1,744	-	-
Increase (decrease) in accrued salaries payable	(28,827)	(27,223)	(2,891)	592
Increase in other accrued liabilities	12,723	491	138	66
Increase in contracts payable	44,443	-	-	-
Increase in earnings payable	16,201	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,794,244</b>	<b>\$ 4,279,121</b>	<b>\$ (184,790)</b>	<b>\$ 324,712</b>
<b>Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:</b>				
<b>Cash and cash equivalents, beginning of period:</b>				
Cash and interest-bearing deposits - unrestricted	\$ 488,230	\$ 691,909	\$ 473,112	\$ 231,670
Cash and interest-bearing deposits - restricted	71,098	212,413	-	-
Less: Interest-bearing deposits with a maturity in excess of 90 days	(400,000)	(400,000)	(28,899)	(18,899)
<b>Total cash and cash equivalents</b>	<b>\$ 85,328</b>	<b>\$ 714,322</b>	<b>\$ 444,213</b>	<b>\$ 212,771</b>
<b>Cash and cash equivalents, end of period:</b>				
Cash and interest-bearing deposits - unrestricted	\$ 611,277	\$ 88,280	\$ 283,891	\$ 412,112
Cash and interest-bearing deposits - restricted	71,098	71,098	-	-
Less: Interest-bearing deposits with a maturity in excess of 90 days	(400,000)	(400,000)	(23,899)	(18,899)
<b>Total cash and cash equivalents</b>	<b>\$ 282,375</b>	<b>\$ 559,378</b>	<b>\$ 260,001</b>	<b>\$ 411,112</b>
<b>Net increase (decrease)</b>	<b>\$ 211,869</b>	<b>\$ 188,552</b>	<b>\$ (24,789)</b>	<b>\$ 113,600</b>

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

CITY OF ABBEVILLE  
Abbeville, Louisiana

Statement of Fiduciary Net Assets  
December 31, 2003  
With Comparative Totals for December 31, 2002

	<u>Agency Funds</u>	
	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and interest-bearing deposits	\$ 61,297	\$ 51,297
<b>LIABILITIES</b>		
Due to others	<u>61,297</u>	<u>51,297</u>
<b>NET ASSETS</b>		
Total net assets	<u>\$ -</u>	<u>\$ -</u>

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

## CITY OF ABBEVILLE, LOUISIANA

### Notes to Basic Financial Statements

#### 11) Summary of Significant Accounting Policies

The accompanying financial statements of the City of Abbeville (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, in the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note. For the fiscal year ended December 31, 2005, the City implemented the new financial reporting requirements of GASB Statement No. 34, Basic Financial Statements... and Management's Discussion and Analysis... for State and Local Governments. As a result, an entirely new financial presentation format has been implemented.

##### A. Financial Reporting Entity

The City was incorporated on March 13, 1818, by a special charter and operates under a Mayor-Council form of government. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These financial statements present only the financial activity of the City of Abbeville, the primary government. They do not include the data of the component units necessary for reporting in conformity with generally accepted accounting principals.

##### B. Basis of Presentation

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

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



## CITY OF ABBEVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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

#### Fund Financial Statements

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

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

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

The major funds of the City are described below:

#### Governmental Funds -

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Additionally, the City reports the following fund types:

**Special revenue funds**

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

**Debt service funds**

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

**Capital projects funds**

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

**Proprietary Funds -**

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

**Enterprise funds**

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

## CITY OF ABBEVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Internal service funds

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

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

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

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

## CITY OF ABBEVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Basis of Accounting

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

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

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

#### Program revenues

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

#### Allocation of indirect expenses

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

## CITY OF ARREVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### D. Assets, Liabilities and Equity

##### Cash and interest-bearing deposits

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

##### Investments

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

##### Interfund receivables and payables

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

##### 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 customers' utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2003, an allowance for ad valorem taxes was considered unnecessary due to immateriality.

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

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items.

Inventories

Inventory of the Utility Fund consists of supplies and parts that are valued at weighted average cost. Inventory of the General Fund consists of gas, diesel and oil, at the meter paid bars, that is valued at weighted average cost.

Capital Assets

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

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

Depreciation of all depreciable 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	40 years
Equipment	5 years
Utility systems and improvements	20-40 years
Infrastructure	20-50 years

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

## CITY OF ABBEVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Compensated Absence

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

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

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

#### Restricted Assets

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

#### Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits 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 payments of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

## CITY OF ARREVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Equity Classifications

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

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

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

#### **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.



## CITY OF ARREYVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### 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>Local Restrictions of Use</u>
Sales tax	See Note 4
Gas, water and sewer revenue	Debt service and utility operations

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

#### G. Budgets and Budgetary Accounting

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

1. The Mayor prepares a proposed operating budget for the fiscal year and submits it to the City Council not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each fiscal year.

CITY OF ARREVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

1. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the City Council.

B. Use of Estimates

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

C. Report Classification

Certain previously reported amounts for the year ended December 31, 2002 have been reclassified to conform to the December 31, 2003 classifications.

(2) Changes in Accounting Principles

For the year ended December 31, 2003, the City has implemented GASB Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments. GASB Statement No. 34 amends core basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The City also implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, No. 37, Basic Financial Statements -- and Management's Discussion and Analysis -- For State and Local Governments, No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Exception and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. At December 31, 2003, there was no effect on fund balances as a result of implementation of GASB Statement No. 33.

CITY OF ARREVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The implementation of GASB Statement No. 34 caused the opening fund balance at December 31, 2002 to be restated in terms of "net assets" as follows:

Total fund balances - Governmental Funds - at December 31, 2002		\$ 1,400,100
Add: Cost of capital assets at December 31, 2002	\$ 47,177,690	
Less: Accumulated depreciation at December 31, 2002	<u>(27,031,836)</u>	20,145,294
Less: Bond principal at December 31, 2002	983,000	
Compensated absences payable at December 31, 2002	280,370	
Accrued interest payable at December 31, 2002	<u>35,210</u>	(1,294,780)
Net assets of the Risk Management Internal Service Fund	164,123	
Net assets of the Employees Health Insurance Internal Service Fund	<u>131,862</u>	<u>295,985</u>
Net assets at December 31, 2002		<u>\$ 20,145,294</u>

(C) Ad Valorem Taxes

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

For the year ended December 31, 2003, taxes of 6.65 mills were levied on property with assessed valuations totaling \$41,383,730 and were dedicated as follows:

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

Total taxes levied were \$275,260. Taxes receivable at December 31, 2003 were \$38,885.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) **Declaration of Proceeds and Flow of Funds - 1 and One-Quarter Percent Sales and Use Tax**

The City reallocated 58 percent of its 1 percent sales and use tax for the purpose of paying a portion of the salaries and benefits of City employees, as per a special election held on November 3, 2002.

The proceeds of the 1 percent sales and use tax levied by the City of Abbeville (2001 - 1,971,988; 2002 - \$1,914,288) is dedicated for the following purposes:

One half of the 1 percent sales and use tax (2001 - \$1,081,430; 2002 - \$1,056,248) for opening, constructing, paving, resurfacing and improving streets, alleys, sidewalks, sewers, lighting and power plants; constructing and improving drains, drainage canals and sub-surface drainages; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment for civil defense; constructing, acquiring or improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishing for the public works buildings improvements and facilities in the City of Abbeville.

One half of the 1 percent sales and use tax (2001 - \$888,158; 2002 - \$858) for paying a portion of the salaries and benefits of City employees.

Proceeds of a .25 percent sales and use tax levied by the City of Abbeville (2001 - 492,043; 2002 - \$481,051) are dedicated to and shall be allocated periodically for the purpose of increasing the salaries for public safety employees of the City of Abbeville.

(5) **Cash and Interest-Bearing Deposits**

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2003, the City has cash and interest-bearing deposits (book balances) totaling \$2,878,879 as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary</u>	<u>Total</u>
Demand deposits	\$ 97,043	\$ 718,784	\$ -	\$ 815,827
Money market accounts	772,180	808,581	61,690	1,642,551
Time deposits	<u>215,080</u>	<u>400,080</u>	<u>-</u>	<u>615,160</u>
	<u>\$1,084,303</u>	<u>\$1,738,365</u>	<u>\$61,690</u>	<u>\$2,884,358</u>

CITY OF ARREVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2003, are as follows:

Bank balances	<u>\$ 3,078,580</u>
At December 31, 2003 the deposits are secured as follows:	
Federal deposit insurance	409,679
Pledged securities (Category 3)	<u>2,668,901</u>
Total	<u>\$ 3,078,580</u>

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

A \$125,000 certificate of deposit is pledged to the Louisiana Department of Labor to guarantee the City's workers' compensation program.

04 Receivables

Receivables at December 31, 2003 of \$2,113,703 consist of the following:

	General	Sales Tax	Other Governmental	Utility	Internal Service	Total
Accounts	\$ 8,099	\$ -	\$ -	\$ 933,860	\$ -	\$ 941,959
Unbilled utility	-	-	-	692,635	-	692,635
Taxes:						
Ad valorem	31,317	-	7,735	-	-	39,052
Sales	-	188,089	-	-	-	188,089
Franchise fees	138,838	-	-	-	-	138,838
Other	<u>5</u>	<u>7,137</u>	<u>25</u>	<u>132</u>	<u>89,827</u>	<u>97,196</u>
Total	<u>\$ 178,309</u>	<u>\$ 195,246</u>	<u>\$ 7,805</u>	<u>\$ 1,626,635</u>	<u>\$ 89,827</u>	<u>\$ 2,098,868</u>

CITY OF ARREVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Due from Other Governmental Units

Amounts due from other governmental units consisted of the following, at December 31, 2003:

Amount due from the City Court for witness fees and fines during fiscal year ended December 31, 2003	\$ 2,125
Amount due from the Vermilion Parish Police Jury for feeding parish prisoners during fiscal year ended December 31, 2003	2,085
Amount due from the Vermilion Parish School Board for recessive officers for alternative school program during fiscal year ended December 31, 2003	8,973
Amount due from the State of Louisiana for housing state prisoners during fiscal year ended December 31, 2003	3,845
Amount due from the State of Louisiana for beer taxes revenue earned during fiscal year ended December 31, 2003	7,747
Amount due from the State of Louisiana for reimbursement of park equipment purchased under grant agreements for fiscal year ended December 31, 2003	1,600
Amount due from the State of Louisiana for grass seeding on state highways during fiscal year ended December 31, 2003	8,144
Amount due from the State of Louisiana for firefighting equipment purchased under Fire Act grant during fiscal year ended December 31, 2003	61,409
Amount due from the State of Louisiana for sewer improvements under LCDBG grant during fiscal year ended December 31, 2003	58,789
Amount due from the State of Louisiana for water w/d improvements under LCDBG grant during fiscal year ended December 31, 2003	<u>11,148</u>
	<u>\$ 164,213</u>

