

CITY OF OPELOUSAS, LOUISIANA

Financial Report

Year Ended August 31, 2018

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net position	10
Statement of revenues, expenditures, and changes in fund balances - governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	12
Statement of net position - proprietary funds	13
Statement of revenues, expenses, and changes in fund net position - proprietary funds	14
Statement of cash flows - proprietary funds	15-16
Notes to basic financial statements	17-52
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	54
Sales Tax Special Revenue Fund	55
Schedule of employer's share of net pension liability	56
Schedule of employer contributions	57
Notes to the required supplementary information	58-59
OTHER SUPPLEMENTARY INFORMATION	
OTHER FINANCIAL INFORMATION	
Nonmajor Governmental Funds -	
Combining balance sheet	63
Combining statement of revenues, expenditures, and changes in fund balances	64
Internal Service Funds -	
Combining statement of net position	66
Combining statement of revenues, expenses, and changes in fund net position	67
Combining statement of cash flows	68
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70-71
Schedule of current and prior year audit findings and management's corrective action plan	72-91

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Julius Alsandor, Mayor
and Members of the Board of Aldermen
City of Opelousas, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opelousas, Louisiana, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Opelousas, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opelousas, Louisiana, as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 54 - 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Opelousas, Louisiana's basic financial statements. The combining statements included in other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion these combining statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2019, on our consideration of the City of Opelousas, Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Opelousas, Louisiana’s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
May 30, 2019

BASIC FINANCIAL STATEMENTS

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Net Position
August 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 2,893,563	\$ 207,129	\$ 3,100,692
Receivables, net	236,541	1,418,743	1,655,284
Internal balances	1,672,734	(1,672,734)	-
Due from other governmental units	45,295	-	45,295
Inventory	60,606	39,411	100,017
Restricted assets:			
Cash and interest-bearing deposits	73,234	3,762,303	3,835,537
Capital assets:			
Land and construction in progress	1,933,028	134,148	2,067,176
Capital assets, net	<u>13,084,271</u>	<u>19,712,452</u>	<u>32,796,723</u>
Total assets	<u>19,999,272</u>	<u>23,601,452</u>	<u>43,600,724</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>3,912,063</u>	<u>491,641</u>	<u>4,403,704</u>
LIABILITIES			
Accounts payable and accrued expenses	1,008,095	139,176	1,147,271
Due to other government units	394,471	-	394,471
Claims payable	949,663	-	949,663
Customers' meter deposits	-	550,183	550,183
Taxes paid under protest	3,111	-	3,111
Long-term liabilities:			
Compensated absences payable	1,030,360	51,342	1,081,702
Bonds, notes, and leases due within one year	375,000	1,260,000	1,635,000
Bonds, notes, and leases due after one year	2,520,000	8,505,885	11,025,885
Net pension liability	<u>21,494,281</u>	<u>2,146,808</u>	<u>23,641,089</u>
Total liabilities	<u>27,774,981</u>	<u>12,653,394</u>	<u>40,428,375</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>1,617,472</u>	<u>99,927</u>	<u>1,717,399</u>
NET POSITION			
Net investment in capital assets	17,910,010	10,080,715	27,990,725
Restricted for:			
Debt service	38,598	1,656,832	1,695,430
Construction	-	648,225	648,225
Grant provisions	-	262,207	262,207
Unrestricted (deficit)	<u>(23,429,726)</u>	<u>(1,308,207)</u>	<u>(24,737,933)</u>
Total net position	<u>\$ (5,481,118)</u>	<u>\$ 11,339,772</u>	<u>\$ 5,858,654</u>

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Activities
For the Year Ended August 31, 2018

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 3,284,100	\$ -	\$ 10,950	\$ -	\$ (3,273,150)	\$ -	\$ (3,273,150)
Public safety	10,956,644	203,875	951,896	-	(9,800,873)	-	(9,800,873)
Public works	2,478,243	-	-	-	(2,478,243)	-	(2,478,243)
Health & welfare	567,477	193,193	-	-	(374,284)	-	(374,284)
Culture and recreation	1,825,025	169,424	5,000	-	(1,650,601)	-	(1,650,601)
Economic development	88,264	-	-	-	(88,264)	-	(88,264)
Insurance claims and costs	1,020,332	-	-	-	(1,020,332)	-	(1,020,332)
Interest and fees on debt	119,898	-	-	-	(119,898)	-	(119,898)
Total governmental activities	<u>20,339,983</u>	<u>566,492</u>	<u>967,846</u>	<u>-</u>	<u>(18,805,645)</u>	<u>-</u>	<u>(18,805,645)</u>
Business-type activities:							
Electric Light and Waterworks	3,634,782	5,558,717	-	-	-	1,923,935	1,923,935
Sewer	2,009,512	1,972,966	-	-	-	(36,546)	(36,546)
ORECD	28	-	-	-	-	(28)	(28)
Total business-type activities	<u>5,644,322</u>	<u>7,531,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,887,361</u>	<u>1,887,361</u>
Total	<u>\$ 25,984,305</u>	<u>\$ 8,098,175</u>	<u>\$ 967,846</u>	<u>\$ -</u>	<u>\$ (18,805,645)</u>	<u>\$ 1,887,361</u>	<u>\$ (16,918,284)</u>
General revenues:							
Taxes -							
Ad valorem taxes, levied for general purposes					1,025,665	-	1,025,665
Sales and use taxes, levied for general purposes					9,570,674	-	9,570,674
Franchise taxes					1,135,467	-	1,135,467
Hotel /motel taxes					130,533	-	130,533
Interest and investment earnings					25,841	13,384	39,225
Occupational licenses and other permits					905,522	-	905,522
Racino income					293,472	-	293,472
Video poker revenue					55,242	-	55,242
State beer tax					39,750	-	39,750
Insurance rebate					71,716	-	71,716
Nonemployer pension contribution					570,331	32,335	602,666
Miscellaneous					203,560	17,713	221,273
Transfers					2,825,000	(2,825,000)	-
Total general revenues and transfers					<u>16,852,773</u>	<u>(2,761,568)</u>	<u>14,091,205</u>
Change in net position					(1,952,872)	(874,207)	(2,827,079)
Net position, as restated - September 1, 2017					<u>(3,528,246)</u>	<u>12,213,979</u>	<u>8,685,733</u>
Net position - August 31, 2018					<u>\$ (5,481,118)</u>	<u>\$ 11,339,772</u>	<u>\$ 5,858,654</u>

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

FUND FINANCIAL STATEMENTS (FFS)

CITY OF OPELOUSAS, LOUISIANA

Balance Sheet
Governmental Funds
August 31, 2018

	General	Sales Tax Special Revenue	Other Governmental	Total
ASSETS				
Cash and cash equivalents	\$ 152,571	\$2,465,964	\$ 117,755	\$2,736,290
Receivables	236,541	-	-	236,541
Due from other funds	2,511,458	698,762	-	3,210,220
Due from other governmental units	45,295	-	-	45,295
Inventory	60,606	-	-	60,606
Restricted assets:				
Interest-bearing deposits	73,234	-	-	73,234
Total assets	<u>\$3,079,705</u>	<u>\$3,164,726</u>	<u>\$ 117,755</u>	<u>\$6,362,186</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 785,002	\$ -	\$ 191,076	\$ 976,078
Taxes paid under protest	3,111	-	-	3,111
Due to other funds	418,142	-	36	418,178
Due to other governmental units	394,471	-	-	394,471
Total liabilities	<u>1,600,726</u>	<u>-</u>	<u>191,112</u>	<u>1,791,838</u>
Deferred inflows of resources:				
Unavailable revenue	79,831	-	-	79,831
Fund balances:				
Nonspendable - inventory	60,606	-	-	60,606
Restricted - debt service	-	-	38,598	38,598
Restricted - sales tax dedications	-	3,164,726	-	3,164,726
Assigned - capital expenditures	211	-	4,791	5,002
Assigned - health and welfare	-	-	11,444	11,444
Assigned - public safety	-	-	10,230	10,230
Unassigned	1,338,331	-	(138,420)	1,199,911
Total fund balances	<u>1,399,148</u>	<u>3,164,726</u>	<u>(73,357)</u>	<u>4,490,517</u>
Total liabilities and fund balances	<u>\$3,079,705</u>	<u>\$3,164,726</u>	<u>\$ 117,755</u>	<u>\$6,362,186</u>

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

CITY OF OPELOUSAS, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2018

Total fund balances for governmental funds at August 31, 2018		\$ 4,490,517
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Construction in progress	\$ 91,499	
Land	1,841,529	
Buildings, net of \$4,268,250 accumulated depreciation	4,331,479	
Improvements other than buildings, net of \$10,349,089 accumulated depreciation	7,304,305	
Equipment and machinery, net of \$5,618,031 accumulated depreciation	<u>1,448,487</u>	15,017,299
The deferred outflows of contributions to retirement systems are not available resources, and therefore, are not reported in the funds.		3,912,063
Some liabilities are not due and payable from current financial resources and are, therefore not reported in the funds. These liabilities consist of the following:		
Bonds payable	(2,895,000)	
Compensated absences	(1,030,360)	
Net pension liability	<u>(21,494,281)</u>	(25,419,641)
The deferred inflows of contributions to the retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds.		(1,617,472)
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows at the fund level.		
Unavailable revenue - delinquent ad valorem taxes		79,831
Net position of the group self-insurance internal service funds		<u>(1,943,715)</u>
Total net position of governmental activities at August 31, 2018		<u>\$ (5,481,118)</u>

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended August 31, 2018

	General	Sales Tax Special Revenue	Other Governmental	Total
Revenues:				
Taxes	\$ 2,284,820	\$ 9,570,674	\$ -	\$ 11,855,494
Licenses and permits	905,522	-	-	905,522
Intergovernmental	1,582,490	-	1,711	1,584,201
Charges for services	383,340	-	-	383,340
Fines and forfeits	28,949	-	-	28,949
Investment earnings	12,550	9,545	492	22,587
Other	262,118	-	-	262,118
Total revenues	<u>5,459,789</u>	<u>9,580,219</u>	<u>2,203</u>	<u>15,042,211</u>
Expenditures:				
Current -				
General government	2,542,781	376,436	-	2,919,217
Public safety	10,120,184	-	2,250	10,122,434
Public works	1,865,662	-	-	1,865,662
Health and welfare	524,073	-	-	524,073
Culture and recreation	1,528,026	-	-	1,528,026
Economic development	83,545	-	-	83,545
Capital outlay	709,482	-	444,521	1,154,003
Debt service -				
Principal retirement	370,000	-	-	370,000
Interest and fiscal charges	119,898	-	-	119,898
Total expenditures	<u>17,863,651</u>	<u>376,436</u>	<u>446,771</u>	<u>18,686,858</u>
Excess (deficiency) of revenues over expenditures	<u>(12,403,862)</u>	<u>9,203,783</u>	<u>(444,568)</u>	<u>(3,644,647)</u>
Other financing sources (uses):				
Transfers in	12,495,944	-	293,073	12,789,017
Transfers out	<u>(1,312,904)</u>	<u>(9,473,851)</u>	<u>-</u>	<u>(10,786,755)</u>
Total other financing sources (uses)	<u>11,183,040</u>	<u>(9,473,851)</u>	<u>293,073</u>	<u>2,002,262</u>
Net changes in fund balances	(1,220,822)	(270,068)	(151,495)	(1,642,385)
Fund balances, beginning, as restated	<u>2,619,970</u>	<u>3,434,794</u>	<u>78,138</u>	<u>6,132,902</u>
Fund balances (deficit), ending	<u>\$ 1,399,148</u>	<u>\$ 3,164,726</u>	<u>\$ (73,357)</u>	<u>\$ 4,490,517</u>

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

CITY OF OPELOUSAS, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended August 31, 2018

Total net changes in fund balances for the year ended August 31, 2018 per the statement of revenues, expenditures and changes in fund balances \$ (1,642,385)

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

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

Capital outlay which is considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 985,685	
Depreciation expense for the year ended August 31, 2018	(993,710)	
Disposal of capital assets	<u>(90,000)</u>	(98,025)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities over multiple periods.

Repayment of long-term debt	370,000
-----------------------------	---------

Some long-term liabilities are not recognized at the fund level because they do not represent a claim on current financial resources. Expenses at the government-wide level are recognized when these liabilities are incurred, while expenditures are recognized at the fund level when cash payments are made. The amounts below represent the difference between the expenses incurred at the government-wide level and the current financial resources expended at the fund level.

Compensated absences	136,271	
Net pension liability	<u>570,331</u>	706,602

Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows of resources at the fund level.