(8) Restricted Assets - Proprietary Fund Type (Electric Utility Fund)

Restricted assets consisted of the following, at December 31, 2003:

Fund and interest sinking fund	\$ 19,512
Capital additions and contingency fund	150,000
Customer deposits	<u>447,476</u>
	<u>\$ 717,988</u>

CITY OF ARREVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

	Balance 01/01/03	Additions	Expirations	Balance 12/31/03
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 653,229	\$ -	\$ -	\$ 653,229
Construction in progress	-	11,004	-	11,004
Other capital assets:				
Buildings	1,209,686	-	-	1,209,686
Infrastructure	30,285,464	-	-	30,285,464
Equipment, furniture and fixtures	1,893,823	109,310	171,435	3,040,711
Improvements other than buildings	11,853,858	405,131	8,421	12,650,578
Total	47,177,990	605,508	181,856	47,601,732
Less accumulated depreciation:				
Buildings	751,782	31,334	-	783,116
Infrastructure	15,819,811	1,108,893	-	16,928,704
Equipment, furniture and fixtures	2,084,725	206,724	175,415	2,315,034
Improvements other than buildings	9,146,318	373,521	8,421	9,898,498
Total accumulated depreciation	27,002,636	1,620,472	283,836	28,906,944
Governmental activities, capital assets, net	<u>\$ 20,175,354</u>	<u>\$ (971,173)</u>	<u>\$ -</u>	<u>\$ 19,104,181</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 70,829	\$ -	\$ -	\$ 70,829
Construction in progress	-	320,884	-	320,884
Other capital assets:				
Electric systems	9,630,895	899,807	9,214	10,511,488
Water systems	6,711,818	58,603	1,789	6,770,732
Sewer systems	13,871,562	19,013	2,117	13,898,458
Machinery and equipment	995,348	87,287	73,308	1,009,327
Total	21,403,552	1,084,710	13,328	22,495,934
Less accumulated depreciation:				
Electric systems	6,617,413	223,977	9,999	6,851,499
Water systems	4,598,307	179,810	1,167	4,779,184
Sewer systems	6,281,793	280,846	1,992	6,564,631
Machinery and equipment	778,186	34,812	28,521	844,477
Total accumulated depreciation	18,275,709	709,472	31,689	19,014,660
Business-type activities, capital assets, net	<u>\$ 2,127,843</u>	<u>\$ 375,238</u>	<u>\$ (45,017)</u>	<u>\$ 2,458,064</u>

CITY OF ARBEVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 187,214
Police	185,146
Fire	74,091
Street	1,258,439
Culture and recreation	<u>51,989</u>
Total depreciation expense	<u>\$ 1,635,679</u>

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

Electric	\$532,873
Water	131,629
Sewer	<u>604,721</u>
Total depreciation expense	<u>\$1,269,223</u>

(7) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at December 31, 2003:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ 245,489	\$ 376,893	622,382
Salaries	33,644	994	34,638
Other liabilities	<u>82,873</u>	<u>145,187</u>	<u>198,060</u>
Totals	<u>\$ 362,006</u>	<u>\$ 523,074</u>	<u>\$ 885,080</u>



CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Changes in Long-Term Debt

The following is a summary of bond, certificates of indebtedness, and compensated absence transactions of the City for the year ended December 31, 2003:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-term debt, January 1, 2003	\$ 984,000	\$ 815,000	\$ 268,278	\$ 2,067,278
Additions	-	-	15,213	15,213
Retirements	<u>(184,000)</u>	<u>(650,000)</u>	-	<u>(834,000)</u>
Long-term debt, December 31, 2003	<u>\$ 800,000</u>	<u>\$ 165,000</u>	<u>\$ 273,292</u>	<u>\$ 1,238,292</u>

Bonds payable at December 31, 2003 are comprised of the following individual issues:

General obligation bonds:

\$984,000 Refunding Certificates of Indebtedness, Series 2003, due in annual installments of \$184,000 - \$210,000 through May 1, 2007; interest at 3.18 percent; secured by excess annual revenues; \$ 804,000

Revenue bonds:

\$1,135,000 Utilities Revenue Bonds, dated 10/21/98, due in annual installments of \$135,000 - \$648,000 through December 1, 2004; interest at 4.0 - 4.55 percent; secured by Utility Fund revenues; \$ 1,135,000

The bonds are due as follows:

<u>Year ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal payments</u>	<u>Interest payments</u>	<u>Principal payments</u>	<u>Interest payments</u>
2004	190,000	21,948	135,000	6,143
2005	198,000	15,983	-	-
2006	204,000	9,671	-	-
2007	<u>210,000</u>	<u>3,755</u>	-	-
Total	<u>\$ 804,000</u>	<u>\$ 50,757</u>	<u>\$ 135,000</u>	<u>\$ 6,143</u>

## CITY OF ABBEVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### (12) Flow of Funds, Restrictions on Use - Utilities Revenues

Under the terms of the \$1,210,000 Utilities Revenue Refunding Bonds Series 1998 dated October 1, 1998, all income and revenues of every nature derived from the operation of the system are pledged and dedicated to the retirement of said bonds.

##### Bond and Interest Sinking Fund

The City is required to set aside into a Utilities Revenue Refunding Bond Sinking Fund each month a sum equal to 1/8 of the interest falling due on the next interest payment date plus 1/12 of the principal falling due on the next principal payment date. Funds deposited in this account are available only for the retirement of maturing bonds and interest.

##### Reserve Fund

No Utilities Revenue Refunding Bond Reserve Fund was required to be established or maintained. However, in the event that additional parity bonds are issued hereafter, the resolution authorizing the issuance of additional parity bonds shall cause a reserve fund to be established.

##### Capital Additions and Contingencies Fund

The Utilities System Capital Additions and Contingencies Fund (Renewal and Replacement Fund) was established to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system and to pay the principal of and the interest on the bonds, including any additional parity bonds issued hereafter in the manner provided by the bond resolution, for the payment of which there is not sufficient money in the sinking or reserve funds.

On or before the 10<sup>th</sup> of each month, commencing in October 1998, a sum equal to five percent (5%) of the gross revenues of the System for the preceding month, less the power cost adjustment, shall be deposited into the fund until the sum of \$250,000 is so deposit therein. The money in the fund shall never be used for the making of such extensions, additions, improvements, renewals and replacements if such use of said money will leave less than the sum of \$100,000. In the event that the City utilizes any monies in the fund so that the balance falls below \$250,000, a monthly deposit of 3 percent of the gross revenues of the system for the preceding month, less the power cost adjustment, must be made until there is again on deposit the sum of \$250,000.

All or any part of the moneys in the Reserve Fund and the Contingency Fund shall, at the written request of the board, be invested in investments permitted by Louisiana law, maturing in five (5) years or less. Such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purposes for which the respective funds are created. All income or earnings from such investments shall be deposited in the Reserve Fund as income and revenues of the System.

CITY OF ARREVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

If at any time it shall be necessary to use moneys in the Contingency Fund for the purpose of paying principal of or interest on bonds payable from the aforesaid Sinking Fund as to which there would otherwise be default, then the moneys so used shall be replaced from the revenues first thereafter received, not limitations required to be used for administration, operation and maintenance or for current principal and interest requirements.

If at any time there are sufficient moneys on deposit in the Contingency Fund to retire all outstanding bonds payable from the Sinking Fund by exercising the redemption option provided by this Bond Resolution or by purchase on the open market, the issuer may utilize such funds for such purpose.

Any moneys remaining in the Revenue Fund on the 20<sup>th</sup> day of each month and after making the required payments into the Sinking Fund, any Reserve Fund hereafter established, and the Contingency Fund for the current month and for prior months during which the required payments may not have been made shall be considered surplus. Such surplus may be used by the issuer for such other lawful corporate purposes as the Governing Authority may determine whether such purposes are or are not related to the System.

**Violation of Revenue Refunding Bonds Restrictions**

The City is in compliance with all significant limitations and restrictions set forth upon issuance of the outstanding revenue refunding bonds except that the City is not operating such individual division of the Utility System, probably which is a violation of Section 8.1 (d) of the 1998 Bond Resolution.

(13) **Employee Retirement**

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

A. **Municipal Employees Retirement System of Louisiana (System)**

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

## CITY OF ABBEVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7817 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 935-4870.

**Funding Policy:** Under Plan A, members are required by state statute to contribute 5.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate for 2003 was from 6.25% to 7.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:183, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending December 31, 2005, 2002, and 2001 were \$95,786, \$71,899, and \$80,113, respectively, equal to the required contributions for each year.

## CITY OF ARREVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description - All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 58 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. This report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, (225) 839-7411.

Funding Policy - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate for 2003 was 6.09% to 13.25% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:105, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending December 31, 2003, 2002, and 2001 were \$128,615, \$88,040, and \$77,838, respectively, equal to the required contributions for each year.

#### C. Firefighters' Retirement System of Louisiana

Plan Description - Membership in the Louisiana Firefighters' Retirement System is mandatory for a full-time firefighters employed by a municipality, parish, or fire protection district that did not meet an ordinance before January 1, 1990, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

## CITY OF ABBEVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94081, Baton Rouge, Louisiana 70804, or by calling (225) 923-4908.

**Funding Policy.** Plan members are required by state statute to contribute 1.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate for 2000 was from 9.8% to 21% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:100, the employer contributions are determined by actuarial valuations and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending December 31, 2000, 2002 and 2001 were \$127,158, \$67,134, and \$54,816, respectively, equal to the required contributions for each year.

#### 14) Commitments and Contingencies

##### Litigation

On December 11, 2000, the City of Abbeville was a defendant in several lawsuits. Reserves for claims losses are established and recorded as liabilities of the Risk Management Fund when information available indicates that it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. The City's legal counsel has reviewed the claims and lawsuits, in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City not covered by insurance. As a result of the review, there are no claims and lawsuits that an unfavorable outcome would materially affect the financial statements. Also, the City may be exposed to losses for which the amounts cannot be determined at this time.

##### Grant Audits

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

##### Utility Relocation Grants

In prior years, the City utilized federal funding under Act 319 to pay its share of the cost to relocate electric, water, and sewer facilities to accommodate the expansion of Highway 14. As part of the funding agreement the City is prohibited from locating additional longitudinal facilities within any right-of-way owned by the State of Louisiana until the City reimburses the Department of Transportation the full amount of costs expended on the City's behalf, which amounted to \$633,790.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Construction Contracts**

Contractual commitments for improvements to the City's utility and airport facilities totaled \$691,718; however, most of the funding for these projects is from federal and state grants.

**(34) Enterprise Fund Contracts**

By referendum on October 22, 1983, the City of Abbeville elected to join the Louisiana Energy and Power Authority (LEPA), and an appointment was made by the City Council to the LEPA board of directors. LEPA, a statewide public power authority which is a political subdivision of the State of Louisiana, was created by an act of the state legislature in April of 1979 for the purpose of helping all of Louisiana's municipal electric systems to work together to provide firm, stable sources of electrical energy to their citizens/users at the lowest cost possible.

On June 28, 1985, the City entered into a power sales contract for electricity with LEPA with service commencing on March 1, 1986. The City signed a contract extension that lengthens the original contract until December 31, 2015.

**(10) Segment Information for the Enterprise Fund**

The City of Abbeville maintains one enterprise fund with three departments that provide electricity, water, and sewerage services. Segment information for the year ended December 31, 2003 was as follows:

	Electric Department	Water Department	Sewerage Department	Total Enterprise Fund
Operating revenues	\$112,143,790	\$1,671,731	\$ 610,861	\$114,426,382
Operating expenses:				
Depreciation	372,872	131,828	494,773	999,473
Other	8,142,882	1,019,448	753,738	9,916,068
Total operating expenses	8,515,754	1,151,676	1,248,511	10,715,941
Operating income (loss)	\$ 1,628,036	\$ 520,055	\$ (637,650)	\$ 1,510,441

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) Compensation of City Officials

A detail of compensation paid to the Mayor and Council for the year ended December 31, 2003 follows:

Mark Piazza, Mayor	\$ 40,500
Norman Broussard, Councilman-at-Large	12,183
Carlton Campbell, Councilman	11,000
Carletti Dehaen, Councilman	11,000
Francis Touchet, Councilman	11,000
Paul Gaspard, Councilman	11,000
	<u>11,000</u>
	<u>\$ 108,583</u>

(18) Risk Management

A. Commercial Insurance Coverage

On December 30, 1996, the City passed a resolution allowing its workmen's compensation, business automobile and general liability insurance policies to expire and established a Risk Management Fund (an internal service fund) for the accumulation of monies and subsequent disbursement of loss claims. Therefore, the City was exposed to material judgment in favor of lost and other claimants together with legal interest charges. The City has since reacquired business automobile, general liability, and property insurance coverage. The City is also now fully insured for workmen's compensation although the City is still obligated for a small number of claims incurred during its self-insured period. The Risk Management Fund's retained earnings designated for claims amounted to \$50,000 at December 31, 2003.

B. Group Self-Insurance

On November 30, 1996, the City established a partially self-funded internal service fund to accumulate monies for the payment of health care claims of the City employees and their dependents. An integral part of this self-funded health insurance program is the procurement of both specific and aggregate Stop-Loss Insurance. The City's self-insured retention is \$40,000 per covered individual.



**CITY OF ARREVILLE, LOUISIANA**

**Notes to Basic Financial Statements (Continued)**

**(19) Interfund Receivables/Payables**

A summary of interfund receivables and payables at December 31, 2003 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major governmental funds:</b>		
General Fund	\$ -	\$ 21,216
Sales Tax Special Revenue Fund	<u>390,976</u>	<u>-</u>
Total major governmental funds	390,976	21,216
<b>Proprietary funds:</b>		
Enterprise Fund	-	399,964
Self-Insurance Internal Service Fund	<u>44,734</u>	<u>-</u>
Total	<u>\$ 44,734</u>	<u>\$ 399,964</u>

The amount due from the Enterprise fund to the Sales tax fund is a long-term loan. In September of 2001, the Legislative Audit Advisory Council of the State of Louisiana required a formal commitment from the Mayor and City Council that there will be no further borrowing from any dedicated funds of the City and that current outstanding advances will be liquidated at the rate of \$5,000 per month. The repayment plan was initiated in November 2001 and the City has complied with its provisions. The amount of interfund advances as of December 31, 2003 is \$149,908.

The receivable in the Self-Insurance Fund is for amounts owed from various other funds for their share of health insurance premiums. The other receivable balances are for short-term loans.

CITY OF ABBEVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Transfers consisted of the following at December 31, 2003:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major governmental funds:</b>		
General Fund	\$ 3,258,808	\$ 75,379
Sales Tax Special Revenue Fund	-	2,164,338
	<u>3,258,808</u>	<u>2,239,717</u>
<b>Nonmajor governmental funds:</b>		
Special revenue funds:		
Public Improvement Sewer Fund	-	19,200
Maintenance and Operation Fire Department Fund	41,518	-
2000 Refunding Certificate of Indebtedness Fund	217,139	-
2000 LC/DBO Drainage Improvement Fund	13,834	-
Total nonmajor governmental funds	<u>272,489</u>	<u>19,200</u>
Total governmental funds	<u>5,624,601</u>	<u>2,675,117</u>
<b>Proprietary funds:</b>		
Enterprise Fund	1,171,245	4,181,600
Internal Service Fund	44,324	-
Total proprietary funds	<u>1,215,569</u>	<u>4,181,600</u>
<b>Total</b>	<u>\$ 6,840,170</u>	<u>\$ 6,840,170</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 in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

(20) **Post Employment Benefits**

**A.  Coba**

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

**B.  Health Insurance Benefits**

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

CITY OF ARBENTILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

C. Pension Benefits

The City is committed to pensions for two retired police officers or their beneficiaries who retired before the City began participating in the Municipal Police Employees' Retirement System of Louisiana. These pensions are financed out of current general fund operations. The total pension costs for the years ended December 31, 2003, and 2002 is \$6,372, and \$8,213, respectively.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CITY OF ABBEVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
Year Ended December 31, 2002

With Comparative Actual Amounts for Year Ended December 31, 2001

	2002			Variance - Positive (Negative)	2001 Actual
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Taxes	\$ 224,000	\$ 230,150	\$ 237,361	\$ 1,611	\$ 230,206
Licenses and permits	463,000	498,000	453,810	3,010	473,413
Intra-governmental	111,000	344,800	366,593	21,790	170,000
Fines and forfeitures	70,000	81,000	88,988	19,600	70,000
Miscellaneous	302,000	298,000	345,787	46,987	494,234
<b>Total revenues</b>	<u>1,170,000</u>	<u>1,394,950</u>	<u>1,492,539</u>	<u>31,608</u>	<u>1,468,753</u>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>General government</b>	1,145,000	1,243,216	1,216,839	27,287	1,176,666
<b>Public safety:</b>					
Police	3,040,500	3,138,800	3,527,143	696,740	3,621,677
Fire	1,182,000	1,176,000	1,764,299	608,000	1,594,961
Highways and streets	802,000	934,000	982,130	21,770	862,677
Culture and recreation	189,000	234,500	247,360	7,240	282,332
Capital outlay	5,000	181,800	187,833	172,000	82,833
<b>Total expenditures</b>	<u>6,548,500</u>	<u>6,818,316</u>	<u>6,696,564</u>	<u>(229,778)</u>	<u>6,673,966</u>
<b>Deficiency of revenues over expenditures</b>	<u>(4,378,500)</u>	<u>(4,261,376)</u>	<u>(4,907,244)</u>	<u>(145,968)</u>	<u>(4,627,693)</u>
<b>Other financing sources (uses):</b>					
Transfers in	4,816,000	4,634,000	4,298,900	(335,099)	4,788,216
Transfers out	-	-	(25,125)	(25,125)	(686)
<b>Total other financing sources (uses)</b>	<u>4,816,000</u>	<u>4,634,000</u>	<u>4,273,775</u>	<u>(111,324)</u>	<u>4,697,530</u>
<b>Surplus (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	44,500	172,624	(21,611)	(169,209)	7,341
<b>Fund balance, beginning</b>	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>	<u>43,698</u>
<b>Fund balance, ending</b>	<u>\$ 179,500</u>	<u>\$ 487,624</u>	<u>\$ 93,389</u>	<u>\$ (169,209)</u>	<u>\$ 51,046</u>

**CITY OF ABBEVILLE, LOUISIANA**  
**Sales Tax Special Revenue Fund**

Budgetary Comparison Schedule  
 Year Ended December 31, 2002

With Comparative Actual Amounts for Year Ended December 31, 2001

	2002			Variance - Positive (Negative)	2001 Actual
	Budget		Actual		
	Original	Final			
<b>Revenues</b>					
Taxes	\$2,371,000	\$2,346,493	\$2,485,611	\$ 139,118	\$2,405,319
Miscellaneous	60,000	168,895	189,781	1,781	14,701
<b>Total revenues</b>	<u>2,431,000</u>	<u>2,515,388</u>	<u>2,675,392</u>	<u>140,907</u>	<u>2,420,020</u>
<b>Expenditures</b>					
<b>Current -</b>					
General government	11,000	14,250	9,895	4,444	14,647
Public safety					
Police	52,000	52,000	51,748	25,112	56,495
Fire	-	3,780	2,979	4,771	4,784
Highways and streets	180,000	155,200	179,334	16,146	174,241
Culture and recreation	114,000	13,800	9,813	2,287	14,717
Capital outlay	-	83,800	81,613	1,347	171,567
<b>Total expenditures</b>	<u>255,000</u>	<u>260,830</u>	<u>266,379</u>	<u>61,507</u>	<u>301,406</u>
<b>Excess of revenues over expenditures</b>	<u>1,176,000</u>	<u>1,254,558</u>	<u>1,409,013</u>	<u>101,254</u>	<u>1,118,614</u>
<b>Other financing uses:</b>					
<b>Transfers in -</b>					
General Fund	(1,116,000)	(1,079,300)	(1,186,350)	144,510	147,000
Debt Service Fund	(21,000)	(211,710)	(217,109)	(2,800)	(211,000)
Airport Improvement Fund	-	-	-	-	62
State Storage Improvement Fund	-	-	(15,034)	(15,034)	-
Utility Fund	(1,280,000)	(984,800)	(1,051,113)	(211,880)	(1,044,388)
<b>Total other financing uses</b>	<u>(2,697,000)</u>	<u>(2,445,710)</u>	<u>(2,569,716)</u>	<u>(115,404)</u>	<u>(1,144,216)</u>
<b>Deficiency of revenues over expenditures and other financing uses</b>	<u>(141,000)</u>	<u>(191,252)</u>	<u>(160,703)</u>	<u>62,800</u>	<u>(24,592)</u>
<b>Fund balance, beginning</b>	<u>600,000</u>	<u>603,690</u>	<u>603,690</u>	<u>-</u>	<u>1,134,113</u>
<b>Fund balance, ending</b>	<u>\$ 459,000</u>	<u>\$ 412,438</u>	<u>\$ 442,987</u>	<u>\$ 41,800</u>	<u>\$ 910,000</u>