Net change in unavailable revenues - delinquent ad valorem taxes	36,315
--	--------

Net income/loss of group self-insurance internal service fund	<u>(194,340)</u>
---	------------------

Total changes in net position for the year ended August 31, 2018 per the Statement of Activities \$ (821,833)

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Net Position - Proprietary Funds
August 31, 2018

	Business -Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Electric Light and Waterworks	Sewer	Other Enterprise Funds		
ASSETS					
Current assets:					
Cash and interest-bearing deposits	\$ 776	\$ -	\$ 206,353	\$ 207,129	\$ 157,273
Receivables, net					
Customers	556,996	593,057	-	1,150,053	-
Notes	-	-	58,796	58,796	-
Other	209,894	-	-	209,894	-
Due from other funds	3,655	-	-	3,655	250,442
Inventories	38,981	430	-	39,411	-
Total current assets	<u>810,302</u>	<u>593,487</u>	<u>265,149</u>	<u>1,668,938</u>	<u>407,715</u>
Noncurrent assets:					
Restricted assets -					
Cash and interest-bearing deposits	3,713,128	49,175	-	3,762,303	-
Capital assets, net of accumulated depreciation	10,495,651	9,350,949	-	19,846,600	-
Total noncurrent assets	<u>14,208,779</u>	<u>9,400,124</u>	<u>-</u>	<u>23,608,903</u>	<u>-</u>
Total assets	<u>15,019,081</u>	<u>9,993,611</u>	<u>265,149</u>	<u>25,277,841</u>	<u>407,715</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions	<u>378,442</u>	<u>113,199</u>	<u>-</u>	<u>491,641</u>	<u>-</u>
LIABILITIES					
Current liabilities (payable from current assets):					
Accounts payable	79,191	43,471	-	122,662	32,017
Claims payable	-	-	-	-	949,663
Due to other funds	931,066	745,321	2	1,676,389	1,369,750
Total	<u>1,010,257</u>	<u>788,792</u>	<u>2</u>	<u>1,799,051</u>	<u>2,351,430</u>
Current liabilities (payable from restricted assets):					
Revenue bonds payable	705,000	555,000	-	1,260,000	-
Construction payable	16,514	-	-	16,514	-
Customers' meter deposits	550,183	-	-	550,183	-
Total	<u>1,271,697</u>	<u>555,000</u>	<u>-</u>	<u>1,826,697</u>	<u>-</u>
Total current liabilities	<u>2,281,954</u>	<u>1,343,792</u>	<u>2</u>	<u>3,625,748</u>	<u>2,351,430</u>
Noncurrent liabilities:					
Revenue bonds payable	3,960,000	4,545,885	-	8,505,885	-
Net pension liability	1,664,547	482,261	-	2,146,808	-
Compensated absences	46,196	5,146	-	51,342	-
Total noncurrent liabilities	<u>5,670,743</u>	<u>5,033,292</u>	<u>-</u>	<u>10,704,035</u>	<u>-</u>
Total liabilities	<u>7,952,697</u>	<u>6,377,084</u>	<u>2</u>	<u>14,329,783</u>	<u>2,351,430</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	<u>76,266</u>	<u>23,661</u>	<u>-</u>	<u>99,927</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	5,830,651	4,250,064	-	10,080,715	-
Restricted for:					
Bond retirement	1,656,832	-	-	1,656,832	-
Construction	599,050	49,175	-	648,225	-
Grant provisions	-	-	265,147	265,147	-
Unrestricted (deficit)	<u>(717,973)</u>	<u>(593,174)</u>	<u>-</u>	<u>(1,311,147)</u>	<u>(1,943,715)</u>
Total Net position	<u>\$ 7,368,560</u>	<u>\$ 3,706,065</u>	<u>\$ 265,147</u>	<u>\$ 11,339,772</u>	<u>\$(1,943,715)</u>

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended August 31, 2018

	Business -Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Electric Light and Waterworks	Sewer	Other Enterprise Funds		
Operating revenues:					
Charges for services					
Utilities	\$ 5,140,247	\$ 1,716,414	\$ -	\$ 6,856,661	\$ -
Interest	-	-	874	874	-
Premiums	-	-	-	-	3,048,865
Other	60,488	256,552	-	317,040	833,549
Total operating revenues	<u>5,200,735</u>	<u>1,972,966</u>	<u>874</u>	<u>7,174,575</u>	<u>3,882,414</u>
Operating expenses:					
Personal services	1,166,232	339,866	-	1,506,098	-
Supplies and materials	335,191	47,803	28	383,022	-
Other services and charges	868,268	621,158	-	1,489,426	4,902,746
Repairs and maintenance	268,958	377,519	-	646,477	-
Depreciation	767,202	426,653	-	1,193,855	-
Total operating expenses	<u>3,405,851</u>	<u>1,812,999</u>	<u>28</u>	<u>5,218,878</u>	<u>4,902,746</u>
Operating income (loss)	<u>1,794,884</u>	<u>159,967</u>	<u>846</u>	<u>1,955,697</u>	<u>(1,020,332)</u>
Nonoperating revenues (expenses):					
Investment income	15,844	(3,334)	-	12,510	3,254
Cleco surcharge	364,085	-	-	364,085	-
Miscellaneous	11,610	-	-	11,610	-
Nonemployer pension contribution	24,672	7,663	-	32,335	-
Interest and fiscal charges	(228,931)	(196,513)	-	(425,444)	-
Total nonoperating revenues (expenses)	<u>187,280</u>	<u>(192,184)</u>	<u>-</u>	<u>(4,904)</u>	<u>3,254</u>
Income (loss) before transfers	<u>1,982,164</u>	<u>(32,217)</u>	<u>846</u>	<u>1,950,793</u>	<u>(1,017,078)</u>
Operating transfers in (out)					
Transfers in	1,035,664	275,000	-	1,310,664	822,738
Transfers out	(3,529,273)	(606,391)	-	(4,135,664)	-
Total operating transfers in (out)	<u>(2,493,609)</u>	<u>(331,391)</u>	<u>-</u>	<u>(2,825,000)</u>	<u>822,738</u>
Change in net position	(511,445)	(363,608)	846	(874,207)	(194,340)
Net position, beginning, as restated	<u>7,880,005</u>	<u>4,069,673</u>	<u>264,301</u>	<u>12,213,979</u>	<u>(1,749,375)</u>
Net position, ending	<u>\$ 7,368,560</u>	<u>\$ 3,706,065</u>	<u>\$ 265,147</u>	<u>\$ 11,339,772</u>	<u>\$ (1,943,715)</u>

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended August 31, 2018

	Business -Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Electric Light and Waterworks	Sewer	Other Enterprise Funds		
Cash flows from operating activities:					
Cash received from customers	\$ 5,275,787	\$ 2,032,215	\$ 874	\$ 7,308,876	\$ 3,048,865
Other receipts	-	-	-	-	833,549
General and administrative expenses paid	-	-	-	-	(85,236)
Cash payments to suppliers for goods and services	(1,676,996)	(1,127,814)	(28)	(2,804,838)	(2,776,857)
Insurance paid	-	-	-	-	(1,529,125)
Cash payments to employees for services	(1,080,087)	(319,279)	-	(1,399,366)	-
Net cash provided (used) by operating activities	<u>2,518,704</u>	<u>585,122</u>	<u>846</u>	<u>3,104,672</u>	<u>(508,804)</u>
Cash flows from noncapital financial activities:					
Cash received from other funds	1,030,011	275,000	-	1,305,011	439,049
Cash paid to other funds	(2,858,965)	170,255	2	(2,688,708)	-
Surcharge and other	<u>375,716</u>	<u>-</u>	<u>-</u>	<u>375,716</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(1,453,238)</u>	<u>445,255</u>	<u>2</u>	<u>(1,007,981)</u>	<u>439,049</u>
Cash flows from capital and related financing activities:					
Net purchase of fixed assets	(235,615)	(146,451)	-	(382,066)	-
Net principal on revenue bonds paid	(695,000)	(515,000)	-	(1,210,000)	-
Interest on revenue bonds paid	<u>(228,931)</u>	<u>(196,513)</u>	<u>-</u>	<u>(425,444)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(1,159,546)</u>	<u>(857,964)</u>	<u>-</u>	<u>(2,017,510)</u>	<u>-</u>
Cash flows from investing activities					
Interest on investments	<u>15,844</u>	<u>(3,334)</u>	<u>-</u>	<u>12,510</u>	<u>3,254</u>
Net increase (decrease) in cash and cash equivalents	(78,236)	169,079	848	91,691	(66,501)
Cash and cash equivalents, beginning of period	<u>3,792,140</u>	<u>(119,904)</u>	<u>205,505</u>	<u>3,877,741</u>	<u>223,774</u>
Cash and cash equivalents, end of period	<u>\$ 3,713,904</u>	<u>\$ 49,175</u>	<u>\$ 206,353</u>	<u>\$ 3,969,432</u>	<u>\$ 157,273</u>

(continued)

CITY OF OPELOUSAS, LOUISIANA

Statement of Cash Flows
 Proprietary Funds (Continued)
 For the Year Ended August 31, 2018

	Business -Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric Light and Waterworks	Sewer	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,794,884	\$ 159,967	\$ 846	\$ 1,955,697	\$ (1,020,332)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	767,202	426,653	-	1,193,855	-
Pension expense	88,702	27,770	-	116,472	-
Change in assets and liabilities:					
Decrease in accounts receivable	119,492	59,249	-	178,741	-
Increase in inventory	(949)	-	-	(949)	-
Increase (decrease) in accounts payable	(115,524)	(81,334)	-	(196,858)	(79,938)
Decrease in construction payable	(88,105)	-	-	(88,105)	-
Increase in claims payable	-	-	-	-	591,466
Increase (decrease) in customers' meter deposits	(44,441)	-	-	(44,441)	-
Increase (decrease) in accrued compensated absences	(2,557)	(7,183)	-	(9,740)	-
Net cash provided (used) by operating activities	<u>\$ 2,518,704</u>	<u>\$ 585,122</u>	<u>\$ 846</u>	<u>\$ 3,104,672</u>	<u>\$ (508,804)</u>

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The City of Opelousas, Louisiana, was incorporated under the provisions of the Lawrason Act and operates under the Mayor-Board of Aldermen form of government.

As the municipal governing authority, for reporting purposes, the City of Opelousas, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) 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, and (d) organizations that are closely related to, or financially integrated with the primary government.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's government authority (Mayor and Board of Aldermen) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

The City is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the City and do not present information on any other governmental unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the City as an economic unit. The government-wide financial statements report the City's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditure/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the City. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The City uses the following funds, grouped by fund type.

Governmental Funds -

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balance of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the City. The following is the City's major special revenue fund:

The Sales Tax Special Revenue Fund is used to account for the proceeds of two separate one percent sales taxes and 0.2 percent sales tax that are legally restricted to expenditures for specific purposes.

Capital Projects Funds

Capital Projects Funds are used to report resources that are restricted, committed, or assigned to expenditures for major capital acquisition and construction separately from ongoing operational activities. The City has no major capital projects funds.

Debt Service Funds

Debt Service Funds are used to account for and report resources that are restricted, committed, or assigned to expenditures for principal and interest. The City has no major debt service funds.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and nonmajor funds aggregated. A reconciliation is presented to summarize the differences in fund balances of the governmental fund financial statements and the net position of the governmental activities in the government-wide financial statements.

Proprietary Funds –

Proprietary funds are used to account for the City's ongoing operations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the City are enterprise funds and internal service funds.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Enterprise Funds

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the government body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City’s major enterprise funds are as follows:

The Electric Light and Waterworks Fund accounts for the provision of electricity and water services to residents of the City of Opelousas, Louisiana. All activities necessary to provide such services are accounted for in this fund, including but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

The Sewer Fund accounts for the provision of sewer services to residents of the City of Opelousas, Louisiana. All activities necessary to provide such services are accounted for in this fund, including but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Internal Service Funds

Internal service funds are used to report activities which provide goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. The City includes services such as insurance benefits in these funds. All of the internal service funds’ net position and activities are combined with the governmental activities in the government-wide financial statements. The City’s internal services funds are the Internal Service Fund A, Internal Service Fund G, Workmen’s Compensation Fund, and Health Self-Insurance Fund.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The City considers reimbursement amounts received within one year as available. The City accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Interest on invested fund is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the City. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the City and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City.

Under state law, the City may 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 of America. The City may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

For the purpose of the proprietary funds' statements 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.

Receivables

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, franchise taxes, police fines, fees and rental payments. Business-type activities report customer's utility service receivables as the major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible customers' utility receivables was \$ \$494,684 at August 31, 2018. 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.

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 are reported as "advances to and from other funds." Interfund receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

Inventory

Inventory is valued at cost and is recognized as an expenditure under the consumption method. Under this method, inventories are recorded as expenditures when they are used.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond August 31, 2018 are recorded as prepaid items.

Restricted Assets

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

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 cost is not available. Donated assets are recorded as capital assets at acquisition value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

Buildings and improvements	20-60 years
Furniture and equipment	5-15 years
Vehicles	3-15 years
Water system	20-50 years
Sewerage system	20-50 years
Meters	10-20 years

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt consists primarily of the public improvement bonds payable, 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 payment of principal and interest are 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

Compensated Absences

The City allows employees to accumulate a maximum of one-third of vacation earned during a calendar year. Unused vacation in excess of one-third shall be automatically added to the employee's sick leave account. Employees are also allowed to accumulate all of the sick leave they earn during a calendar year. Upon termination or retirement, an employee shall be paid all of his accumulated vacation pay. Upon regular or disability retirement, employees shall be paid, or his beneficiary shall be paid upon employee's death, an amount equal to one-fourth day for each accumulated sick leave day at the regular hourly rate of pay not to exceed one hundred eighty days.

The employees of the Police Department have 365 days of sick leave a year. Each of these employees earns 144 hours of vacation each year. After ten years of service, field workers get an additional 12 hours each year and office personnel get an additional 8 hours each year not to exceed 240 hours.

The employees of the Fire Department have 365 days of sick leave a year. Each of these employees earns 216 hours of vacation leave per year. After ten years of service these employees get an additional 24 hours each year not to exceed 240 hours. Employees who do not take any sick leave earn an additional 24 hours of vacation leave. Also, employees who do not have any injuries on the job during the year earn an additional 24 hours of vacation leave. Therefore, the maximum vacation an employee can earn is 360 hours. A maximum of one-third of unused vacation shall be accumulated per year.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reported deferred outflows of resources related to pensions of \$4,403,704 at August 31, 2018.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reported deferred inflows of resources related to pensions of \$1,717,399 at August 31, 2018. The City also reported deferred inflows of resources related to unavailable revenue of \$79,831 in the General Fund at August 31, 2018.

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, contributors, laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the City's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The City's nonspendable fund balance includes inventory.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the City through formal legislative action of the Mayor and Board of Aldermen and does not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of an Ordinance (Law) by the Mayor and Board of Aldermen.
- d. Assigned includes fund balance amounts that are constrained by the City's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the City Clerk and approval of a Resolution by the Mayor and Board of Aldermen.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the City's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the City uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

E. Revenues, Expenditures, and Expenses

Revenues

The City considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The City generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The City's major revenue sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are three classifications of programmatic revenues for the City, grant program specific grant and contribution revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Charges for service are revenues 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. The primary sources of program revenues are fees, fines, and charges paid by recipients of goods and services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and earned income in connection with the operation of the City's utility system.