## OTHER SUPPLEMENTARY INFORMATION

#### OTHER FINANCIAL INFORMATION



CITY OF ABBEVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
Fiscal Year Ended December 31, 2002  
With Comparative Actual Amounts for Year Ended December 31, 2002

	2002				
	Budget		Actual	Variance - Favorable (Unfavorable)	2002 Actual
	Original	Final			
<b>Taxes:</b>					
Ad valorem	\$ 208,000	\$ 211,000	\$ 207,068	\$ 3,932	\$ 210,098
Housing authority payments in lieu of taxes	10,000	11,200	10,997	(803)	11,238
Chain store	4,000	5,000	5,000	0	5,000
<b>Total taxes</b>	<u>212,000</u>	<u>227,200</u>	<u>223,065</u>	<u>4,129</u>	<u>236,336</u>
<b>Licenses and permits:</b>					
Occupational licenses	40,000	41,000	40,470	(530)	40,511
Beer and liquor licenses	20,000	20,000	20,490	490	20,220
Building permits	7,000	14,000	16,208	2,208	9,994
Other	800	1,000	1,130	130	879
<b>Total licenses and permits</b>	<u>67,800</u>	<u>76,000</u>	<u>78,298</u>	<u>1,298</u>	<u>71,604</u>
<b>Intergovernmental:</b>					
Variation Parish Police Jury -					
Fire insurance	-	41,000	41,528	528	38,098
Printer's billing	20,000	20,000	20,200	200	-
State of Louisiana -					
Revenue sharing	15,000	15,000	14,670	(330)	5,079
Seed loans	25,000	25,000	25,840	840	48,208
Printer's billing	20,000	25,000	26,868	1,868	-
State grants	10,000	12,700	14,208	1,508	13,688
Federal -					
Summer food service program	25,000	25,000	21,894	(3,106)	21,700
Street infrastructure/technical opportunities	25,000	21,000	21,668	668	20,178
Substate/FFW/Block grants	5,000	10,000	11,987	1,987	14,870
EMAP program	5,000	5,000	5,028	28	5,019
<b>Total intergovernmental</b>	<u>152,000</u>	<u>164,700</u>	<u>164,503</u>	<u>(2,200)</u>	<u>173,857</u>
<b>Fees and forfeitures</b>	<u>70,000</u>	<u>65,000</u>	<u>41,798</u>	<u>(28,202)</u>	<u>71,280</u>
<b>Miscellaneous:</b>					
Rental income	41,000	40,000	41,128	(872)	45,271
Penalties/fees - Refuse/Water	80,000	80,000	85,109	5,109	106,496
Penalties/fees - cable TV	20,000	20,000	20,417	417	20,770
Penalties/fees - Ball Bonds	128,000	110,000	104,238	(8,762)	124,401
Interest income	-	100	999	899	1,000
Witness fees	11,000	11,000	11,438	438	11,687
Other income	26,000	26,100	26,217	117	24,220
<b>Total miscellaneous</b>	<u>306,000</u>	<u>293,100</u>	<u>294,727</u>	<u>(11,273)</u>	<u>404,214</u>
<b>Total revenues</b>	<u>\$1,216,800</u>	<u>\$1,294,500</u>	<u>\$1,245,191</u>	<u>(\$49,309)</u>	<u>\$1,451,701</u>

CITY OF MONROE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
Year Ended December 31, 2003

With Comparative Actual Amounts for Year Ended December 31, 2002

	2003			Variance - Favorable (Unfavorable)	2002 Actual
	Budget		Actual		
	Original	Final			
<b>General government</b>					
<b>Administrative -</b>					
Salaries	\$ 288,000	\$ 271,500	\$ 258,151	\$ -209	\$ 284,277
Employee's insurance	92,000	90,000	94,144	2,144	114,000
Papertitles	20,000	20,000	21,600	1,600	20,429
Business	30,000	30,000	19,940	(10,060)	12,543
Capital equipment	48,000	48,000	40,407	(7,593)	40,424
Equipment operating expense	1,000	1,000	6,540	(5,540)	8,727
Contract's fees	30,000	30,000	28,500	1,500	11,021
Dues and subscriptions	3,000	3,000	3,000	-	1,718
Printing	18,000	18,000	13,768	4,232	16,438
Legal and accounting	70,000	70,000	69,900	100	63,260
Maintenance and repair	18,400	18,400	13,884	4,516	8,907
Other professional fees	11,400	14,000	13,364	636	17,128
Toward and construction-expense	4,000	4,000	3,540	460	3,881
Rent	-	-	-	-	4,400
Office supplies	17,000	20,000	24,736	(4,736)	33,100
Postage	12,000	12,000	12,444	444	13,000
Publications	18,000	18,000	71,824	(53,824)	17,488
Tax reimbursement	5,000	5,000	1,337	3,663	3,818
Telephone	18,000	27,100	20,978	6,122	20,900
Utilities	1,000	1,000	-	1,000	1,000
Utilities	67,000	67,000	11,889	55,111	30,648
Electricity for traffic lights	-	-	27	(27)	27
Employee drug testing	3,000	3,000	975	2,025	1,774
Summer food (nutrition) program	11,000	11,000	20,000	(9,000)	11,000
Main street project	11,000	24,000	11,174	12,826	11,499
Miscellaneous	20,000	46,500	20,482	26,018	19,014
<b>Total administrative</b>	<b>711,000</b>	<b>664,500</b>	<b>612,642</b>	<b>98,358</b>	<b>778,632</b>
<b>Support expenses -</b>					
Safety director	11,000	11,000	10,000	-	11,000
General insurance	-	-	-	-	800
Utilities	10,000	10,700	18,205	(7,505)	10,000
Repairs and maintenance	1,000	1,000	2,000	1,000	1,000
Professional services	-	5,000	11,400	(6,400)	-
Supplies	1,000	800	200	800	3,000
Miscellaneous	-	-	10,000	(10,000)	-
<b>Total support</b>	<b>23,000</b>	<b>32,700</b>	<b>34,905</b>	<b>(11,905)</b>	<b>26,810</b>
					<b>805,442</b>

CITY OF ARMYVILLE, OREGON  
General Fund

Budgetary Comparison Schedule - Expenditures (continued)  
Year Ended December 31, 2000  
With Comparative Actual amounts for Year Ended December 31, 2000

	2000		Actual	Variance - Favorable (Unfavorable)	2000 Actual
	Budget				
	Original	Final			
<b>City Court -</b>					
Salaries	19,000	19,000	196,289	781	192,317
Employers' insurance	45,000	45,000	24,722	275	24,411
Payroll taxes	8,000	8,000	7,074	174	7,549
Retirement	8,000	11,278	11,740	493	6,504
General insurance	19,000	21,000	18,787	2,213	18,244
Repairs and maintenance	1,000	1,000	1,884	184	2,097
Rental	-	1,000	1,040	140	1,250
Utilities	1,000	1,000	2,811	1,811	3,117
Witness fees	8,000	11,000	18,870	820	6,895
Legal	26,000	28,000	23,828	(8,178)	49,617
Jury fees	-	-	98	98	112
Miscellaneous	2,000	2,000	2,780	1,180	8,780
<b>Total city court</b>	<b>220,000</b>	<b>221,278</b>	<b>278,932</b>	<b>(1,632)</b>	<b>262,671</b>
<b>Motor Pool -</b>					
Salaries	24,000	25,500	23,496	84	24,882
Employers' insurance	4,500	4,500	2,747	153	2,799
Payroll taxes	2,000	2,000	1,796	204	1,808
Retirement	1,500	1,500	1,776	276	1,233
General insurance	18,000	2,500	9,353	187	9,420
Equipment operating-expense	500	2,000	4,382	(1,482)	1,074
Supplies	1,000	1,000	1,342	(342)	950
Utilities	500	500	172	328	198
Telephone	500	500	568	148	599
Miscellaneous	500	500	290	210	1,825
<b>Total motor pool</b>	<b>45,000</b>	<b>45,000</b>	<b>46,424</b>	<b>(1,676)</b>	<b>44,295</b>
<b>Civil Service -</b>					
Salaries	22,000	26,000	26,712	112	27,096
Employers' insurance	4,000	4,000	2,747	153	2,799
Payroll taxes	2,000	2,000	1,838	170	1,812
Retirement	1,400	1,400	1,493	93	1,099
Subscriptions	500	500	832	(332)	757
Medical services	10,000	10,000	4,488	5,512	16,277
Telephone	500	500	421	89	426
Legal fees	1,000	1,000	2,100	1,100	1,400
Miscellaneous	1,000	1,000	1,124	124	732
<b>Total civil service</b>	<b>43,000</b>	<b>47,000</b>	<b>43,438</b>	<b>3,562</b>	<b>48,286</b>
<b>Total general government</b>	<b>1,243,000</b>	<b>1,243,276</b>	<b>1,216,693</b>	<b>27,583</b>	<b>1,179,669</b>

(continued)

**CITY OF ABBEVILLE, LOUISIANA**  
**General Fund**

**Budgetary Comparison Schedule - Expenditures (continued)**  
**Year Ended December 31, 2003**

With Comparative Actual Amounts for Year Ended December 31, 2002

	2003		Actual	Variance - Favorable (Unfavorable)	2002 Actual
	Budget				
	Original	Final			
<b>Public Safety:</b>					
<b>Police-</b>					
Salaries	1,140,000	1,210,000	1,277,696	(77,196)	1,101,806
Employer's insurance	200,000	200,000	206,793	(16,793)	276,400
Payroll taxes	25,000	24,500	17,208	7,692	23,403
Retirement	80,000	100,000	108,633	(28,633)	80,000
General insurance	200,000	200,000	213,733	(17,444)	213,320
Equipment operating expense	20,000	19,500	19,134	366	49,076
Uniforms	10,000	10,000	9,736	264	30,000
Supplies	20,000	20,000	44,261	(24,261)	43,488
Accidental	7,000	7,000	7,443	(1,443)	6,768
Pension fund	20,000	20,000	41,811	(21,811)	1,847
Pension funding	-	10,000	11,348	(11,348)	-
Utilities	20,000	20,000	21,150	(1,150)	20,343
Telephone	10,000	10,500	11,819	(1,319)	10,749
Dog expenses	2,000	2,000	1,816	184	406
CD&I program	2,000	2,000	1,900	100	1,349
Schools and correction	6,000	10,000	11,346	(1,346)	6,673
Police pension	7,000	7,000	6,312	688	6,133
Legal and professional fees	10,000	10,500	20,430	(9,930)	7,517
Special investigation expense	2,000	2,000	1,870	130	2,000
Miscellaneous	17,000	48,750	77,841	(29,841)	10,648
<b>Total police</b>	<b>1,640,000</b>	<b>1,829,000</b>	<b>1,811,341</b>	<b>(89,759)</b>	<b>1,611,671</b>
<b>Fire-</b>					
Salaries	600,000	607,000	661,111	(57)	1,002,111
Employer's insurance	120,000	104,000	106,117	(16,117)	244,000
Payroll taxes	71,000	70,000	60,710	10,790	62,801
Expenses	141,000	138,000	127,118	10,882	47,184
General insurance	104,000	100,000	110,100	(6,100)	116,277
Equipment operating expense	1,000	10,000	21,200	(10,200)	21,000
Uniforms	11,000	11,000	11,295	(295)	9,082
Supplies	10,500	10,000	20,064	(9,564)	10,626
Utilities	10,000	10,000	17,207	(7,207)	17,078
Telephone	4,200	4,200	5,582	(1,382)	5,600
Maintenance and repairs	11,000	4,000	5,707	603	2,682
Water/sewer cost	10,200	10,200	26,200	(16,000)	26,200
Schools and corrections	10,000	6,000	6,006	4	10,807
Miscellaneous	4,200	7,200	7,200	-	6,000
<b>Total fire</b>	<b>1,281,000</b>	<b>1,295,000</b>	<b>1,290,000</b>	<b>(14,000)</b>	<b>1,448,961</b>
<b>Total public safety</b>	<b>1,821,000</b>	<b>1,994,000</b>	<b>1,901,341</b>	<b>(192,759)</b>	<b>1,726,632</b>

(continued)

**CITY OF ARDENVILLE, LOUISIANA**  
**General Fund**

Budgetary Comparison Schedule - Expenditures (Continued)  
 Year Ended December 31, 2002  
 With Comparative Actual Amounts for Year Ended December 31, 2001

	2002			Variance- Favorable (Unfavorable)	2001 Actual
	Budget		Actual		
	Original	Final			
<b>Highways and Streets</b>					
Salaries	200,000	271,800	277,874	(6,274)	271,800
Employee's insurance	111,000	111,000	108,603	(2,401)	96,892
Payroll taxes	20,000	20,000	20,976	976	19,798
Retirements	15,000	15,000	17,117	(2,117)	11,901
General insurance	200,000	200,000	199,878	122	191,877
Equipment operating expense	17,000	10,000	14,263	603	44,313
Utilities	6,000	6,000	6,483	(483)	4,908
Small tools and supplies	1,000	6,000	3,808	4	4,082
Maintenance materials	16,000	20,000	21,441	10	18,493
Office material	-	-	-	-	19,639
Costs saving	-	3,000	4,770	308	111
Electricity for street lights	64,000	70,000	64,148	(6,000)	64,120
Interest	3,000	3,000	4,081	(981)	1,344
Miscellaneous	3,000	60,700	39,996	6,704	1,311
<b>Total highways and streets</b>	<b>602,000</b>	<b>624,800</b>	<b>624,140</b>	<b>1,778</b>	<b>640,277</b>
<b>Culture and Recreation</b>					
<b>Parks -</b>					
Salaries	28,000	28,000	31,394	(1,804)	28,847
Employee's insurance	22,000	20,000	19,890	110	17,613
Payroll taxes	3,000	2,000	2,497	497	5,290
Retirements	2,000	1,000	1,890	1,000	1,259
General insurance	28,000	28,000	28,706	214	18,844
Equipment operating expense	13,000	14,000	15,228	1,024	17,251
Supplies	1,000	21,000	18,116	1,884	19,200
Repairs and maintenance	4,000	21,000	20,643	643	19,271
Unallocated telephone	23,000	23,000	20,208	1,792	20,909
Security and protection	28,000	27,000	29,913	1,913	30,000
Miscellaneous	3,000	14,800	19,200	(4,400)	290
<b>Total parks</b>	<b>161,000</b>	<b>182,800</b>	<b>187,241</b>	<b>1,961</b>	<b>173,604</b>
<b>Tourist Information Center -</b>					
Salaries	11,000	11,000	12,708	41	12,000
Employee's insurance	4,500	4,500	3,622	841	3,600
Payroll taxes	1,000	1,000	1,080	15	988
Retirements	1,000	1,000	960	40	800
Telephone	500	500	347	153	400
Utilities	1,500	1,500	1,344	156	1,270
Interest	2,500	2,500	2,051	(950)	1,671
Miscellaneous	2,000	2,000	1,424	576	1,311
<b>Total tourist information</b>	<b>26,000</b>	<b>26,000</b>	<b>34,140</b>	<b>1,208</b>	<b>31,841</b>
<b>Total culture and recreation</b>	<b>187,000</b>	<b>208,800</b>	<b>221,381</b>	<b>7,208</b>	<b>205,445</b>

(continued)

CITY OF ARBEEVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (continued)  
Year Ended December 31, 2000

With Comparative Actual Amounts for Year Ended December 31, 1999

	2000		Actual	Variance - Favorable (Unfavorable)	1999 Actual
	Budget				
	Original	Final			
Capital outlay					
General government -					
Administration	-	3,000	3,753	(753)	-
Airport	-	6,500	10,646	(4,146)	5,040
Public safety -					
Police	9,200	21,000	20,708	1,292	-
Fire	-	1,000	1,000	000	-
Highways and Streets	-	19,000	18,793	207	-
Culture and Recreation -					
Parks	-	93,000	120,138	(27,138)	36,861
Total capital outlay	9,200	142,500	170,134	(27,634)	40,861
<b>Total expenditures</b>	<b>\$1,568,000</b>	<b>\$4,033,126</b>	<b>\$4,643,654</b>	<b>\$1,610,528</b>	<b>\$4,033,126</b>

**CITY OF ABBEVILLE, LOUISIANA**  
**General Fund**

Budgetary Comparison Schedule - Other Financing Sources (Use)  
 Year Ended December 31, 2002  
 With Comparative Actual Amounts for Year Ended December 31, 2001

	2002				
	Budget		Actual	Variance: Favorable (Unfavorable)	2001 Actual
	Original	Final			
Other financing sources (uses)					
Transfers from (to) other funds:					
Utility Fund	\$3,780,000	\$4,080,000	\$4,178,018	\$ (29,882)	\$4,260,018
Sales Tax Fund	1,115,000	1,326,000	1,388,391	(73,609)	132,000
Maintenance and Operation	-	-	(81,879)	(81,879)	-
Risk Management Fund	-	-	-	-	(88)
Employee Health Insurance Fund	-	-	(33,648)	(33,648)	-
Total other financing sources (uses)	<u>\$4,895,000</u>	<u>\$5,406,000</u>	<u>\$5,473,378</u>	<u>\$ (28,729)</u>	<u>\$4,692,018</u>

## NONMAJOR GOVERNMENTAL FUNDS



**CITY OF ABBEVILLE, LOUISIANA**  
**Major Governmental Funds**

Comparing Balance Sheet  
 December 31, 2000  
 With Comparative Totals for December 31, 1999

	Special Revenue	Debt Service	Capital Projects	Totals	
				2000	1999
<b>ASSETS</b>					
Cash and interest-bearing deposits	8346,349	8133,338	0 -	8479,687	8 415,334
Receivables -					
Ad valorem taxes	7,756	-	-	7,756	9,409
Other	25	-	-	25	7,870
Due from other governmental units	61,470	-	-	61,470	2,262
<b>Total assets</b>	<b>8415,571</b>	<b>8133,338</b>	<b>0 -</b>	<b>8549,140</b>	<b>8 442,880</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	8 70,081	0 -	0 -	8 70,081	8 1,863
Retainage payable	-	-	-	-	22,632
Deferred revenues	-	-	-	-	41,282
Due to other funds	-	-	-	-	19,642
Due to other governmental units	-	-	-	-	5,173
<b>Total liabilities</b>	<b>70,081</b>	<b>-</b>	<b>-</b>	<b>70,081</b>	<b>87,592</b>
<b>Fund balances:</b>					
Reserved for debt service	0	133,338	0	133,338	317,264
Unreserved, undesignated	345,830	-	-	345,830	236,883
<b>Total fund balances</b>	<b>345,830</b>	<b>133,338</b>	<b>-</b>	<b>479,168</b>	<b>334,251</b>
<b>Total liabilities and fund balances</b>	<b>8415,571</b>	<b>8133,338</b>	<b>0 -</b>	<b>8549,140</b>	<b>8 442,880</b>

CITY OF ARDENVILLE, LOUISIANA  
 Nonmajor Governmental Funds

Comparing Statement of Revenues, Expenditures and Changes in Fund Balances  
 Year Ended December 31, 2002  
 With Comparative Totals for December 31, 2001

	Special	Debt	Capital	Totals	
	Revenue	Service	Projects	2002	2001
<b>Revenues:</b>					
Taxes	\$ 34,341	\$ -	\$ -	\$ 34,341	\$ 33,756
Intergovernmental	154,871	-	304,678	459,541	428,608
Miscellaneous	2,761	590	-	3,351	4,128
Total revenues	<u>191,973</u>	<u>590</u>	<u>304,678</u>	<u>497,241</u>	<u>466,492</u>
<b>Expenditures:</b>					
Current -					
General government	4,716	-	-	4,716	13,774
Public safety -					
Fire	22,384	-	-	22,384	167
Capital outlay	66,110	-	109,784	175,894	503,414
Debt service -					
Principal retirement	-	184,880	-	184,880	183,088
Interest and fiscal charges	-	28,126	-	28,126	84,999
Total expenditures	<u>93,210</u>	<u>213,006</u>	<u>109,784</u>	<u>416,000</u>	<u>771,701</u>
Excess (deficiency) of revenues over expenditures	<u>98,763</u>	<u>(212,416)</u>	<u>(15,106)</u>	<u>129,841</u>	<u>(281,209)</u>
<b>Other financing sources (uses):</b>					
Proceeds of refunding certificates	-	-	-	-	968,008
Payment of refunding certificates	-	-	-	-	(973,088)
Transfers in	41,158	277,139	15,824	334,121	223,188
Transfers out	(29,209)	-	-	(29,209)	-
Total financing sources (uses)	<u>11,949</u>	<u>277,139</u>	<u>15,824</u>	<u>304,912</u>	<u>203,188</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>110,712</u>	<u>58,573</u>	<u>-</u>	<u>169,285</u>	<u>(77,021)</u>
Fund balance, beginning	<u>236,588</u>	<u>117,044</u>	<u>-</u>	<u>353,632</u>	<u>481,514</u>
Fund balance, ending	<u>\$347,300</u>	<u>\$175,617</u>	<u>\$ -</u>	<u>\$522,917</u>	<u>\$404,493</u>