Interest income is recorded as earned in the fund holding the interest-bearing asset.

Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expense are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character
- Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

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

G. Capitalization of Interest Expense

It is the policy of the City of Opelousas to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the Proprietary Funds. At August 31, 2018, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

H. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, a liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reported period. Actual results could differ from those estimates.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Deficit Net Position

The following individual funds had deficits in unrestricted net position at August 31, 2018:

	<u>Deficit Amount</u>
Capital Projects Fund	\$ (138,420)
Internal Service Fund A	(124,898)
Internal Service Fund G	(756,404)
Health Self Insurance Fund	(1,367,046)

These deficits will be eliminated by increasing revenues and/or reducing expenditures.

(3) Ad Valorem Taxes

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and moveable property located in the parish. Assessed values are established by the St. Landry Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. For the calendar year ended December 31, 2017, taxes of 7.06 mills were levied on property with assessed valuations totaling \$141,843,040 for general purposes. Total taxes levied were \$1,001,412. Taxes receivable at August 31, 2018 totaled \$16,230.

(4) Sales and Use Tax

A. Proceeds of the 1% sales and use tax levied by authority of a special election held on November 26, 1966 (2018 collections \$4,350,302) are dedicated to the following purposes:

Construction and improving drainage works; purchasing, constructing, and improving public parks and recreational facilities, and acquiring necessary equipment and furnishings therefore; acquiring, constructing, improving, and operating a public library and acquiring the necessary land, equipment, and furnishings therefore; acquiring and constructing waterworks improvements and extensions; opening, constructing, paving, and improving streets and bridges; constructing and purchasing street lighting facilities and acquiring and establishing an industrial park, title to all of which shall be public. Defraying the cost of maintaining sewerage facilities. Providing additional funds not to exceed \$40,000 dollars annually for the payment of salaries for municipal employees.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

- B. Proceeds of the 1% sales and use tax was initially levied by authority of a special election held on April 5, 1975, and was extended through May 31, 2025 (2018 collections \$4,350,302) are dedicated to the following purposes:

To constructing, acquiring, improving and/or maintaining of garbage, waste disposal facilities, and waterworks facilities; to constructing, acquiring, improving and/or maintaining police department stations and facilities, and fire department stations and facilities; to constructing, acquiring, improving, extending and/or maintaining sewers and sewerage disposal works, streets, sidewalks, and bridges; and purchasing and acquiring the necessary land, equipment, and furnishing for any of the aforesaid public works, improvements and facilities, including salaries of employees.

- C. Proceeds of the 2% sales and use tax levied by authority of a special election held on October 3, 1993 (2018 collections \$870,070) are dedicated for construction, acquiring, and improving fire, police and street facilities.

(5) Cash, 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 the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At August 31, 2018, the City had cash and interest-bearing deposits (book balances) totaling \$6,936,229.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered, or the City will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security 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 by a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at August 31, 2018, and the related federal insurance and pledged securities:

Institution	Bank Balance	Amount Insured by FDIC	Pledged Securities	Amount Uncollateralized
American Bank	\$ 1,989,128	\$ 250,005	\$ 1,739,123	\$ -
Hancock Bank	3,145,648	250,000	2,895,648	-
Liberty Bank	<u>2,200,619</u>	<u>250,000</u>	<u>1,950,619</u>	<u>-</u>
	<u>\$ 7,335,395</u>	<u>\$ 750,005</u>	<u>\$ 6,585,390</u>	<u>\$ -</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deposits in the amount of \$6,585,390 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the City's name. The City does not have a policy for custodial credit risk.

(6) Receivables

Receivables at August 31, 2018 of \$1,655,284 consist of the following:

	<u>General</u>	<u>ELWW</u>	<u>Sewer</u>	<u>OREC</u>	<u>Total</u>
Accounts, net	\$ 24,947	\$ 556,996	\$ 593,057	\$ -	\$ 1,175,000
CLECO	-	209,894	-	-	209,894
Loans	-	-	-	35,198	35,198
Franchise taxes	127,153	-	-	-	127,153
Interest	-	-	-	23,598	23,598
Rent	69,376	-	-	-	69,376
Fines and fees	15,065	-	-	-	15,065
	<u>\$ 236,541</u>	<u>\$ 766,890</u>	<u>\$ 593,057</u>	<u>\$ 58,796</u>	<u>\$ 1,655,284</u>

(7) Restricted Assets

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance and flow of monies through various restricted accounts, minimum accounts to be maintained in various sinking funds, and minimum revenue bond coverage. A summary of restricted assets by fund as of August 31, 2018 consist of the following:

	<u>General Fund</u>	<u>Electric Light and Waterworks Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Construction	\$ 211	\$ 615,564	\$ 1,856	\$ 617,631
Bond sinking accounts	-	76,668	47,319	123,987
Bond reserve accounts	69,912	2,285,164	-	2,355,076
Customers' deposits	-	735,732	-	735,732
Ad valorem taxes paid in protest	3,111	-	-	3,111
	<u>\$ 73,234</u>	<u>\$ 3,713,128</u>	<u>\$ 49,175</u>	<u>\$ 3,835,537</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

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

	<u>Balance 09/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 08/31/18</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,841,529	\$ 91,499	\$ -	\$ 1,933,028
Other capital assets:				
Buildings	8,684,935	67,800	153,006	8,599,729
Improvements other than buildings	17,424,577	228,817	-	17,653,394
Equipment and machinery	6,454,856	597,569	-	7,052,425
Totals	<u>34,405,897</u>	<u>985,685</u>	<u>153,006</u>	<u>35,238,576</u>
Less accumulated depreciation				
Buildings	4,165,543	165,713	63,006	4,268,250
Improvements other than buildings	9,826,032	523,057	-	10,349,089
Equipment and machinery	5,298,998	304,940	-	5,603,938
Total accumulated depreciation	<u>19,290,573</u>	<u>993,710</u>	<u>63,006</u>	<u>20,221,277</u>
Governmental activities, capital assets, net	<u>\$ 15,115,324</u>	<u>\$ (8,025)</u>	<u>\$ 90,000</u>	<u>\$ 15,017,299</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 77,698	\$ -	\$ -	\$ 77,698
Construction in progress	-	56,450	-	56,450
Other capital assets:				
Buildings	1,317,911	-	-	1,317,911
Utility system and improvements	57,258,251	87,450	-	57,345,701
Machinery and equipment	1,570,557	154,364	33,558	1,691,363
Totals	<u>60,224,417</u>	<u>298,264</u>	<u>33,558</u>	<u>60,489,123</u>
Less accumulated depreciation				
Buildings	1,307,376	1,119	-	1,308,495
Utility system & improvements	36,753,837	1,122,217	-	37,876,054
Machinery and equipment	1,421,013	70,519	33,558	1,457,974
Total accumulated depreciation	<u>39,482,226</u>	<u>1,193,855</u>	<u>33,558</u>	<u>40,642,523</u>
Business-type activities, capital assets, net	<u>\$ 20,742,191</u>	<u>\$ (895,591)</u>	<u>\$ -</u>	<u>\$ 19,846,600</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 153,433
Public safety	240,334
Public works	453,348
Culture and recreation	131,230
Health and welfare	<u>15,365</u>
Total depreciation expense	<u>\$ 993,710</u>

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

Electric Light and Waterworks	\$ 767,202
Sewer	<u>426,653</u>
Total depreciation expense	<u>\$ 1,193,855</u>

(9) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at August 31, 2018:

	<u>General</u>	<u>Other Govt</u>	<u>ELWW</u>	<u>Sewer</u>	<u>Total</u>
Accounts payable	\$ 277,518	\$ 170,725	\$ 58,987	\$ 38,053	\$ 545,283
Salaries payable	115,371	-	-	-	115,371
Retirement payable	381,633	-	20,204	5,418	407,255
Permit deposits payable	10,480	-	-	-	10,480
Construction payable	-	-	9,629	-	9,629
Retainage payable	-	20,346	6,885	-	27,231
Other	<u>-</u>	<u>32,022</u>	<u>-</u>	<u>-</u>	<u>32,022</u>
Totals	<u>\$ 785,002</u>	<u>\$ 223,093</u>	<u>\$ 95,705</u>	<u>\$ 43,471</u>	<u>\$ 1,147,271</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended August 31, 2018:

	<u>Balances</u> <u>9/1/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>8/31/2018</u>	<u>Due Within</u> <u>One Year</u>
Long-term debt:					
Public Improvement Bonds	\$ 3,265,000	\$ -	\$ 370,000	\$ 2,895,000	\$ 375,000
Utility Revenue Bonds	10,975,885	-	1,210,000	9,765,885	1,260,000
Other liabilities:					
Compensated absences payable	<u>1,227,712</u>	<u>-</u>	<u>146,010</u>	<u>1,081,702</u>	<u>-</u>
	<u>\$ 15,468,597</u>	<u>\$ -</u>	<u>\$ 1,726,010</u>	<u>\$ 13,742,587</u>	<u>\$ 1,635,000</u>

Bonds payable at August 31, 2018 is comprised of the following individual issues:

Governmental activities:

General obligation bonds –

\$4,430,000 Public Improvement Refunding Bonds, Series 2012, due in annual installments of \$100,000 to \$460,000 through September 1, 2025; interest at 3.25% - 3.72%; payable from Sales Tax revenues \$ 2,895,000

Business-type activities:

Revenue bonds –

\$2,200,000 Utility Revenue Bonds, Series 2003, due in annual installments of \$58,755 to \$166,513 through September 1, 2024; interest at 3.45%; payable from sewer fund revenues \$ 770,885

\$5,865,000 Utility Revenue Refunding Bonds, Series 2012, due in annual installments of \$290,000 to \$945,000 through September 1, 2025; interest at 2.5% - 3.49%; payable from sewer fund revenues 4,330,000

\$7,800,000 Utility Revenue Bonds, Series 2006, due in annual installments of \$195,000 to \$635,000 through September 1, 2025; interest at 4% to 5%; payable from electric light and waterworks revenues 3,855,000

(continued)

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

\$1,500,000 Utility Revenue Bonds, Series 2007, due in annual installments of \$215,000 to \$285,000 beginning September 1, 2016 through September 1, 2021; payable from electric light and waterworks revenues	<u>810,000</u>
	<u>\$ 9,765,885</u>

The Public Improvement Revenue Refunding Bonds, Series 2012 were issued on August 27, 2012 of \$4,430,000 to refund the Public Improvement Bonds, Series 2005 originally issued in the aggregate principal amount of \$5,810,000. The new bonds bear interest of 3.25% - 3.72% and are due in annual installments ranging from \$100,000 to \$460,000 through September 1, 2025.

The Utility Revenue Refunding Bonds, Series 2012 were issued on August 27, 2012 of \$5,865,000 to refund the Utilities Revenue Bonds, Series 1999 originally issued in the aggregate principal amount of \$4,000,000 and the Utilities Revenue Bonds, Series 2000 originally issued in the aggregate principal amount of \$5,000,000. The new bonds bear interest of 2.5% - 3.49% and are due in annual installments ranging from \$290,000 to \$945,000 through September 1, 2015.

These restructurings were done with the goal of restructuring the City's debt to provide cash flow relief in early years without incurring an economic cost. As such, the debt service is significantly reduced for the remaining eight-year life of the old bonds and then is restructured to be level thereafter through 2025. The net present value savings of these two bond refundings was \$14,090 and (\$12,514), respectively, resulting in a total net present value savings of \$1,576.

Annual debt service requirements to maturity of bonds outstanding are as follows:

Year ending August 30,	Governmental Activities		Business-Type Activities		Total	
	Principal payments	Interest payments	Principal payments	Interest payments	Principal payments	Interest payments
2019	\$ 375,000	\$ 105,814	\$ 1,285,000	\$ 372,837	\$ 1,660,000	\$ 478,651
2020	385,000	91,864	1,305,000	326,606	1,690,000	418,470
2021	400,000	77,542	1,356,000	275,261	1,756,000	352,803
2022	410,000	64,542	1,412,000	221,699	1,969,008	286,241
2023	425,000	49,290	1,463,000	168,614	1,888,000	217,904
2024 - 2028	<u>900,000</u>	<u>50,592</u>	<u>2,944,885</u>	<u>174,012</u>	<u>3,844,885</u>	<u>224,604</u>
Total	<u>\$ 2,895,000</u>	<u>\$ 439,644</u>	<u>\$ 9,765,885</u>	<u>\$ 1,539,029</u>	<u>\$ 12,807,893</u>	<u>\$ 1,978,673</u>

Compensated absences payable is not amortizable because the timing of the payouts is based on factors outside the City's control.

On February 3, 2009, the City of Opelousas entered into an operative lease for the Orphan Train Museum for a total cost of \$100 which was paid in full on March 3, 2009. The lease was for a term of 100 years beginning February 3, 2009 with the option to renew for an additional 100 years.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Pension Plans

The City participates in four cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all City employees participate in one of the following retirement systems:

Plan Descriptions

Municipal Employees’ Retirement System (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The City participates in Plan B.

State of Louisiana – Municipal Police Employees’ Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in the LRS 11:2211 and 11:2220.

State of Louisiana – Firefighters’ Retirement System (FRS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in the LRS 11:2251-2254 and 11:2256.

Louisiana State Employees’ Retirement System (LASERS) provides retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in the Louisiana Revised Statutes. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member’s hire date, employer, and job classification.