## NONMAJOR SPECIAL REVENUE FUNDS

### Public Improvement (Sewer) Fund

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

### Maintenance and Operation - Fire Department Fund

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

**CITY OF ARDENVILLE, LOUISIANA**  
**Nonmajor Special Revenue Funds**

Combining Balance Sheet  
 December 31, 2003  
 With Comparative Totals for December 31, 2002

	Public Improvement Street Fund	Maintenance and Operation - Fire Dept. Fund	Totals	
			2003	2002
<b>ASSETS</b>				
Interest-bearing deposits	\$ 88,888	\$ 296,651	\$ 348,540	\$ 228,588
Receivables:				
Ad valorem taxes	7,778	-	7,778	9,408
Grants	-	61,479	61,479	-
Other	-	25	25	7,078
Total assets	<u>\$ 91,676</u>	<u>\$ 318,155</u>	<u>\$ 415,831</u>	<u>\$ 245,063</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 70,081	\$ 70,081	\$ 547
Due to other funds	-	-	-	17,638
Total liabilities	<u>-</u>	<u>70,081</u>	<u>70,081</u>	<u>18,185</u>
<b>Fund balances:</b>				
Unreserved - undesignated	<u>91,676</u>	<u>248,174</u>	<u>345,850</u>	<u>226,888</u>
Total liabilities and fund balance	<u>\$ 91,676</u>	<u>\$ 318,155</u>	<u>\$ 415,831</u>	<u>\$ 245,063</u>

**CITY OF ARREVILLE, LOUISIANA**  
**Nonmajor Special Revenue Funds**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Year Ended December 31, 2003  
 With Comparative Totals for Year Ended December 31, 2002

	Public Improvement Sewer Fund	Maintenance and Operation - Fire Dept. Fund	Totals	
			2003	2002
<b>Revenues:</b>				
Taxes	\$ 54,341	\$ -	\$ 54,341	\$ 53,796
Intergovernmental	-	194,971	194,971	194,721
Other revenues	852	3,178	4,030	3,286
Total revenues	<u>\$4,824</u>	<u>127,049</u>	<u>193,673</u>	<u>201,683</u>
<b>Expenditures:</b>				
Current -				
General government	4,776	-	4,776	-
Public safety -				
Fees	-	22,314	22,314	547
Capital outlay	-	68,318	68,318	158,381
Total expenditures	<u>4,776</u>	<u>90,632</u>	<u>93,478</u>	<u>219,688</u>
Excess (deficiency) of revenues over expenditures	<u>9,048</u>	<u>36,417</u>	<u>96,603</u>	<u>(18,155)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	41,339	41,339	-
Transfers out	(19,200)	-	(19,200)	-
	<u>(19,200)</u>	<u>41,339</u>	<u>22,139</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	<u>9,048</u>	<u>87,994</u>	<u>118,042</u>	<u>(9,155)</u>
Fund balances, beginning	<u>68,728</u>	<u>180,368</u>	<u>226,898</u>	<u>216,042</u>
Fund balances, ending	<u>\$ 97,676</u>	<u>\$ 245,154</u>	<u>\$ 343,830</u>	<u>\$ 226,687</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (GAAP Basis) and Actual  
 Year Ended December 31, 2000  
 With Comparative Actual Amounts for Year Ended December 31, 2002

	2000		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Taxes -</b>				
Ad valorem taxes	\$ 34,800	\$ 34,341	\$ 459	\$ 31,366
<b>Other revenues -</b>				
Interest	500	583	83	508
<b>Total revenues</b>	<u>35,300</u>	<u>34,924</u>	<u>376</u>	<u>34,373</u>
<b>Expenditures:</b>				
<b>Current -</b>				
General government	4,900	4,716	(184)	-
<b>Total expenditures</b>	<u>4,900</u>	<u>4,716</u>	<u>(184)</u>	<u>-</u>
<b>Excess of revenues over expenditures</b>	30,400	30,208	192	34,373
<b>Other financing uses</b>				
Transfers out	(16,800)	(16,200)	600	-
<b>Excess of revenues over expenditures and other financing uses</b>	14,200	14,008	192	34,373
<b>Fund balance, beginning</b>	<u>66,728</u>	<u>66,728</u>	<u>-</u>	<u>12,453</u>
<b>Fund balance, ending</b>	<u>\$ 80,928</u>	<u>\$ 80,736</u>	<u>\$ 192</u>	<u>\$ 66,728</u>

CITY OF ABBEVILLE, LOUISIANA  
 Mayor Special Revenue Fund  
 Maintenance and Operation - Fire Department Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (GAAP Basis) and Actual  
 Year Ended December 31, 2003  
 With Comparative Actual Amounts for Year Ended December 31, 2002

	2003		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Intergovernmental -</b>				
Federal grant	\$ -	\$ 61,479	\$ 61,479	\$ 68,007
State grant	-	1,800	1,800	-
Vernon Parish Police Jury fire protection	73,300	73,493	193	78,684
<b>Other -</b>				
Interest	2,000	2,378	378	2,687
Total revenues	<u>75,300</u>	<u>127,149</u>	<u>52,649</u>	<u>147,418</u>
<b>Expenditures:</b>				
Public safety - fire	15,300	23,384	(7,084)	547
Capital outlay	-	88,318	(88,318)	218,381
Total expenditures	<u>15,300</u>	<u>90,694</u>	<u>(75,194)</u>	<u>219,348</u>
<b>Excess (deficiency) of revenues over expenditures</b>				
	59,300	46,455	(12,845)	(112,418)
<b>Other financing sources</b>				
Transfer in	-	41,538	41,538	-
<b>Excess (deficiency) of revenues over expenditures and other financing uses</b>				
	59,300	87,994	28,794	(112,418)
<b>Fund balance, beginning</b>				
	<u>160,168</u>	<u>160,168</u>	<u>-</u>	<u>272,728</u>
<b>Fund balance, ending</b>				
	<u>\$ 219,368</u>	<u>\$248,164</u>	<u>\$ 28,794</u>	<u>\$160,310</u>

## NONMAJOR DEBT SERVICE FUND

### 2001 Refunding Certificates of Indebtedness Fund

To accumulate monies for payment of the \$681,000 Refunding Certificates of Indebtedness, Series 2001. Debt service is financed by transfers from the Sales Tax Fund.



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

Comparative Balance Sheet  
December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Interest-bearing deposits	<u>\$ 123,318</u>	<u>\$ 127,852</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 311
<b>Fund balance:</b>		
Reserved for debt service	<u>123,318</u>	<u>127,541</u>
<b>Total liabilities and fund balance</b>	<u>\$ 123,318</u>	<u>\$ 127,852</u>

CITY OF ARBEVILLE, LOUISIANA  
 Managerial Debt Service Fund  
 2002 Refunding Certificate of Indebtedness Fund

Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (GAAP Basis) and Actual  
 Year Ended December 31, 2002  
 With Comparative Actual Amounts for Year Ended December 31, 2001

	2002		Variance Favorable (Unfavorable)	2001 Actual
	Budget	Actual		
<b>Revenues:</b>				
Other revenues -				
Interest on investments	\$ 1,800	\$ 941	\$ (859)	\$ 822
<b>Expenditures:</b>				
Debt service -				
Principal retirement	184,800	184,800	-	182,800
Interest and fiscal charges	27,778	27,778	-	84,843
Professional fees	-	-	-	8,843
Paying agent fees	-	768	(768)	1,313
Total expenditures	<u>211,778</u>	<u>212,328</u>	<u>(550)</u>	<u>277,799</u>
Deficiency of revenues over expenditures	<u>(210,778)</u>	<u>(211,387)</u>	<u>(609)</u>	<u>(229,977)</u>
<b>Other financing sources:</b>				
Proceeds of refunding certificates	-	-	-	988,000
Payment of refunding certificates	-	-	-	(975,000)
Transfers in	<u>211,778</u>	<u>217,149</u>	<u>5,371</u>	<u>213,162</u>
Total other financing sources	<u>211,778</u>	<u>217,149</u>	<u>5,371</u>	<u>216,162</u>
Excess of revenues and other financing sources over expenditures	1,000	3,974	4,974	7,085
Fund balance, beginning	<u>127,364</u>	<u>127,364</u>	<u>-</u>	<u>128,276</u>
Fund balance, ending	<u>\$ 128,364</u>	<u>\$ 131,338</u>	<u>\$ 4,974</u>	<u>\$ 127,364</u>

## NONMAJOR CAPITAL PROJECTS FUNDS

### Airport Improvement Program Fund

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

### 200 LCDBG Drainage Improvement Fund

To account for drainage improvements within the City. Improvements are funded by state grants and local matching funds.