The system’s financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector. A brief summary of eligibility and benefits of the plans are provided in the following table:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>
Final average salary	Highest 60 months	Highest 36 months or 60 months ²	Highest 36 months	Highest 36 months or 60 months ⁶
Years of service required and/or age eligible for benefits	25 years of any age 10 years age 60 20 years any age ¹	25 years of any age 20 years age 55 12 years age 55 20 years any age ¹ 30 years any age ³ 25 years age 55 ³ 10 years age 60 ³	25 years of any age 20 years age 50 12 years age 55	30 years of any age 25 years age 55 20 years of any age ¹ 5-10 years age 60 ⁷

(continued)

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Benefit percent per years of service	3.00%	2.50 - 3.33% ⁴	3.33%	2.5% - 3.5% ⁸
---	-------	---------------------------	-------	--------------------------

¹ With actuarial reduced benefits

² Membership commencing January 1, 2013

³ Under non hazardous duty sub plan commencing January 1, 2013

⁴ As of January 1, 2013 non hazardous duty plan 2.5%, hazardous duty plan 3.0%, prior to January 1, 2013 3.33%

⁵ Employees hired after January 1, 2007: 30 years age 55, 10 years age 62, 7 years age 67

⁶ Employees hired after 6/30/06 use the revised benefit calculation based on the highest 60 months

⁷ Five to ten years of creditable service at age 60 depending upon the plan or when hired

⁸ Members in regular plan 2.5%, hazardous duty plan 3.33%, and judges 3.5%

⁹ Benefit percent varies depending on hire date

¹⁰ For those hired prior to 1/1/2013

¹¹ Hired after 12/31/12 age eligibility is 30 years at 55, 20 years at 60, and 10 years at age 62

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee. In addition, MERS receives a percentage of ad valorem taxes collected by parishes, and MPERS and FRS receive a percentage of insurance premium taxes from the State. These entities are not participating employers in the pension systems and are considered to be nonemployer contributing entities. Contributions of employees, employers, and non-employer contributing entities effective for the year ended August 31, 2018 for the defined benefit pension plans in which the City is a participating employer were as follows:

<u>Plan</u>	<u>Active Member Contribution Percentage</u>	<u>Employer Contribution Percentage</u>	<u>Amount from Nonemployer Contributing Entities</u>	<u>Amount of Government Contributions</u>
MERS	9.50%	26.00%	\$ 136,310	\$ 915,290
MPERS	10.00%	32.25%	197,425	898,907
FRS	10.00%	26.50%	268,931	656,255
LASERS	11.50%	46.10%	-	13,562
TOTAL			<u>\$ 602,666</u>	<u>\$ 2,484,014</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Net Pension Liability

The City's net pension liability at August 31, 2018 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the City is a participating employer. The City's net pension liability for each plan was measured as of the plan's measurement date (June 30, 2018 for all) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability for each of the plans in which it participates was based on the City's required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the Government's proportion for each plan and the change in proportion from the prior measurement date were as follows:

<u>Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Proportionate Share (%) of Net Pension Liability</u>	<u>Increase/(Decrease) from Prior Measurement Date</u>
MERS	\$ 9,048,407	2.185248%	0.056358%
MPERS	8,457,891	1.000453%	0.001467%
FRS	5,960,200	1.036182%	-0.010198%
LASERS	174,590	0.256000%	0.253340%
Total	<u>\$ 23,641,088</u>		

Since the measurement date of the net pension liability was June 30, 2018, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the City's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows:

- | | | | | | |
|-------|---|---|--------|---|---|
| MERS | - | http://www.mersla.com/ | FRS | - | http://ffret.com/ |
| MPERS | - | http://www.lampers.org/ | LASERS | - | http://lasersonline.org/ |

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the City is a participating employer:

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>
Date of experience study on which significant assumptions are based	7/1/2009 - 6/30/2014	7/1/2009 - 6/30/2014	7/1/2009 - 6/30/2014	2009 - 2013
Expected remaining service lives	3	4	7	3
Inflation rate	2.600%	2.600%	2.700%	2.750%
Projected salary increases	5.0%	4.25% - 9.75%	4.75% - 15.0%	2.8% - 14.3%
Projected benefit changes including COLAs	None	None	None	None
Source of mortality assumptions	(1), (2), (3)	(3), (4), (6)	(3), (5)	(7), (8)

- (1) RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using Scale AA.
- (2) RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females.
- (3) RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.
- (4) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table projected to 2029 using Scale AA set back 1 year for females.
- (5) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table projected to 2031 using Scale AA.
- (6) RP-2000 Employees Sex Distinct Tables set back 4 years for males and 3 years for females.
- (7) RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.
- (8) RP-2000 Disabled Retiree Mortality Table with no projection for mortality improvement.

Cost of Living Adjustments

The pension plans in which the City participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. COLAs may be granted to the state system (LASERS) if approved with a two-thirds vote of both houses of the Legislature, provided the plan meets certain statutory criteria related to the funded status and interest earnings.

Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS, MPERS, and FRS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Discount Rate

The discount rates used to measure the Government’s total pension liability for each plan and the significant assumptions used in the determination of the discount rate for each plan are as follows:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>
Discount rate	7.275%	7.20%	7.30%	7.65%
Change in discount rate from prior valuation	-0.125%	-0.125%	-0.10%	-0.05%
Plan cash flow assumptions	(1)	(1)	(1)	(1)
Rates incorporated in the Discount Rate:				
Long-term Rate of Return	7.275%	7.20%	7.30%	7.65%
Periods applied	All	All	All	All
Municipal Bond Rate	N/A	N/A	N/A	N/A

Plan Cash Flow Assumptions:

- 1) Plan member contributions will be made at the current contributions rates and sponsor contributions will be made at the actuarially determined rates.

The discount rates used to measure the City’s total pension liability for each plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MERS, MPERS, FRS, and LASERS, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following tables:

Asset Class	MERS*		MPERS*		FRS*		LASERS**	
	Long-term		Long-term		Long-term		Long-term	
	Target Allocation	Expected Real Rate of Return	Target Allocation	Expected Real Rate of Return	Target Allocation	Expected Real Rate of Return	Target Allocation	Expected Real Rate of Return
Domestic Fixed Income	-	-	-	-	26%	1.76%	6%	1.49%
International Fixed Income	-	-	-	-	-	-	10%	2.23%
Fixed Income	35%	1.50%	22%	0.46%	-	-	-	-
Domestic Equity	-	-	-	-	22%	6.14%	23%	4.31%
International Equity	-	-	-	-	22%	7.46%	32%	5.26%
Global Equity	-	-	-	-	10%	6.74%	-	-
Equities	50%	2.20%	52%	3.58%	-	-	-	-
Global Tactical Asset Allocation	-	-	-	-	5%	4.31%	-	-
Risk Parity	-	-	-	-	5%	4.88%	7%	4.96%
Alternative Investments	15%	0.60%	20%	1.07%	-	-	22%	7.67%
Other	-	-	6%	0.17%	-	-	-	-
Private Equity	-	-	-	-	4%	8.73%	-	-
Real Estate	-	-	-	-	6%	4.38%	-	-
Total	<u>100%</u>	<u>4.30%</u>	<u>100%</u>	<u>5.28%</u>	<u>100%</u>	<u>5.39%</u>	<u>100%</u>	<u>5.40%</u>
Inflation/Rebalancing		<u>2.70%</u>		<u>2.75%</u>		<u>2.70%</u>		<u>3.43%</u>
Expected Return		<u>7.00%</u>		<u>8.03%</u>		<u>8.09%</u>		<u>8.83%</u>

*Arithmetic real rates of return

**Geometric real rates of return

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended August 31, 2018, the City recognized \$1,131,039 in pension expense related to all defined benefit plans in which it participates. MERS, MPERS, and FRS recognized revenues in the amount of \$602,666 in ad valorem taxes and insurance premiums collected from non-employer contributing entities. The pension expense and revenues are summarized by plan in the following table:

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

<u>Plan</u>	<u>Pension Expense</u>	<u>Revenues</u>
MERS	\$ 413,191	\$ 136,310
MPERS	321,949	197,425
FRS	378,303	268,931
LASERS	17,596	-
Total	<u>\$ 1,131,039</u>	<u>\$ 602,666</u>

At August 31, 2018 October 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>				
	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ 38,128	\$ -	\$ -	\$ 38,128
Changes in assumptions	272,386	552,718	415,783	1,777	1,242,664
Net difference between projected and actual earnings on pension plan investments	1,386,612	405,452	387,561	2,264	2,181,889
Changes in proportion and differences between actual contributions and proportionate share of contributions	182,236	45,860	214,746	20,690	463,532
Employer contributions to the pension plans subsequent to the measurement date of the net pension liability	183,643	165,978	125,262	2,608	477,491
Total	<u>\$ 2,024,877</u>	<u>\$ 1,208,136</u>	<u>\$ 1,143,352</u>	<u>\$ 27,339</u>	<u>\$ 4,403,704</u>

	<u>Deferred Inflows of Resources</u>				
	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 321,712	\$ 432,215	\$ 453,638	\$ 1,958	\$ 1,209,523
Changes in assumptions	-	-	944	-	944
Changes in proportion and differences between actual contributions and proportionate share of contributions	93,273	272,477	131,605	9,578	506,933
Total	<u>\$ 414,985</u>	<u>\$ 704,692</u>	<u>\$ 586,187</u>	<u>\$ 11,536</u>	<u>\$ 1,717,400</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$477,491 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending August 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended December 31	MERS	MPERS	FRS	LASERS	TOTAL
2019	\$ 810,715	\$ 397,017	\$ 350,167	\$ 20,008	\$ 1,577,907
2020	453,606	153,338	123,476	(1,907)	728,513
2021	122,300	(227,614)	(104,358)	(4,267)	(213,939)
2022	39,628	14,725	56,152	(639)	109,866
2023	-	-	11,871	-	11,871
Thereafter	-	-	(5,405)	-	(5,405)
	<u>\$ 1,426,249</u>	<u>\$ 337,466</u>	<u>\$ 431,903</u>	<u>\$ 13,195</u>	<u>\$ 2,208,813</u>

Sensitivity of the Government’s Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the City’s proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the City’s proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	7.275%	\$ 11,623,505	\$ 9,048,408	\$ 6,850,472
MPERS	7.20%	11,885,678	8,457,891	5,582,109
FRS	7.30%	8,697,340	5,960,200	3,660,059
LASERS	7.65%	220,344	1,745,900	135,184
Total		<u>\$ 32,426,867</u>	<u>\$ 25,212,399</u>	<u>\$ 16,227,824</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Payables to the Pension Plans

The City recorded accrued liabilities to each of the pension plans for the year ended August 31, 2018 for the contractually required contributions for the month of August 2018. The amounts are included in liabilities under the amounts reported as accounts and other payables. The balance due to each plan at August 31, 2018 is as follows:

<u>Plan</u>	
MERS	\$ 148,176
MPERS	128,595
FRS	102,848
LASERS	<u>2,014</u>
Total	<u>\$ 381,633</u>

(12) Litigation and Claims

At August 31, 2018, the City is involved in several lawsuits claiming damages. In the opinion of the City's legal counsel, the only exposure to the City would be any costs in defense of the lawsuits with no liability to the City in excess of insurance coverage. The City also has worker's compensation claims that are unlikely to be settled due to the individuals having permanent disabilities and are currently receiving medical care. The only exposure to the City would be administrative fees with no liability in excess of insurance coverage. See Note 13.

(13) Risk Management

A. Self-Insurance

The City maintains various self-insurance accounts for general and auto liability, workmen's compensation benefits and health insurance (accounted for in Internal Service Fund G, Workmen's Compensation Fund and Health Self Insurance Fund, respectively) as of August 31, 2018. Most funds of the City participate in the self-insurance funds by making payments based on premiums necessary to cover claims, administrative costs, and commercial insurance premiums, if applicable.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

For the fiscal year ending August 31, 2018, the City was self-insured for the first \$300,000 of each claim relating to workmen’s compensation insurance. The City is covered under an insurance contract for the excess liability.

For the fiscal year ending August 31, 2018, the City had two plans relating to the health insurance. If the individual is covered under the first plan, the City is self-insured for the first \$60,000 per person and the insurance company would cover the difference. If the individual is covered under the second plan, the City is self-insured for the first \$40,000 per person and insurance stops paying claims.

A reconciliation of claims liabilities which are included in the financial statements as accounts payable and accrued expenses and claims payable for the self-insurance funds follows:

	Internal Service Fund G	Workmen's Compensation Fund	Health Self Insurance Fund	Total
Beginning balance	\$ 135,000	\$ -	\$ 223,197	\$ 358,197
Claims incurred	476,342	333,701	3,264,695	4,074,738
Claims paid	<u>(231,342)</u>	<u>(333,701)</u>	<u>(2,918,229)</u>	<u>(3,483,272)</u>
Ending balance	<u>\$ 380,000</u>	<u>\$ -</u>	<u>\$ 569,663</u>	<u>\$ 949,663</u>

B. Commercial Insurance Coverage

The City is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers’ compensation. The City is self-insured for a portion of these losses as discussed above. The risk of any excess liability is handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(14) Commitments and Contingencies

The City received funding under grants from various federal and state agencies. The agency grants specify the purpose for which the grant monies are to be used. These grants are subject to audit by the granting agency or its representative.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Accounts Receivable – Utility Funds

As of August 31, 2018, the customer receivables recorded in the Electric Light and Waterworks Fund and Sewer Fund are net of allowances for uncollectible accounts. These allowances are \$296,784 and \$174,302, respectively.

As of August 31, 2018, customer receivables include unbilled revenue for the Electric Light and Waterworks Fund and Sewer Fund of \$353,049 and \$313,081, respectively. These amounts represent revenue earned which is not billed until the next billing cycle.

	<u>ELWW</u>	<u>Sewer</u>	<u>Total</u>
Billed accounts receivable	\$ 500,731	\$ 454,278	\$ 955,009
Unbilled accounts receivable	353,049	313,081	666,130
Allowance for uncollectibles	<u>(296,784)</u>	<u>(174,302)</u>	<u>(471,086)</u>
Net accounts receivable	<u>\$ 556,996</u>	<u>\$ 593,057</u>	<u>\$ 1,150,053</u>

(16) Segment Information for the Enterprise Funds

The City of Opelousas maintains two enterprise funds, each with one department, which provide water and sewerage services. Segment information for the year ended August 31, 2018, was as follows:

	<u>Electric Lights and Waterworks</u>	<u>Sewer Department</u>	<u>Total Enterprise Funds</u>
Operating revenues	<u>\$ 5,200,735</u>	<u>\$ 1,972,966</u>	<u>\$ 7,173,701</u>
Operating expenses:			
Depreciation	767,202	426,653	1,193,855
Other	<u>2,638,649</u>	<u>1,386,346</u>	<u>4,024,995</u>
Total operating expenses	<u>3,405,851</u>	<u>1,812,999</u>	<u>5,218,850</u>
Operating income	<u>\$ 1,794,884</u>	<u>\$ 159,967</u>	<u>\$ 1,954,851</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at August 31, 2018 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 2,511,458	\$ 418,142
Sales Tax Fund	698,762	-
Non-major governmental funds	-	36
Proprietary funds:		
Electric Light and Waterworks Fund	3,655	931,066
Sewer Fund	-	745,321
Non-major proprietary fund	-	2
Internal Service Fund A	-	124,898
Internal Service Fund G	-	362,102
Workmen's Compensation Fund	250,442	-
Health Self Insurance Fund	<u>-</u>	<u>882,750</u>
 Total	 <u>\$ 3,464,317</u>	 <u>\$ 3,464,317</u>

The amounts due to various other funds are for short-term loans.

B. Transfers consisted of the following at August 31, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 12,495,944	\$ 1,312,904
Sales Tax Special Revenue Fund	-	9,473,851
Non-major governmental funds	293,073	-
Proprietary funds:		
Electric Light and Waterworks Fund	1,035,664	3,529,273
Sewer Fund	275,000	606,391
Health Self Insurance Fund	<u>822,738</u>	<u>-</u>
 Total	 <u>\$ 14,922,419</u>	 <u>\$ 14,922,419</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 authorizations.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(18) Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended August 31, 2018 follows:

	<u>Salary</u>	<u>Car Allowance</u>	<u>Total</u>
Reginald Tatum, Mayor	\$ 78,790	\$ 7,980	\$ 86,770
Aldermen:			
Julius Alsander	16,016	4,200	20,216
Johnathan Glover	16,016	4,200	20,216
Blair Briggs	16,016	4,200	20,216
Marvin Richard	17,264	4,200	21,464
Jackie Martin	16,621	4,200	20,821
Sherell Roberts	<u>16,659</u>	<u>4,200</u>	<u>20,859</u>
	<u>\$ 177,382</u>	<u>\$ 33,180</u>	<u>\$ 210,562</u>

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

A detail of compensation, benefits, and other payments paid to Mayor Reginald Tatum for the year ended August 31, 2018 follows:

<u>Purpose</u>	<u>Amount</u>
Reginald Tatum:	
Salary	\$ 78,790
Car allowance	7,980
Benefits - life insurance	82
Benefits - retirement	19,690
Benefits - health insurance	5,400
Travel - meals and lodging	897
Conference registration fees	<u>2,467</u>
	<u>\$115,306</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(20) On-Behalf Payment of Salaries

The State of Louisiana paid the City's policemen and firemen \$565,112 of supplemental pay during the year ended August 31, 2018. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government wide and General Fund financial statements.

(21) Enterprise Fund Contracts

A. Franchise Agreement with CLECO

On May 14, 1991, the City of Opelousas entered into a Franchise Agreement with Central Louisiana Electric Company, Inc. (CLECO) for operating and distributing electricity within the corporate limits of the City. The primary term of this Agreement shall be for a period of 10 years from August 11, 1991 to August 11, 2001, with the option granted to CLECO to renew such Agreement for 3 additional 10-year periods. The City of Opelousas renewed this agreement for a second period of 10 years from August 11, 2011 to August 11, 2021.

The City shall continue to own its electric distribution system within the City, but enters into an operating Agreement with CLECO whereby CLECO is granted the full right to use and operate same and to repair and replace lines, poles, and other equipment as and when deemed necessary for the purpose of efficiently maintaining the system. The electric distribution system does not include the City's power plant and CLECO has no rights or obligations relative to the power plant. All improvements made by CLECO are to be purchased by the City at the end of the lease at cost less depreciation.

Under the terms of the Agreement, that for and in consideration of the city granting to CLECO the franchise and the right to use the City's electric distribution system, CLECO binds and obligates itself to pay the following:

1. The sum of \$1,200,000 upon execution of the Agreement.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

2. A monthly payment of \$170,000 for 120 months beginning August 11, 2001 for operations.
3. A franchise fee of equal to 4% of the amounts received by CLECO from the sale and delivery of electric energy at retail for residential and commercial purposes, commencing August 11, 2011. This amount shall be paid monthly, and the annual amount shall be no less than \$350,000.

CLECO shall also bill and collect for and on behalf of the City a consumer service charge, the amount of which will be added to each consumer's bill on a cost per kilowatt-hour basis. The amount of this surcharge shall be determined by the Mayor and Board of Aldermen of the City.

B. Franchise Agreement with SLEMCO

On March 1, 2006, the City of Opelousas entered into a franchise agreement with Southwest Louisiana Membership Corporation (SLEMCO) for operating and distributing electricity within the corporate limits of the City of Opelousas, with the exception of the "Excluded Area." The excluded area is defined as all areas that were within the Opelousas city limits as those city limits existed in August 1991 when the City leased its city-owned electrical system to Central Louisiana Electric Company (CLECO).

The primary term of the agreement shall be for a period of 6 years and 6 months commencing on March 1, 2006 and ending on August 11, 2011. The City of Opelousas renewed this agreement for a period of 10 years from August 11, 2011 to August 11, 2021.

The City entered into an operating agreement with SLEMCO whereby SLEMCO is granted the right and privilege of constructing, erecting, maintaining, and operating SLEMCO's electric transmission and distribution lines and systems, for the purpose of selling, servicing, handling, and distributing electricity and electric energy within the corporate limits of the City as they existed on March 1, 2006 and as thereafter extended on SLEMCO lines, including poles, lines, wires, insulators, transformers, services, arms, braces, guys, and all other necessary or usual attachments and appurtenances, along, across, over, under and on the streets, lanes, highways, public roads, and other public places in the City, with the exception of the "Excluded Area."

Under the terms of the agreement, that for and in consideration of the City granting to SLEMCO the franchise and the right to operate SLEMCO's electric transmission and distribution line and systems, SLEMCO binds and obligates itself to pay the following:

1. The sum of \$373,708 upon execution of the agreement.
2. A monthly franchise fee of equal to 4% of gross revenue collected by SLEMCO from its retail sale and delivery of electric energy in the City.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(22) Beginning Net Position Adjustment

The City has determined that certain transactions were recoded incorrectly in prior years. These errors resulted in various misstatements of assets, deferred outflows of resources, liabilities and deferred inflows of resources. The following schedules reconcile the August 31, 2017, net position as previously reported, to beginning net position, as restated.

Governmental activities:	
Net position, previously reported	\$ (785,209)
Prior period adjustment:	
Correction of error	<u>(2,743,037)</u>
Net position, as restated	<u>\$ (3,528,246)</u>
Business-type activities:	
Net position, previously reported	\$ 12,556,698
Prior period adjustment:	
Correction of error	<u>(342,719)</u>
Net position, as restated	<u>\$ 12,213,979</u>
Major governmental fund:	
General Fund -	
Fund balance, previously reported	\$ 2,248,361
Prior period adjustment:	
Correction of error	<u>371,609</u>
Net position, as restated	<u>\$ 2,619,970</u>
Nonmajor governmental funds:	
Fund balance, previously reported	\$ 79,967
Prior period adjustment:	
Correction of error	<u>(1,829)</u>
Net position, as restated	<u>\$ 78,138</u>

(continued)

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Major proprietary funds:	
ELWW Fund -	
Net position, previously reported	\$ 8,488,607
Prior period adjustment:	
Correction of error	<u>(608,602)</u>
Net position, as restated	<u>\$ 7,880,005</u>
Sewer Fund -	
Net position, previously reported	\$ 3,860,371
Prior period adjustment:	
Correction of error	<u>209,302</u>
Net position, as restated	<u>\$ 4,069,673</u>
Nonmajor proprietary fund:	
Net position, previously reported	\$ 261,361
Prior period adjustment:	
Correction of error	<u>2,940</u>
Net position, as restated	<u>\$ 264,301</u>
Internal service funds:	
Net position, previously reported	\$ (1,859,653)
Prior period adjustment:	
Correction of error	<u>110,278</u>
Net position, as restated	<u>\$ (1,749,375)</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF OPELOUSAS, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended August 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 2,243,200	\$ 2,266,592	\$ 2,284,820	\$ 18,228
Licenses and permits	870,000	907,626	905,522	(2,104)
Intergovernmental	591,300	914,337	1,582,490	668,153
Charges for services	255,080	374,582	383,340	8,758
Fines and forfeitures	50,000	27,990	28,949	959
Other	346,064	278,220	274,668	(3,552)
Total revenues	<u>4,355,644</u>	<u>4,769,347</u>	<u>5,459,789</u>	<u>690,442</u>
Expenditures:				
Current -				
General government	2,460,806	2,525,361	2,542,781	(17,420)
Public safety	9,243,888	9,351,255	10,120,184	(768,929)
Public works	1,994,465	1,758,662	1,865,662	(107,000)
Health and welfare	616,523	517,076	524,073	(6,997)
Culture and recreation	1,600,392	1,531,798	1,528,026	3,772
Economic development	28,440	89,258	83,545	5,713
Capital outlay	1,418,991	42,672	709,482	(666,810)
Debt service -				
Principal retirement	167,000	61,274	370,000	(308,726)
Interest and fiscal charges	120,166	120,166	119,898	268
Total expenditures	<u>17,650,671</u>	<u>15,997,522</u>	<u>17,863,651</u>	<u>(1,866,129)</u>
Deficiency of revenues over expenditures	<u>(13,295,027)</u>	<u>(11,228,175)</u>	<u>(12,403,862)</u>	<u>(1,175,687)</u>
Other financing sources (uses):				
Transfers in	13,545,027	12,298,850	12,495,944	197,094
Transfers out	(250,000)	(822,738)	(1,312,904)	(490,166)
Total other financing sources (uses)	<u>13,295,027</u>	<u>11,476,112</u>	<u>11,183,040</u>	<u>(293,072)</u>
Net change in fund balance	-	247,937	(1,220,822)	(1,468,759)
Fund balances, beginning, as restated	<u>2,619,970</u>	<u>2,619,970</u>	<u>2,619,970</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,619,970</u>	<u>\$ 2,867,907</u>	<u>\$ 1,399,148</u>	<u>\$ (1,468,759)</u>

CITY OF OPELOUSAS, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended August 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 9,658,000	\$ 9,495,869	\$ 9,570,674	\$ 74,805
Other	<u>7,250</u>	<u>9,283</u>	<u>9,545</u>	<u>262</u>
Total revenues	9,665,250	9,505,152	9,580,219	75,067
Expenditures:				
Current -				
General government	<u>383,945</u>	<u>376,741</u>	<u>376,436</u>	<u>305</u>
Excess of revenues over expenditures	9,281,305	9,128,411	9,203,783	75,372
Other financing uses:				
Transfers out	<u>(10,720,027)</u>	<u>(8,550,000)</u>	<u>(9,473,851)</u>	<u>(923,851)</u>
Net change in fund balance	(1,438,722)	578,411	(270,068)	(848,479)
Fund balances, beginning	<u>3,434,794</u>	<u>3,434,794</u>	<u>3,434,794</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,996,072</u>	<u>\$ 4,013,205</u>	<u>\$ 3,164,726</u>	<u>\$ (848,479)</u>

CITY OF OPELOUSAS, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended August 31, 2018 *

Year ended August 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana - Plan A:					
2018	2.185248%	\$ 9,048,408	\$3,596,657	251.6%	63.94%
2017	2.128890%	\$ 8,906,044	\$3,502,465	254.3%	62.49%
2016	2.076782%	\$ 8,512,128	\$3,587,100	237.3%	62.11%
2015	2.085828%	\$ 7,450,904	\$3,559,351	209.3%	66.18%
Municipal Police Employees' Retirement System of Louisiana:					
2018	1.000453%	\$ 8,457,891	\$2,952,467	286.5%	71.89%
2017	0.998986%	\$ 8,721,570	\$2,930,423	297.6%	70.08%
2016	1.067947%	\$ 10,009,672	\$2,991,420	334.6%	66.04%
2015	1.047878%	\$ 8,209,029	\$2,803,091	292.9%	70.73%
Firefighters' Retirement System of Louisiana:					
2018	1.036182%	\$ 5,960,200	\$2,469,679	241.3%	74.76%
2017	1.046380%	\$ 5,997,692	\$2,447,252	245.1%	73.55%
2016	1.041695%	\$ 6,813,627	\$2,345,262	290.5%	68.16%
2015	1.005241%	\$ 5,425,399	\$2,136,549	253.9%	72.45%
Louisiana State Employees' Retirement System:					
2018	0.00256%	\$ 174,590	\$ 33,821	516.2%	64.3%
2017	0.00266%	\$ 187,022	\$ 33,821	553.0%	62.5%
2016	0.00176%	\$ 138,440	\$ 33,821	409.3%	57.7%
2015	0.00169%	\$ 114,605	\$ 32,520	352.4%	62.7%

* The amounts presented have a measurement date of June 30th of each fiscal year.