CITY OF ABBEVILLE, LOUISIANA  
 Nonmajor Capital Projects Funds

Combining Balance Sheet  
 December 31, 2003  
 With Comparative Totals for December 31, 2002

	<u>Airport Improvement</u>	<u>2003 LCDBG Drainage Improvement</u>	<u>Totals</u>	
			<u>2003</u>	<u>2002</u>
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ -	\$ 69,121
Due from other governmental units	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,262</u>
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,121</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Retainage payable	\$ -	\$ -	\$ -	\$ 20,693
Deferred revenue	-	-	-	41,282
Due to other funds	-	-	-	7,813
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,179</u>
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,121</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,121</u>

**CITY OF ABBEVILLE, LOUISIANA**  
**Nonmajor Capital Projects Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended December 31, 2003**  
**With Comparative Totals for December 31, 2002**

	2003		Totals	
	Airport Improvement	LCDRG Drainage Improvement	2003	2002
<b>Revenues:</b>				
Federal grant	\$274,264	\$ -	\$274,264	\$ 263,964
State grant	<u>38,468</u>	<u>-</u>	<u>38,468</u>	<u>17,826</u>
Total revenues	<u>\$312,732</u>	<u>-</u>	<u>\$351,200</u>	<u>\$281,790</u>
<b>Expenditures:</b>				
Current -				
Central government:				
Administration	-	-	-	17,774
Capital outlay	<u>\$312,732</u>	<u>15,034</u>	<u>327,766</u>	<u>299,015</u>
Total expenditures	<u>\$312,732</u>	<u>15,034</u>	<u>342,800</u>	<u>316,789</u>
Deficiency of revenues over expenditures	-	(15,034)	(15,034)	-
<b>Other financing sources:</b>				
Transfers in	<u>-</u>	<u>15,034</u>	<u>15,034</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	-	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (GAAP Basis) and Actual  
 Year Ended December 31, 2002  
 With Comparative Actual Amounts for Year Ended December 31, 2001

	2002		Variance - Favorable (Unfavorable)	2001 Actual
	Budget	Actual		
<b>Revenues:</b>				
Intergovernmental -				
Federal grant	\$ 287,680	\$ 174,104	\$(113,576)	\$ 161,373
State grant	48,080	20,466	(27,614)	17,926
Total revenues	<u>317,680</u>	<u>384,670</u>	<u>(22,990)</u>	<u>179,299</u>
<b>Expenditures:</b>				
Current -				
General government:				
Administration	-	-	-	4,734
Capital outlay	<u>317,680</u>	<u>384,670</u>	<u>22,990</u>	<u>174,721</u>
Total expenditures	<u>317,680</u>	<u>384,670</u>	<u>22,990</u>	<u>179,299</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF ABBEVILLE, LOUISIANA**  
**Nonmajor Capital Projects Fund**  
**2003 LCDBG Drainage Improvement Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget (GAAP Basis) and Actual**  
**Year Ended December 31, 2003**  
**With Comparative Actual Amounts for Year Ended December 31, 2002**

	<u>2003</u>		Variance - Favorable (Unfavorable)	2002 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	<u>-</u>	<u>15,034</u>	<u>(15,034)</u>	<u>-</u>
Deficiency of revenues over expenditures	-	(15,034)	(15,034)	-
Other financing sources:				
Transfers in	<u>-</u>	<u>15,034</u>	<u>15,034</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## INTERNAL SERVICE FUNDS

### **Risk Management Fund**

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

### **Employees Health Insurance Fund**

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



**CITY OF ABBEVILLE, LOUISIANA**  
**Internal Service Funds**

Continuing Balance Sheet  
 December 31, 2002

With Comparative Totals for December 31, 2001

	<u>Risk Management Fund</u>	<u>Employee Health Insurance Fund</u>	<u>Totals</u>	
			2002	2001
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and interest-bearing deposits	\$ 176,216	\$ 106,175	\$ 282,391	\$ 411,112
Receivables:				
Other	514	89,340	89,854	89,340
Due from other funds	-	84,728	84,728	-
Prepaid expenses	<u>98,561</u>	<u>-</u>	<u>98,561</u>	<u>61,500</u>
<b>Total assets</b>	<b><u>\$ 275,291</u></b>	<b><u>\$ 196,843</u></b>	<b><u>\$ 472,134</u></b>	<b><u>\$ 562,952</u></b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 218,850	\$ 148,852	\$ 367,702	\$ 346,171
Account salaries payable	-	-	-	1,081
Other account liabilities	<u>788</u>	<u>-</u>	<u>788</u>	<u>878</u>
<b>Total liabilities</b>	<b><u>219,638</u></b>	<b><u>148,852</u></b>	<b><u>369,270</u></b>	<b><u>358,130</u></b>
<b>Fund equity:</b>				
Retained earnings -				
designated for claims	<u>56,653</u>	<u>-</u>	<u>56,653</u>	<u>201,582</u>
<b>Total liabilities and fund equity</b>	<b><u>\$ 276,291</u></b>	<b><u>\$ 148,852</u></b>	<b><u>\$ 424,913</u></b>	<b><u>\$ 559,712</u></b>

**CITY OF ABBEVILLE, LOUISIANA**  
**Internal Service Funds**

Combining Statement of Revenues, Expenses and Changes in Retained Earnings  
 For the Year Ended December 31, 2000  
 With Comparative Totals for the Year Ended December 31, 1999

	Risk	Employee	Totals	
	Management	Health	1999	2000
	Fund	Fund		
<b>Operating revenues:</b>				
Charges for services -				
Premiums	\$ 808,112	\$ 1,203,891	\$ 2,072,110	\$ 2,094,340
Other revenues -				
Subrogation recoveries	-	182,000	182,000	591,428
Total operating revenues	<u>808,112</u>	<u>1,385,891</u>	<u>2,254,110</u>	<u>2,685,768</u>
<b>Cost of services rendered:</b>				
Claims	27,600	1,426,594	1,454,196	1,281,190
Administrative costs:				
Legal fees	89,271	-	89,271	184,351
Consultants	-	-	-	30,408
Salaries	28,172	-	28,172	24,082
Employee insurance	4,888	-	4,888	7,342
Payroll taxes	3,155	-	3,155	4,000
Retirement	3,228	-	3,228	2,813
Other insurance	834,056	294,273	1,128,329	829,542
Equipment operating expenses	-	-	-	1,284
Trips and conventions	667	-	667	3,139
Office supplies	1,267	-	1,267	823
Telephones	1,247	-	1,247	1,640
Miscellaneous	-	-	-	8,278
Total cost of services rendered	<u>947,863</u>	<u>1,714,754</u>	<u>2,762,627</u>	<u>2,498,821</u>
<b>Operating income (loss)</b>	<b>449,279</b>	<b>(328,863)</b>	<b>(248,540)</b>	<b>206,947</b>
<b>Nonoperating revenues:</b>				
Interest income	<u>2,226</u>	<u>2,226</u>	<u>4,642</u>	<u>2,886</u>
<b>Income (loss) before operating transfers</b>	<b>451,505</b>	<b>(326,637)</b>	<b>(243,898)</b>	<b>209,833</b>
Transfers in	<u>-</u>	<u>44,724</u>	<u>44,724</u>	<u>881</u>
<b>Net income (loss)</b>	<b>451,505</b>	<b>(281,913)</b>	<b>(199,174)</b>	<b>210,714</b>
<b>Retained earnings, beginning</b>	<b>628,321</b>	<b>151,863</b>	<b>231,988</b>	<b>49,294</b>
<b>Retained earnings, ending</b>	<b>\$ 1,079,826</b>	<b>\$ -</b>	<b>\$ 34,814</b>	<b>\$ 259,928</b>

CITY OF AIRBORNEVILLE, LOUISIANA  
Internal Service Funds

Combining Statement of Cash Flows  
For the Year Ended December 31, 2000

With Comparative Totals for the Year Ended December 31, 1999

	Risk Management Fund	Employee Health Insurance Fund	Totals	
			2000	1999
<b>Cash flows from operating activities:</b>				
Operating income (loss)	\$ 149,739	\$ 179,873	\$ 329,612	\$ 302,892
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -</b>				
<b>Changes in current assets and liabilities</b>				
(Increase) decrease in accounts receivable	38,828	188,380	(21,574)	209,693
Increase in prepaid expenses	(27,698)	-	(27,698)	(989)
Increase (decrease) in accounts payable	(14,773)	139,496	124,723	(207,738)
Increase (decrease) in accrued salaries payable	(2,987)	-	(2,987)	583
Increase in other accrued liabilities	138	-	138	68
Total adjustments	(15,390)	89,346	53,698	(31,824)
<b>Net cash provided (used) by operating activities</b>	<u>134,349</u>	<u>269,219</u>	<u>403,310</u>	<u>270,569</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash received from other funds	-	-	-	4,824
Transfers in from other funds	-	-	-	386
<b>Net cash provided by noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,210</u>
<b>Cash flows from investing activities:</b>				
Interest collected on interest-bearing deposits	2,204	2,386	4,590	3,888
Purchase of investment	(75,889)	-	(75,889)	-
<b>Net cash provided (used) by investing activities</b>	<u>(73,685)</u>	<u>2,386</u>	<u>(71,303)</u>	<u>3,888</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	117,829	400,441	326,604	231,419
Cash and cash equivalents, beginning	269,886	214,216	484,102	389,682
<b>Cash and cash equivalents, ending</b>	<u>\$ 387,715</u>	<u>\$ 614,657</u>	<u>\$ 1,002,706</u>	<u>\$ 621,101</u>

(continued)

**CITY OF ABBEVILLE, LOUISIANA**  
**Internal Service Funds**

Combining Statements of Cash Flows (continued)  
 For the Year Ended December 31, 2003

With Comparative Totals for the Year Ended December 31, 2002

	Risk Management Fund	Employee Health Insurance Fund	Totals	
			2003	2002
<b>Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:</b>				
<b>Cash and cash equivalents, beginning of period -</b>				
Cash and interest-bearing deposits - unrestricted	\$ 258,896	\$ 214,236	\$ 473,132	\$ 319,693
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Total cash and cash equivalents	<u>208,896</u>	<u>214,236</u>	<u>423,132</u>	<u>269,693</u>
<b>Cash and cash equivalents, end of period -</b>				
Cash and interest-bearing deposits - unrestricted	176,276	356,775	533,051	473,132
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(125,000)</u>	<u>-</u>	<u>(125,000)</u>	<u>(125,000)</u>
Total cash and cash equivalents	<u>51,276</u>	<u>356,775</u>	<u>407,826</u>	<u>348,132</u>
Net increase (decrease)	<u>\$107,600</u>	<u>\$100,441</u>	<u>\$208,041</u>	<u>\$100,000</u>

**CITY OF ABBEVILLE, LOUISIANA**  
**Enterprise Fund**  
**Utility-System Fund**

**Comparative Departmental Analysis of Revenues and Expenses**  
**For the Years Ended December 31, 2000 and 2001**

	Electric		Water	
	2000	2001	2000	2001
<b>Operating revenues:</b>				
Charges for services	\$ 11,528,092	\$ 10,487,716	\$ 1,042,796	\$ 1,046,520
Other revenues	217,628	139,338	70,903	21,879
<b>Total operating revenues</b>	<u>12,140,780</u>	<u>10,647,406</u>	<u>1,073,721</u>	<u>1,093,429</u>
<b>Operating expenses:</b>				
Salaries	120,785	229,114	912,619	365,058
Employers' insurance	56,700	47,988	65,031	62,824
Payroll taxes	17,709	18,064	24,637	22,918
Retirement	14,823	7,891	19,889	18,888
General insurance	111,904	118,485	82,361	58,426
Equipment operating expense	39,799	55,946	23,815	21,180
Maintenance and repairs - systems	211,124	212,849	93,793	56,080
Overhaul for pumps	-	-	26,858	18,279
Utilities	-	-	117,118	104,888
Materials, tools and supplies	19,490	36,728	82,264	89,411
Electric power purchased	7,251,235	5,583,888	-	-
Professional services	-	-	-	-
Office expense, postage and computer processing	-	-	-	-
Bad debts and collection fees	-	-	-	-
Miscellaneous	22,727	21,793	17,468	17,813
Depreciation	152,917	270,808	179,013	118,528
Burn expense	58,530	287,343	-	-
Allocation of general and administrative expense	216,815	218,112	162,470	149,892
<b>Total operating expenses</b>	<u>8,514,812</u>	<u>7,918,199</u>	<u>1,151,033</u>	<u>1,061,442</u>
<b>Operating income (loss)</b>	<u>\$ 3,625,968</u>	<u>\$ 3,668,867</u>	<u>\$ (77,312)</u>	<u>\$ 3,149</u>