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

CITY OF OPELOUSAS, LOUISIANA

Schedule of Employer Contributions
For the Year Ended August 31, 2018

Year ended August 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System of Louisiana - Plan A:					
2018	\$ 915,290	\$ 922,673	\$ (7,383)	\$ 3,662,470	25.19%
2017	\$ 835,557	\$ 832,877	\$ 2,680	\$ 3,616,471	23.03%
2016	\$ 717,594	\$ 717,167	\$ 427	\$ 3,553,410	20.18%
2015	\$ 706,408	\$ 706,464	\$ (56)	\$ 3,576,749	19.75%
Municipal Police Employees' Retirement System of Louisiana:					
2018	\$ 898,907	\$ 898,908	\$ (1)	\$ 2,898,171	31.02%
2017	\$ 961,437	\$ 961,175	\$ 262	\$ 3,046,069	31.55%
2016	\$ 892,889	\$ 892,891	\$ (2)	\$ 2,992,169	29.84%
2015	\$ 882,236	\$ 882,236	\$ -	\$ 2,829,486	31.18%
Firefighters' Retirement System of Louisiana:					
2018	\$ 656,255	\$ 655,908	\$ 347	\$ 2,476,434	26.49%
2017	\$ 648,401	\$ 648,401	\$ -	\$ 2,544,857	25.48%
2016	\$ 641,939	\$ 641,939	\$ -	\$ 2,382,774	26.94%
2015	\$ 627,405	\$ 627,816	\$ (411)	\$ 2,167,593	28.96%
Louisiana State Employees' Retirement System:					
2018	\$ 13,562	\$ 13,562	\$ -	\$ 33,821	40.10%
2017	\$ 13,947	\$ 13,483	\$ 464	\$ 35,122	38.39%
2016	\$ 12,881	\$ 12,880	\$ 1	\$ 33,821	38.08%
2015	\$ 13,319	\$ 13,859	\$ (540)	\$ 32,520	42.62%

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. The City Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen 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 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 Mayor.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures over Appropriations

The General Fund incurred expenditures in excess of appropriations of \$1,866,129 for the year ended August 31, 2018.

CITY OF OPELOUSAS, LOUISIANA

Notes to Required Supplementary Information

(3) Pension Plans

Changes of assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

Amounts reported in fiscal year ended June 30, 2018 for the various pension plans reflect the following changes used to measure the total pension liability:

	<u>MERS</u>		<u>MPERS</u>	
Valuation Date	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018
Investment Rate of Return (Discount Rate)	7.40%	7.275%	7.325%	7.200%
Inflation Rate	2.775%	2.60%	2.70%	2.60%
	<u>FRS</u>		<u>LASERS</u>	
Valuation Date	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018
Investment Rate of Return (Discount Rate)	7.40%	7.30%	7.70%	7.65%
Inflation Rate	2.775%	2.70%	2.75%	2.75%

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Louisiana Community Development Block Grant (LCDBG) Fund

Accounts for monies reimbursed from the Louisiana Community Development Block Grant for street improvements.

Police Department Detective Fund

Accounts for monies transferred from the General Fund to be used for detective investigation.

Emergency Shelter Grant Fund

Accounts for funds received from the State of Louisiana Department of Social Services for the purpose of rehabilitation and operations of the New Life Center and Light House Mission.

Police Witness Fee Fund

Accounts for monies transferred from the General Fund to be used for witness fees.

Police Seized Fund

Accounts for monies received when drug assets are made and money is seized.

Industrial Park Fund

Accounts for funds received from the sale of land, lease income, or rental income in the City's Industrial Park. The funds received are not restricted.

Myrtle Grove Cemetery Fund

Accounts for funds received from the sale of lots in Myrtle Grove Cemetery. These funds are used for the operating and capital expenditures for the Cemetery.

DEBT SERVICE FUND

Local Assessment Fund

Accumulates monies for payment of Paving Certificates, Series 1996 of \$71,049. The Paving Certificates were retired by assessments on the real properties along those applicable portions of streets within corporate limits.

CAPITAL PROJECTS FUNDS

Capital Projects Fund

To account for excess monies from CLECO settlement and other sources designated to be used for operating transfers to other funds as designated by management.

1995 Capital Projects Fund

To account for the expenditures associated with the acquisition of equipment and improving of public buildings financed by Certificates of Indebtedness, Series 1995.

CITY OF OPELOUSAS, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
August 31, 2018
With Comparative Totals as of August 31, 2017

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and cash equivalents	<u>\$ 21,715</u>	<u>\$ 38,598</u>	<u>\$ 57,442</u>	<u>\$ 117,755</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 5	\$ -	\$ 191,071	\$ 191,076
Due to other funds	<u>36</u>	<u>-</u>	<u>-</u>	<u>36</u>
Total liabilities	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 191,071</u>	<u>\$ 191,112</u>
Fund balances:				
Restricted - debt service	\$ -	\$ 38,598	\$ -	\$ 38,598
Assigned - public safety	10,230	-	-	10,230
Assigned - health and welfare	11,444	-	-	11,444
Assigned - capital expenditures	-	-	4,791	4,791
Unassigned	<u>-</u>	<u>-</u>	<u>(138,420)</u>	<u>(138,420)</u>
Total fund balances	<u>21,674</u>	<u>38,598</u>	<u>(133,629)</u>	<u>(73,357)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 21,715</u></u>	<u><u>\$ 38,598</u></u>	<u><u>\$ 57,442</u></u>	<u><u>\$ 117,755</u></u>

CITY OF OPELOUSAS, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended August 31, 2018

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Intergovernmental	\$ 1,711	\$ -	\$ -	\$ 1,711
Interest	<u>119</u>	<u>165</u>	<u>208</u>	<u>492</u>
Total revenues	<u>1,830</u>	<u>165</u>	<u>208</u>	<u>2,203</u>
Expenditures:				
Current -				
Public safety	2,250	-	-	2,250
Capital outlay	<u>-</u>	<u>-</u>	<u>444,521</u>	<u>444,521</u>
Total expenditures	<u>2,250</u>	<u>-</u>	<u>444,521</u>	<u>446,771</u>
Excess (deficiency) of revenues over expenditures	(420)	165	(444,313)	(444,568)
Other financing uses				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>293,073</u>	<u>293,073</u>
Net change in fund balances	(420)	165	(151,240)	(151,495)
Fund balance, beginning	<u>22,094</u>	<u>38,433</u>	<u>17,611</u>	<u>78,138</u>
Fund balance (deficit), ending	<u>\$ 21,674</u>	<u>\$ 38,598</u>	<u>\$ (133,629)</u>	<u>\$ (73,357)</u>

INTERNAL SERVICE FUNDS

Internal Service Fund A

Accounts for the billing to various funds and the payment for automobile claims. This fund also accounts for the monies held in a claims account for self-insurance purposes in connection with the above coverage.

Internal Service Fund G

Accounts for the billing to various funds and the payment of general liability claims. This fund also accounts for the monies held in a claims account for self-insurance purposes in connection with the above coverage.

Workmen's Compensation Fund

Accounts for the billing to the various funds and the payment of insurance premiums for workmen's compensation coverage. This fund also accounts for the monies held in a claims account for the self-insured portion of each claim for the above coverage.

Health Self-Insurance Fund

Accounts for the collection of health insurance premiums and the payment of individual claims.

CITY OF OPELOUSAS, LOUISIANA

Combining Statement of Net Position
Internal Service Funds
August 31, 2018

	Internal Service Fund A	Internal Service Fund G	Workmen's Compensation Fund	Health Self Insurance Fund	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 71,906	\$ 85,367	\$ 157,273
Due from other funds	<u>-</u>	<u>-</u>	<u>250,442</u>	<u>-</u>	<u>250,442</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,348</u>	<u>\$ 85,367</u>	<u>\$ 407,715</u>
LIABILITIES AND NET POSITION					
LIABILITIES					
Accounts payable	\$ -	\$ 14,302	\$ 17,715	\$ -	\$ 32,017
Claims payable	-	380,000	-	569,663	949,663
Due to other funds	<u>124,898</u>	<u>362,102</u>	<u>-</u>	<u>882,750</u>	<u>1,369,750</u>
Total liabilities	<u>124,898</u>	<u>756,404</u>	<u>17,715</u>	<u>1,452,413</u>	<u>2,351,430</u>
NET POSITION					
Restricted for insurance claims	-	-	304,633	-	304,633
Unrestricted (deficit)	<u>(124,898)</u>	<u>(756,404)</u>	<u>-</u>	<u>(1,367,046)</u>	<u>(2,248,348)</u>
Total net position	<u>(124,898)</u>	<u>(756,404)</u>	<u>304,633</u>	<u>(1,367,046)</u>	<u>(1,943,715)</u>
Total liabilities and net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,348</u>	<u>\$ 85,367</u>	<u>\$ 407,715</u>

CITY OF OPELOUSAS, LOUISIANA

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended August 31, 2018

	Internal Service Fund A	Internal Service Fund G	Workmen's Compensation Fund	Health Self Insurance Fund	Total
Operating revenues:					
Premiums	\$ 402,715	\$ 365,438	\$ 399,199	\$ 1,881,513	\$ 3,048,865
Miscellaneous	-	-	-	833,549	833,549
Total operating revenues	<u>402,715</u>	<u>365,438</u>	<u>399,199</u>	<u>2,715,062</u>	<u>3,882,414</u>
Operating expenses:					
Claims	-	231,342	333,701	2,918,229	3,483,272
Depreciation	-	-	-	-	-
Insurance	398,656	307,832	-	627,750	1,334,238
Administrative and other	<u>3,000</u>	<u>6,000</u>	<u>10,000</u>	<u>66,236</u>	<u>85,236</u>
Total operating expenses	<u>401,656</u>	<u>545,174</u>	<u>343,701</u>	<u>3,612,215</u>	<u>4,902,746</u>
Operating income (loss)	1,059	(179,736)	55,498	(897,153)	(1,020,332)
Nonoperating revenues (expenses):					
Investment income	<u>548</u>	<u>71</u>	<u>1,520</u>	<u>1,115</u>	<u>3,254</u>
Income (loss) before operating transfers	1,607	(179,665)	57,018	(896,038)	(1,017,078)
Other financing sources:					
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>822,738</u>	<u>822,738</u>
Change in net position	1,607	(179,665)	57,018	(73,300)	(194,340)
Net position (deficit), beginning, as restated	<u>(126,505)</u>	<u>(576,739)</u>	<u>247,615</u>	<u>(1,293,746)</u>	<u>(1,749,375)</u>
Net position (deficit), ending	<u>\$ (124,898)</u>	<u>\$ (756,404)</u>	<u>\$ 304,633</u>	<u>\$ (1,367,046)</u>	<u>\$ (1,943,715)</u>

CITY OF OPELOUSAS, LOUISIANA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended August 31, 2018

	Internal Service Fund A	Internal Service Fund G	Workmen's Compensation Fund	Health Self Insurance Fund	Total
Cash flows from operating activities:					
Premiums received	\$ 402,715	\$ 365,438	\$ 399,199	\$ 1,881,513	\$ 3,048,865
Other receipts	-	-	-	833,549	833,549
General and administrative expenses paid	(3,000)	(6,000)	(10,000)	(66,236)	(85,236)
Claims paid	-	13,658	(358,163)	(2,432,352)	(2,776,857)
Insurance paid	<u>(398,656)</u>	<u>(333,737)</u>	<u>17,680</u>	<u>(814,412)</u>	<u>(1,529,125)</u>
Net cash provided (used) by operating activities	<u>1,059</u>	<u>39,359</u>	<u>48,716</u>	<u>(597,938)</u>	<u>(508,804)</u>
Cash flows from noncapital financing activities:					
Cash received from (paid to) other funds	<u>(65,278)</u>	<u>(14,753)</u>	<u>(246,279)</u>	<u>765,359</u>	<u>439,049</u>
Cash flows from investing activities:					
Interest earnings	<u>548</u>	<u>71</u>	<u>1,520</u>	<u>1,115</u>	<u>3,254</u>
Net increase (decrease) in cash and cash equivalents	(63,671)	24,677	(196,043)	168,536	(66,501)
Cash and cash equivalents, beginning of the year	<u>63,671</u>	<u>(24,677)</u>	<u>267,949</u>	<u>(83,169)</u>	<u>223,774</u>
Cash and cash equivalents, end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,906</u>	<u>\$ 85,367</u>	<u>\$ 157,273</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,059	\$ (179,736)	\$ 55,498	\$ (897,153)	\$ (1,020,332)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Changes in assets and liabilities:					
Accounts payable	-	(25,905)	(6,782)	(47,251)	(79,938)
Claims payable	<u>-</u>	<u>245,000</u>	<u>-</u>	<u>346,466</u>	<u>591,466</u>
Net cash provided (used) by operating activities	<u>\$ 1,059</u>	<u>\$ 39,359</u>	<u>\$ 48,716</u>	<u>\$ (597,938)</u>	<u>\$ (508,804)</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Julius Alsandor, Mayor
and Members of the Board of Aldermen
City of Opelousas, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opelousas, Louisiana, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Opelousas, Louisiana's basic financial statements and have issued our report thereon dated May 30, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2018-001, 2018-003, 2018-004, 2018-005, and 2018-006 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2018-002, 2018-007, and 2018-008 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Opelousas, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2018-009, 2018-010, 2018-011, 2018-012, 2018-013, 2018-014, 2018-015, 2018-016, 2018-017, 2018-018, 2018-019, 2018-020, 2018-021, 2018-022, and 2018-023.

City of Opelousas, Louisiana's Response to Findings

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
May 30, 2019

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

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

A. Internal Control Over Financial Reporting

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

Fiscal year finding initially occurred: Unknown

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

CRITERIA: AU-C§265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

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

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

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

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

2018-002 Utility Bill Collections

Fiscal year finding initially occurred: 2018

CONDITION: During a test of utility accounts of the City's customers, it was noted that some accounts are not being paid in full or timely, and the customers, including employees, continue to receive service in violation of the City's utility cut-off policy.

CRITERIA: The utility cut-off policy requires the City terminate services to customers when an account becomes 60 days delinquent.

CAUSE: The City has not properly followed its written policies and procedures regarding past due accounts and the proper cut-off procedures to disconnect services relating to nonpayment by customers.

EFFECT: Failure to follow written policies and procedure increases the risk of not having continuity of operations and the risk of long outstanding collections of utilities.