Sawtooth		General and Administrative		Totals	
2003	2002	2003	2002	2003	2002
\$ 652,448	\$ 651,374	\$ -	\$ -	\$13,384,336	\$ 12,183,430
18,413	13,968	-	-	343,804	196,435
<u>630,861</u>	<u>645,148</u>	<u>-</u>	<u>-</u>	<u>13,851,342</u>	<u>12,381,836</u>
178,884	175,153	207,363	200,463	928,251	903,790
48,828	38,387	80,734	68,238	347,519	215,137
13,772	13,348	16,351	14,782	71,368	68,169
11,564	7,883	15,097	9,916	61,528	36,258
71,739	70,464	16,086	18,303	187,908	191,649
16,778	21,218	5,597	4,813	89,001	84,318
83,133	48,719	-	-	188,838	318,638
47,437	48,648	-	-	73,483	83,868
183,131	97,883	21,374	13,634	348,815	213,135
36,844	23,477	-	-	188,798	151,808
-	-	-	-	7,151,258	5,863,088
-	-	635	13,960	635	13,960
-	-	37,680	35,442	37,680	35,442
-	-	83,840	83,578	83,840	83,578
34,413	11,683	11,012	13,364	66,528	64,390
386,696	386,338	34,833	59,449	988,479	834,513
-	-	-	-	39,338	287,343
<u>183,478</u>	<u>148,753</u>	<u>(341,887)</u>	<u>(318,342)</u>	<u>-</u>	<u>-</u>
<u>13,384,336</u>	<u>12,086,356</u>	<u>-</u>	<u>-</u>	<u>30,824,358</u>	<u>24,833,840</u>
<u>\$ 1524,280</u>	<u>\$ 6451,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,027,182</u>	<u>\$ 2,881,896</u>

COMPLIANCE, INTERNAL CONTROL  
AND  
OTHER GRANT INFORMATION



**Dornall, Sikes  
& Frederick.**

24 Expedient/Certified Public Accountant

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Abbeville, Louisiana, as of and for the year ended December 31, 2003, which collectively comprise the basic financial statements of the City's primary government and have issued our report thereon dated May 18, 2004. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Abbeville, Louisiana's primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of primary government financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying summary schedule of current audit findings as item 2003-1.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Abbeville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control

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Paula B. Hahn, CPA, Assistant Mayor

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over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in accounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Abbeville, Louisiana, in a separate letter dated May 18, 2004.

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be used should not be used by anyone other than those specified parties.

*Dwight Allen & Friedrich*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
May 18, 2004



**Darnall, Sikes  
& Frederick.**

LLC, Chartered/Qualified Public Accountant

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

Stephen G. Darnall, CPA, Certified Public Accountant

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

**Compliance**

We have audited the compliance of the City of Abbeville, Louisiana with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2003. The City of Abbeville, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Abbeville, Louisiana's management. Our responsibility is to express an opinion on the City of Abbeville, Louisiana's compliance based on our audit.

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

In our opinion, the City of Abbeville, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Signature of

Stephen G. Darnall, CPA

Principal Auditor

Member of the Public Accounting Firm

### Internal Control Over Compliance

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

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

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

### *Dunwell, Allen & Frazier*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
May 18, 2004

CITY OF ABBEVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2003

Federal Grantor/Pass Through Agency/Program Name	CFDA #	ID Number	Account
<b>United States Department of Agriculture</b>			
Food & Nutrition Service			
Passed Through Louisiana Department of Education			
Summer Food Service Program for Children	85.059	FY 2003	5 32,294
<b>United States Department of Housing &amp; Urban Development</b>			
Passed Through Louisiana Office of Community Development			
Community Development Block Grants - State's Program			
2001-2004 Water Main Replacement	14.235	FY 2003 LCD880 10V	140,468
2001 LCD880 Sewer Improvement	14.236	FY 2002 LCD880	258,316
<b>United States Department of Justice</b>			
Office of Justice Programs			
Passed Through Louisiana Commission on Law Enforcement			
Byrne Formula Grant Program			
Drug Abuse Resistance Education Program	18.379	803-4-001	8,650
Integrated Criminal Apprehension	18.379	803-4-011	27,668
Electronic Equipment	18.379	803-4-021	1,666
Local Law Enforcement Block Grants Program	18.593	2003-LB-001-0017	15,142
<b>United States Department of Transportation</b>			
Federal Aviation Administration			
Airport Improvement Program			
Hilltop Project	20.106	3-23-8003-07	118,941
Tardone Project	20.108	3-23-8003-08	154,355
National Highway Traffic Safety Administration			
Passed Through Louisiana Highway Safety Commission			
State & Community Highway Safety Grant			
Safe & Sober Campaign	20.600	FM2079V180010402	1,079
<b>United States Federal Emergency Management Agency</b>			
Passed through Louisiana Office of Emergency Preparedness			
Public Assistance Grant - Hurricane Lili	83.544	119-00100-00	841,966
Disaster Award			
Assistance to Firefighters Grant	83.554	EMF8-2003-FG-10434	61,429
			<b><u>5 1,753,052</u></b>

**CITY OF ABBEVILLE, LOUISIANA**

**Schedule of Expenditures of Federal Awards (Cont.)**  
**For the Year Ended December 31, 2003**

**NOTE 1      BASIS OF PRESENTATION**

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

**CITY OF ABBEVILLE, LOUISIANA**

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

**PART I SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

**Auditor's Report**

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

**Reportable Conditions – Financial Reporting**

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

**Material Noncompliance – Financial Reporting**

An instance of noncompliance material to the financial statements was disclosed during the audit of the financial statements and is shown as item 3B00-1 on the summary schedule of current audit findings.

**FEDERAL AWARDS**

**Major Program Identification**

The City of Abbeville, Louisiana at December 31, 2005 had two federal programs which were audited as a major programs: FEMA - Public Assistance Grant which received funds from the Federal Emergency Management Agency and Community Development Block Grants / State's Program which received funds from the United States Department of Housing & Urban Development passed through the Louisiana Office of Community Development.

**Low-Risk Audites**

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

**Major Program Threshold**

The dollar threshold to distinguish Type A and Type B programs is \$206,808 for the year ended December 31, 2005.

CITY OF ABBEVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
Year Ended December 31, 2003

Auditor's Report-Major Programs

An unqualified opinion has been issued on the City of Abbeville, Louisiana's compliance for its major program as of and for the year ended December 31, 2003.

Reportable Conditions-Major Programs

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

Compliance Findings Related to Major Programs

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

**PART 2 FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

See compliance finding 2003-1 on the summary schedule of current audit findings.

**PART 3 FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS**

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

CITY OF ABBEVILLE, LOUISIANA

Summary Schedule of Current Audit Findings and  
Corrective Action Plan  
For the Year Ended December 31, 2000

Reference No.      Description of Finding

**Compliance**

**2001-1      Violation of Revenue Refunding Restrictions**

**Finding:** The City is not operating each individual division of the Utility System profitably which is a violation of Section 8.1(b) of the 1998 Bond Resolution.

**Management**

**ML (1)      Inventory Variance**

**Finding:** A comparison of the Utility Fund inventory balance per the City's trial balance and the physical inventory count taken at year end revealed that the physical inventory count was approximately \$62,000 less than the amount per the trial balance prior to the posting of year end closing entries. A difference of this nature is indicative of a lack of internal control over financial reporting of inventory transactions.

**Recommendation:** The City should reconcile on a monthly basis the differences between the inventory status reports and the balances per the general ledger. Access to inventories should be restricted and changes should be documented in the presence of employees responsible for inventory maintenance.

**ML (2)      Police Department Cash Accounts**

**Finding:** The Police Chief currently has control and signature authority over checking accounts that are used to accept the deposits of bond fees, drug forfeitures and other revenues, and from which disbursements are routinely made for expenditures related to the police department. Because these accounts are not administered by the City's accounting department, the transactions of these accounts are not being recorded on the City's general ledger on a monthly basis; the monthly budget to actual reports are incomplete, and the regular purchasing and approval procedures are being bypassed.

**Recommendation:** Signature authority over these accounts should be given to the Mayor so that the City's accounting department can administer these funds. This will allow for transactions to be posted on a monthly basis so that a complete budget to actual report may be generated and monitored, and control over purchasing and approval procedures will be maintained.

**ML (3)      Cover Materials on City Right-of-Way**

**Finding:** Article VII, Section 14 of the Louisiana Constitution prohibits funds, credits, property, or things of value of the state or any political subdivision from being loaned, pledged, or donated to or for any person. The City may have violated Louisiana's Constitution by providing improvements and cover materials over subjects in driveways of private individuals, businesses, and organizations.

**Recommendation:** The City should consult with legal counsel to determine the propriety of such expenditures of public funds.



Corrective  
Action  
Table

Corrective Action Plan

- |     |   |
|-----|---|
| No  | (1) The City's Utility System as a whole is able to produce sufficient operating income to meet its debt service requirements, therefore, no changes to the City's rates are required. Additionally, the City of Abbeville paid the 1998 debt in full on February 15, 2004.   |
| Yes | (1) The Purchasing Supply Assistant located at the Utility Building will spot check physical count of inventory monthly and provide tighter control of the inventory.   |
| Yes | (2) Signature authority over these accounts will be given to the Mayor by June 30, 2004. All purchases will flow through the accounting department for approval by the Mayor. All records prior to June 30, 2004 will be manually posted to the general ledger so as to compile an accurate budget to actual report.  |
| Yes | (3) The City's return on its investment in such projects can be justified especially where the landowner has provided subsidies. All public works benefit private persons to some degree, therefore, the question posed in Article VII, is whether the public is receiving fair value for each expenditure. It is impossible to establish a "bright-line" rule because the facts and circumstances of each project must be considered. However, if the City adopts a process and procedure by which each project is evaluated which insures that the public is receiving fair value for the expenditure, there should be no legal consequences for these types of projects. |