RECOMMENDATION: Management should consistently comply with its written policies and procedures in the future and cut-off utility services of customers, including employees, who do not pay within the time limit stated in the policy.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Effective January 1, 2019 and the new administration taking office, the City will adhere to the policies that have been adopted with regard to the cutoff policy and ensure that all employees follow the same rules as our customers.

2018-003 Purchasing Procedures

Fiscal year finding initially occurred: 2018

CONDITION: In our examination of the City's purchasing procedures, we found numerous incidents in which the Police Department failed to obtain purchase orders as required by the purchasing policy. Officers were found to be making several purchases within one day, each under the \$300 purchase order requirement threshold in an apparent effort to avoid obtaining a purchase order.

CRITERIA: The City's purchasing policy requires a purchase order be obtained for all purchases in excess of \$300.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

CAUSE: The City has not properly followed its written policies and procedures regarding purchase orders.

EFFECT: Failure to follow written policies and procedure increases the risk of not having continuity of operations and the risk of improper purchases being made.

RECOMMENDATION: Management should comply with its written policies and procedures in the future and ensure purchase orders are obtained for all purchase in excess of the \$300 purchase order threshold.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The administration will improve communications with the Police Department regarding purchasing policies and review transactions to ensure purchasing procedures are followed. No one will be allowed to make multiple purchases within one day.

2018-004

Approval of Invoices for Payment

Fiscal year finding initially occurred: Unknown

CONDITION: The City lacks proper controls over the processing and approval of invoices for payment. In several instances, invoices were paid without proper approval.

CRITERIA: The City's purchasing policy requires the department director responsible for the purchase to approve the invoice and submit the associated purchase order form, when applicable, for proper documentation.

CAUSE: The City has not properly followed its written policies and procedures regarding the approval of invoices.

EFFECT: Failure to follow written policies and procedure increases the risk of not having continuity of operations and the risk of improper purchases being made.

RECOMMENDATION: Management should comply with its written policies and procedures in the future and ensure all invoices submitted for payment are properly approved prior to processing for payment.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will ensure that purchasing policies are followed for the processing of all invoices through communication with all department heads that all invoices are to be properly approved prior to processing for payment.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

2018-005 Timekeeping System

Fiscal year finding initially occurred: Unknown

CONDITION: Employees of the City are not consistently utilizing the electronic timekeeping system. Employees maintain manual timesheets that do not agree to the time clock report generated at the end of each pay period.

CRITERIA: AU-C§325.05, Communicating Internal Control Related Matters Identified in an Audit, states, in part:

“A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A deficiency in design exists when:

- A control necessary to meet the control objectives is missing, or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.”

CAUSE: The City has not enforced its policy requiring employees to utilize the electronic timekeeping system.

EFFECT: Failure to follow enforce its policy requiring employees to utilize the electronic timekeeping system increases the risk of paying employees for time not actually worked.

RECOMMENDATION: Management should enforce its policy requiring employees to utilize the electronic timekeeping system and ensure that electronic timecards are attached to the manual time sheets to evidence actual time worked.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City is in the process of updating its electronic timekeeping system and will ensure that all employees utilize the electronic timeclocks in the future.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

2018-006 Excessive Pay to Lifeguards

Fiscal year finding initially occurred: 2018

CONDITION: According to City officials, lifeguards are tasked with monitoring the North Park pool during designated pool hours during the summer months. At any given time, there should be two to three lifeguards on duty. Based upon an examination of timesheets for summer lifeguards, the City paid an average of 15 lifeguards per day for hours in excess of the pool's stated hours of operation.

CRITERIA: AU-C§325.05, Communicating Internal Control Related Matters Identified in an Audit, states, in part:

“A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A deficiency in design exists when:

- A control necessary to meet the control objectives is missing, or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to scrutinize approved timesheets for summer lifeguards may have led to payments made for time not actually worked and could constitute a prohibited donation of public funds and/or payment of a thing not due. The Louisiana Constitution, Article VII, Section 14 provides that funds, property or things of value of the State or of any political subdivision, shall not be donated to any person. In addition, the Louisiana Civil Code provides for cases involving “payment of a thing not due.” Civil Code Article 2299 provides that “a person who has received a payment or a thing not owed to him/her is bound to restore it to the person from who he/she received it.”

RECOMMENDATION: Management should implement policies and procedures to ensure that payments made to employees are for actual time worked.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will provide up to three lifeguards during designated pool hours. Lifeguards will be paid for actual hours work. Payment will cease upon the closing of the pool.

2018-007 Inadequate Controls over Police Identification

Fiscal year finding initially occurred: 2018

CONDITION: The City lacks proper controls over badges issued to police officers. Badges issued are not numbered and no listing of outstanding badges is maintained. Based upon a review of invoices, several badges purchased indicate professions such as Nurse and Minister. Discussions with City officials indicated that members of the public have been returning these badges to the Police Department.

CRITERIA: AU-C§325.05, Communicating Internal Control Related Matters Identified in an Audit, states, in part:

“A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A deficiency in design exists when:

- A control necessary to meet the control objectives is missing, or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: The lack of control over police badges could lead to unauthorized individuals impersonating police officers.

RECOMMENDATION: It is recommended that the City evaluate controls over police officer identification and implement procedures to ensure only serving City of Opelousas police officers are provided such credentials.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Administration and the Police Department are evaluating controls over the issuance of badges and will implement procedures to ensure that police officer identification is only issued to serving City of Opelousas police officers.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

2018-008 Late Payment of Invoices

Fiscal year finding initially occurred: 2018

CONDITION: During the year, the City paid several invoices after the due date resulting in late fees being assessed.

CRITERIA: Sound business practices require that obligations be paid timely and when due.

CAUSE: The cause of the condition is the result of payments being withheld due to cash flow constraints.

EFFECT: The failure to pay vendors timely could lead to late fees being assessed and increases the risk that vendors will cease doing business with the City.

RECOMMENDATION: It is recommended that the City process and pay invoices timely and by the due date.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will closely monitor all invoices received and disburse funds timely to avoid any late fees.

B. Compliance

2018-009 Asset Management

Fiscal year finding initially occurred: 2016

CONDITION: The City has not implemented procedures to ensure a listing of the City's capital assets is maintained and monitored as required by LA R.S. 24:515. Also, no physical inventory of capital assets was performed during the year ending August 31, 2018.

CRITERIA: LA R.S. 24:515 requires the City to maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which the City is accountable.

CAUSE: The City does not have adequate controls or policies and procedures established to ascertain that assets are properly maintained as tracked as required by LA R.S. 24:515.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

EFFECT: Failure to maintain an accurate asset listing could result in misappropriation of those assets or a material misstatement of the City's financial statements.

RECOMMENDATION: The City should implement control procedures to ensure assets are properly monitored as required by LA R.S. 24:515 and annual inventory inspections reconcile to the City's assets listing.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City is currently developing an asset management plan which will track all assets that have been purchased and will be purchased in the future. A physical inventory will also be conducted annually.

2018-010

Transfer of Unclaimed Property

Fiscal year finding initially occurred: Unknown

CONDITION: The City has not reported unclaimed property in the form of refunds of deposits returned as undeliverable to the State Treasurer as required by LA R.S. 9:159-160.

CRITERIA: LA R.S. 9:159-160 requires that unclaimed property be reported and remitted to the State Treasurer on an annual basis.

CAUSE: The City does not have policies and procedures in place to report unclaimed property, such as returned refund checks, to the State to ensure compliance with state law.

EFFECT: Failure to report and transfer unclaimed property to the State Treasurer increases the risk that the City will be in violation of state law.

RECOMMENDATION: The City should implement policies and procedures to comply with the laws regarding remitting unclaimed property to the State Treasurer.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City is currently implementing policies and procedures to report the unclaimed property to the State each year.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

2018-011 Affixation of Compensation for City Clerk, Chief of Police, and Fire Chief

Fiscal year finding initially occurred: Unknown

CONDITION: The City failed to affix the compensation of the City Clerk, Chief of Police, and Fire Chief by ordinance as required by LA R.S. 33:404.1.

CRITERIA: LA R.S. 33:404.1 requires that the compensation of the mayor, aldermen, clerk, chief of police, and all other municipal officers be fixed by ordinance.

CAUSE: The City was unable to provide documentation that the compensation of the City Clerk, Chief of Police, and Fire chief were fixed by ordinance as required.

EFFECT: Failure to fix compensation of the City Clerk, Chief of Police, and Fire Chief by ordinance increases the risk that the City will be in violation of state law.

RECOMMENDATION: The City should implement policies and procedures to comply with the laws regarding compensation of municipal officers.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City has now fixed the compensation of the City Clerk, Chief of Police, and Fire Chief by ordinance as required by LA R.S. 33:404.1.

2018-012 Noncompliance with Public Bid Law

Fiscal year finding initially occurred: 2016

CONDITION: The City had recurring purchases of fuel and oil from one vendor that exceeded \$30,000. The City was unable to provide documentation that bids were solicited for these purchases as required by LA R.S. 38:2212.

CRITERIA: LA R.S. 38:2212 requires that the City solicit competitive bids for all purchases of materials and supplies exceeding \$30,000. Louisiana Attorney General has opined (AP opinion 02-122) that recurring purchases that exceed the bid limit must be advertised and let by public bid.

CAUSE: The City failed to advertise for bids for the purchase of fuel and oil.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

EFFECT: Failure to obtain bids or quotes for purchases exceeding bid law thresholds places the City in violation of the State's public bid law statutes.

RECOMMENDATION: The City should comply with the requirements of LA R.S. 38:2212 by advertising for bids and obtaining the required bids and/or quotes, as applicable, to ensure compliance with the bid law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will implement policies and procedures to ensure the bidding process is conducted on an annual basis.

2018-013 Audit of Traffic Citations

Fiscal year finding initially occurred: 2015

CONDITION: The Opelousas Police Department records division employees conduct quarterly audits of all traffic citations; however, this information is not provided to the City Clerk for review.

CRITERIA: Louisiana Revised Statute 32:3983.3 (B) provides that each record of traffic citations shall be audited quarterly by the appropriate fiscal officer of the governmental agency to which the traffic enforcement agency is responsible.

CAUSE: The City of Opelousas Police Department records division employees did not provide the necessary information to the City Clerk for review.

EFFECT: Failure to conduct quarterly audits of traffic tickets places the City in violation of state statutes and increase the risk that improper disposal of traffic citations will not be identified.

RECOMMENDATION: A quarterly audit of traffic ticks should be conducted by the City Clerk as required by state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: A quarterly audit of traffic tickets will be conducted by the City Clerk as required by state law.

2018-014 Conference Related Travel Paid for City Attorney

Fiscal year finding initially occurred: 2018

CONDITION: The City paid conference related travel costs on behalf of the city attorney.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

CRITERIA: Article 7, Section 14 of the Louisiana Constitution which provides that funds, credit, property, or things of value to the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

CAUSE: The City misinterpreted the restrictions related to payment of conference related travel for the city attorney.

EFFECT: Payment of conference related travel costs for the city attorney could constitute a prohibited donation of public funds and/or payment of a thing not due. The Louisiana Constitution, Article VII, Section 14 provides that funds, property or things of value of the State or of any political subdivision, shall not be donated to any person.

RECOMMENDATION: The City should not pay conference related travel costs for the city attorney.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will no longer pay conference related travel costs for the city attorney.

2018-015

Failure to Publish Minutes

Fiscal year finding initially occurred: 2018

CONDITION: The City did not publish minutes for all of its public meetings within a reasonable period of time.

CRITERIA: LA R.S. 42:20 states that all public bodies shall keep written minutes of all open meetings. It further states that the minutes shall be public records and shall be available within a reasonable period of time after the meeting and published in the public body's official journal. LA R.S. 43:144 requires the official proceedings to be published within 20 days from the date of the meeting. In addition, LA R.S. 42:20B states that if the public body has a website, the minutes need to be posted to the website within 10 days after publication in the official journal and should remain there for at least three months after being posted online.

CAUSE: The City did not publish minutes in the official journal within the required time frame. Furthermore, minutes of meetings subsequent to November 2018 were not made available for review.

EFFECT: Members of the public were not provided information regarding the City's activities in a timely manner.

RECOMMENDATION: The City should comply with LA R.S. 42:20B and 43:144 and publish all minutes in accordance with state law.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City has implemented policies to ensure that minutes of all open meetings will be made available as public record and published in the official journal and on the City's website timely.

2018-016 Budget – Public Participation

Fiscal year finding initially occurred: 2018

CONDITION: The City failed to advertise the original and amended budget for fiscal year 2018. The City adopted the fiscal year 2018 operating budget on October 10, 2017, after the fiscal year ended, and only six days after being introduced.

CRITERIA: LA R.S. 39:1305(B) requires that the proposed budget be made available for public inspection not later than 15 days prior to the beginning of each fiscal year. LA R.S. 39:1306(D) requires notice of the public hearing to be published in the same advertisement as the availability of the proposed budget.

CAUSE: The City did not publish a notice of when a public hearing on the budget would take place.

EFFECT: Members of the public were not provided information regarding public hearing on adoption of the budget in a timely manner.

RECOMMENDATION: The City should comply with LA R.S. 39:1305(B) and 39:1306(D) and publish all required notices in accordance with state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will implement policies to ensure that the proposed budget be made available for public inspection not later than 15 days prior to the beginning of each fiscal year.

2018-017 Payments to Consultants

Fiscal year finding initially occurred: Unknown

CONDITION: The City paid monthly retainer fees to a computer consultant and a lobbying firm during the year ended August 31, 2018. Detailed invoices were not provided by these vendors to demonstrate the actual work performed.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

CRITERIA: Article 7, Section 14 of the Louisiana Constitution which provides that funds, credit, property, or things of value to the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

CAUSE: The City misinterpreted the restrictions related to payments made to consultants.

EFFECT: Based upon the documentation provided, the City cannot demonstrate that it received actual services or a fair value for the services. As a result, these payments may constitute a donation and could violate Article 7, Section 14 of the Louisiana Constitution which provides that funds, credit, property, or things of value to the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

RECOMMENDATION: The City should ensure that future contracts with attorneys and other consultants are for a specified hourly rate and require documentation of services provided prior to the payment and that no payments are made for work not performed.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City now requires that any consultant provide written documentation of all work, purchases, and labor hours performed before payment can be issued.

2018-018 Improper Disposal of Traffic Citations

Fiscal year finding initially occurred: Unknown

CONDITION: The City was unable to locate within the City Court database three of five LACE tickets selected for testing. It is believed by City Court employees that these tickets were never routed to the District Attorney's office.

CRITERIA: LA R.S. 32:398.2 provides that traffic citations shall be deposited with a court having jurisdiction over the alleged offense.

CAUSE: Individuals responsible for collecting and forwarding traffic citations to the District Attorney's office did not do so.

EFFECT: Improper disposal of traffic citations is a violation of state law.

RECOMMENDATION: The City should comply with state law when processing traffic citations and ensure that each traffic citation written is sent to the proper court.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City and City Court will comply with state law when processing traffic citations and ensure that each traffic citation written is sent to the proper court.

2018-019 Noncompliance with Public Bid Law

Fiscal year finding initially occurred: 2018

CONDITION: The City was unable to provide documentation of compliance with the public bid law in connection with the purchase of an electronic football scoreboard for the recreation department.

CRITERIA: LA R.S. 38:2212 requires that the City obtain not less than three quotes by telephone, facsimile, email, or any other printable electronic form for purchases of materials and supplies of \$10,000 or more but less than \$30,000.

CAUSE: The City did not maintain documentation that the required three quotes were obtained in connection with the purchase of an electronic scoreboard. The City was only able to provide evidence of two quotes obtained.

EFFECT: Failure to obtain bids or quotes for purchases exceeding bid law thresholds places the City in violation of the State's public bid law statutes.

RECOMMENDATION: The City should comply with the requirements of LA R.S. 38:2212 by advertising for bids and obtaining the required bids and/or quotes, as applicable, to ensure compliance with the bid law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will implement procedures to ensure all documentation is maintained when bids and quotes are obtained in accordance with the public bid law.

2018-020 Payment of Undocumented Travel Costs

Fiscal year finding initially occurred: 2018

CONDITION: The City paid travel costs for the Mayor and one employee to attend a conference in Canada; however, no documentation was available to evidence the business purpose of the trip.

CRITERIA: Article 7, Section 14 of the Louisiana Constitution which provides that funds, credit, property, or things of value to the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

CAUSE: The City failed to document the business purpose of travel costs paid.

EFFECT: Based upon the documentation provided, these payments may constitute a donation and could violate Article 7, Section 14 of the Louisiana Constitution which provides that funds, credit, property, or things of value to the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

RECOMMENDATION: The City establish policies and procedures to ensure that the business purpose of all travel is properly documented and that only travel costs directly related to City business be paid.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City has forwarded this matter to the District Attorney's office for investigation.

2018-021

Reimbursement in Excess of Actual Cost Incurred

Fiscal year finding initially occurred: 2018

CONDITION: The City reimbursed the Mayor for travel costs in excess of the amount actually expended.

CRITERIA: Article 7, Section 14 of the Louisiana Constitution which provides that funds, credit, property, or things of value to the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

CAUSE: In January 2018 the Mayor was reimbursed for travel costs related to attendance at the Main Street Conference in Kansas City, MO. The flight was paid for by the Mayor using airline e-credits with the remaining balance paid with a credit card. The Mayor was reimbursed for the entire cost of the flight instead of the actual out of pocket costs incurred.

EFFECT: Based upon the documentation provided, this payment may constitute a donation and could violate Article 7, Section 14 of the Louisiana Constitution which provides that funds, credit, property, or things of value to the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

RECOMMENDATION: The City establish policies and procedures to ensure that the reimbursements are made for actual costs incurred.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City has forwarded this matter to the District Attorney's office for investigation.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

2018-022 Budget Noncompliance

Fiscal year finding initially occurred: 2018

CONDITION: Total expenditures in the General Fund exceeded budgeted expenditures by 12% or \$1,866,129.

CRITERIA: LSA-RS 39:1311(A)(1)&(2) states that when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted amounts by five percent or more, the budget must be amended.

CAUSE: The City failed to properly monitor the expenditures of the General Fund.

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will amend the General Fund budget in accordance with LSA-RS 39:1311(A)(1)&(2).

2018-023 Late Report Issuance

Fiscal year finding initially occurred: 2018

CONDITION: The City's audit report was not complete until after the deadline imposed by state law.

CRITERIA: LSA-RS 24:514 requires audited financial statements to be filed with the Louisiana Legislative Auditor's office within six months after the fiscal year end of government entities.

CAUSE: The audit report was not completed within the required six-month period as a result of the new administration requiring additional time to compile information necessary for the audit and the decision to change audit firms.

EFFECT: The City is not in compliance with LA R.S. 24:514.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City requested and received an extension of time in which to file the annual financial report form the Legislative Auditor, and the report was to be filed no later than May 31, 2019 with a compliance finding for late submission. The City will meet that deadline and does not anticipate any further delays in future reports.

C. Management Letter

A management letter was issued related to City of Opelousas operating deficits and outstanding loans in the ORECD program.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting and Compliance

2017-01 Preparation of Financial Statements

CONDITION: The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

RECOMMENDATION: The City should hire competent staff capable of preparing and maintaining records in a manner to adequately assist in preparation of external financial statements and related disclosures. Management of the City should make a determination as to whether the cost of correcting the deficiency concerning the expertise of accounting personnel exceeds the expected benefit to be derived from doing such.

CURRENT STATUS: Unresolved. See item 2018-001.

2017-02 Capital Asset Management

CONDITION: The City has not implemented procedures which require an employee to maintain a listing of the City's capital assets or monitor the additions and deletions of assets as required by LA R.S. 24:515.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

RECOMMENDATION: Management of the City should assign an employee as the property manager who will maintain a comprehensive listing of all capital assets, location of assets as well as additions and deletions that occur during the year. Department heads should be given addition and deletion forms and be required to complete the forms as purchases or deletions of capital assets are made and provide a copy to the property manager. The property manager should perform an annual physical inventory of all capital assets and any missing assets identified should be investigated. All assets should be tagged as property of the City and serial numbers retained by the property manager. Property manager should also maintain records for all construction projects to determine the status of each project and which projects have been completed and should be added to the capital asset listing. The City has established policies and procedures for identifying, recording, and coordinating an annual inventory of all capital assets, however, the policies and procedures are not being implemented.

CURRENT STATUS: Unresolved. See item 2018-009.

2017-03

Unclaimed Property

CONDITION: The City did not submit unclaimed property to the State Treasurer as required by LA R.S. 9:150-160.

RECOMMENDATION: The City should implement written policies and procedures to ensure that unclaimed property such as returned refund checks are properly maintained, reported, and remitted to the State in compliance with state law. The City should also perform the appropriate reconciliations and reviews to attempt to determine the amount currently owed to the State.

CURRENT STATUS: Unresolved. See item 2018-010.

2017-04

Noncompliance with Ethics Training Requirements

CONDITION: City elected and appointed officials did not on an annual basis attest through signature verification of completion of the ethics course required by LA R.S. 42:1170(A).

RECOMMENDATION: Management should establish procedures to monitor ethics course training for all elected and appointed officials.

CURRENT STATUS: Resolved.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

2017-05 Advanced Compensation Paid to City Clerk

CONDITION: The City Clerk received advanced compensation in the form of overtime payments in violation of state law.

RECOMMENDATION: The City needs to ensure that state law is adhered to and that advances or loans are not made to City employees. Since the Clerk's compensation wasn't affixed by ordinance and there are no provisions for the payment of overtime to City employees; the City should consult with legal counsel to determine the appropriate legal actions to be taken.

CURRENT STATUS: Resolved.

2017-06 Affixation of Compensation for City Clerk, Chief of Police, and Fire Chief

CONDITION: The City failed to affix the compensation of the City Clerk, Chief of Police, and Fire Chief by ordinance as required by LA R.S. 33:404.1.

RECOMMENDATION: City management should implement written policies and procedures to ensure that compensation for municipal officers is set by ordinance in accordance with state law. We further recommend that City management immediately seek confirmation of compensation for all municipal officers by City Council.

CURRENT STATUS: Unresolved. See item 2018-011.

2017-07 Noncompliance with Public Bid Law

CONDITION: The City purchased fuel and oil from one vendor without obtaining competitive bids as required by LA R.S. 38:2212.

RECOMMENDATION: Management should consult with the City's legal advisor to determine necessary steps to be taken. Additionally, management should review annually all items purchased frequently and consider soliciting bids for such items to ensure the lowest possible prices and to ensure compliance with the bid law.

CURRENT STATUS: Unresolved. See item 2018-012.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2018

2017-08 Audit of Traffic Citations and Improper Disposal of Traffic Citations

CONDITION: Louisiana Revised Statute 32:3983.3 (B) provides that each record of traffic citations shall be audited quarterly by the appropriate fiscal officer of the governmental agency to which the traffic enforcement agency is responsible. The Opelousas Police Department records division employees conduct quarterly audits of all traffic citations; however, this information is not provided to the City Clerk for review.

RECOMMENDATION: We recommend a quarterly audit of traffic tickets be conducted by the City Clerk as required by state law. We recommend that City officials establish procedures and controls to monitor compliance with state law when processing traffic citations and ensure that each traffic citation written is sent to the proper authorities. We furthermore recommend that policies and procedures be established to ensure compliance with state law prohibition against ticket quotas.

CURRENT STATUS: Unresolved. See item 2018-013.

2017-09 Loans Receivable

CONDITION: No payments have been received on outstanding OREDCD program loans receivable in several years.

RECOMMENDATION: We recommend City management explore options, including legal proceedings, and make increased efforts to collect past due balances.

CURRENT STATUS: Unresolved. See management letter.

2017-10 Invoices not Paid

CONDITION: The Opelousas Police Department withheld multiple invoices for services without timely submitting the invoices to the City's accounting department for proper processing of the invoices.

RECOMMENDATION: Management should institute proper procedures and controls requiring all request for purchases go through the City's purchasing procurement process. Additionally, the City should take necessary steps to ensure that vendors are paid in a timely basis to avoid potential additional costs relating to interest and penalties as well as potential cost of litigation.

CURRENT STATUS: Resolved.

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

MANAGEMENT LETTER

The Honorable Julius Alsandor, Mayor
and Members of the Board of Aldermen
City of Opelousas, Louisiana

We have completed our audit of the basic financial statements of the City of Opelousas, Louisiana for the year ended August 31, 2018, and submit the following recommendations for your consideration:

- (1) No payments have been received on outstanding ORECD program loans receivable in several years. Liens were filed against borrowers in past years. It is recommended that the City consult with legal counsel regarding options available to pursue collection of these past due balances.
- (2) The General Fund, Sales Tax Fund, and Capital Projects Fund experienced deficits during the current year of \$1,220,822, \$270,068, and \$138,420, respectively. Continued deficit spending could result in the City not having the resources to pay current expenses. The City should evaluate operations to determine methods to increase revenues and/or reduce expenditures in order to operate at a surplus.
- (3) The ELWW and Sewer Enterprise funds experienced deficits during the current year of \$511,445 and \$363,608, respectively. Continued deficit spending could result in the City not having the resources to pay current expenses. The City should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
May 30, 2019

CITY OF OPELOUSAS, LOUISIANA

Statewide Agreed-Upon Procedures Report

Year Ended August 31, 2018

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

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

* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Julius Alsandor, Mayor,
Members of the Board of Aldermen,
and The Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City of Opelousas (City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 1, 2017 through August 31, 2018. The City's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained; however, they do not address the following: how vendors are added to the vendor list and the preparation and approval of purchase requisitions and purchase orders.

- c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions noted above.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Written policies and procedures were obtained and address the functions noted above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and do not address the functions noted above.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
Written policies and procedures were obtained and do not address the functions noted above.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
Written policies and procedures were obtained; however, they do not address the following: required approvers of statements and monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained; however, they do not address the following: required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity’s ethics policy.
Written policies and procedures were obtained; however, they do not address the following: actions to be taken if an ethics violation takes place, system to monitor possible ethics violations, and requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity’s ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and do not address the functions noted above.

Board or Finance Committee

(The following procedures were not performed since there were no exceptions in the prior year.)

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).

Obtained bank reconciliations noting that they were prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Obtained bank reconciliations noting that they do not include evidence of review by a member of management/board member who does not handle cash, post ledgers, or issue checks.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There is no documentation that management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections

(The following procedures were not performed since there were no exceptions in the prior year.)

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

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to

employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

At least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Exception noted. The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

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

The employee responsible for signing checks gives the signed checks to an employee to mail who is not responsible for processing payments.

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

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

Exception noted. One disbursement did not match the related original invoice/billing statement.

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

Disbursement documentation included evidence of segregation of duties tested.

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

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

Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, and management's representation that the listing is complete.

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of

certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Monthly statements were obtained and did not contain evidence of written review and approval, by someone other than the authorized cardholder.

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

Exception noted. Finance charges and late fees were noted on two of the statements.

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

Exceptions noted. Transactions are not supported by written documentation of the business/public purpose, and there is no documentation of the individuals participating in meals.

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

(The following procedures were not performed since there were no exceptions in the prior year.)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Observed that contracts were bid in accordance with the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Exception noted. Four (4) of the five (5) contracts tested were not approved by the governing body/board.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Not applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Invoices and related payments tested agreed to the terms and conditions of the contracts.

Payroll and Personnel

(The following procedures were not performed since there were no exceptions in the prior year.)

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

-
- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Exception noted. No such documentation was available regarding employees/officials attesting through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

(The following procedures were not performed since there were no exceptions in the prior year.)

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

(The following procedures were not performed since there were no exceptions in the prior year.)

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management's Response:

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

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or

compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
May 30, 2019