

CITY OF OPELOUSAS, LOUISIANA

Annual Financial Report

For the Year Ended August 31, 2017

CITY OF OPELOUSAS, LOUISIANA
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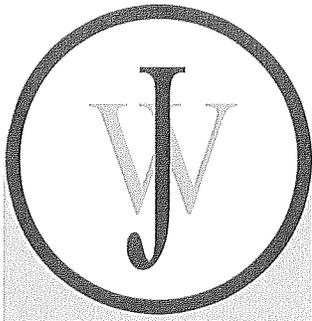
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J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Honorable Reginald Tatum, 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, and each major fund, and the aggregate remaining fund of the City of Opelousas, Louisiana, as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' 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 auditors consider 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Opelousas, Louisiana, as of August 31, 2017, 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

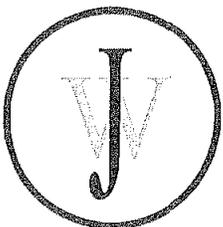
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on **page 4**, and budgetary comparison information on **pages 71 and 72**, 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.

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 accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer and schedule of compensation paid to the members of the board of aldermen, found on **pages 73 and 74** respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial 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, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



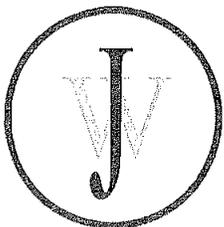
The schedules of compensation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of compensation 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 February 24, 2018, 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.

J. Walker & Company, APC

Lake Charles, Louisiana
February 23, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OPELOUSAS, LOUISIANA
Management's Discussion and Analysis
(Unaudited)
For the Year Ended August 31, 2017

The Management's Discussion and Analysis ("MD&A") for the City of Opelousas is designed to:

1. Assist the reader in focusing on significant financial issues;
2. Provide an overview of the City's financial activities;
3. Identify changes in the City's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
4. Identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and
5. Identify individual fund issues or concerns.

As management of the City of Opelousas, we offer readers of the Financial Statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2017.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

Overview of the Financial Statements

The MD&A requires supplementary information that introduces the reader to the basic financial statements and provides an overview of the City's financial activities. The City's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial Statements, and
3. Notes to the financial statements.

Other required supplementary information, including the required budgetary comparison schedule(s) are presented immediately following the notes to the financial statements. A general description of the components of the basic financial statements follows below, with a more detailed analysis of the government-wide statements included in a later section entitled "Government-Wide Financial Analysis".

1. Government-Wide Financial Statements

The Government-Wide Financial Statements (see pages 18 to 19) are designed by GASB Statement No. 34 to present the financial operations of the City as a whole in a format similar to private sector companies. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

CITY OF OPELOUSAS, LOUISIANA
Management's Discussion and Analysis
(Unaudited)
For the Year Ended August 31, 2017

Overview of the Financial Statements (continued)

The focus is on the government-wide (entity-wide) "Statement of Net Position" and "Statement of Activities" to give the reader a broad overview of the City's financial position and results of operations.

- a. The Statement of Net Position presents information on the City's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening.
- b. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (general government, public safety, public works and streets) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues.

2. Fund Financial Statements

The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The City of Opelousas uses two categories of funds to account for financial transactions: governmental funds, and proprietary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City of Opelousas's governmental funds include the following:

- a. General Fund used for accounting for the City's basic services.
- b. Special Revenue Fund – Sales Tax Fund is used for accounting for the receipts and disbursements of the sales tax monies.
- c. Capital Projects Fund used for accounting for financial transactions under a Louisiana Community Development Block Grant.

CITY OF OPELOUSAS, LOUISIANA
Management's Discussion and Analysis
(Unaudited)
For the Year Ended August 31, 2017

Overview of the Financial Statements (continued)

- d. Debt Service Fund used for accounting for the transfers and payments of monies used to retire debt of the City.

The Proprietary Fund accounts for water and sewer services for the City of Opelousas. Enterprise funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail. The proprietary fund financial statements can be found on pages 25-28 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the City's more immediate decisions on the current use of financial resources. Whereas the Total column on the Enterprise Fund Financial Statements is the same as the Business-Type column of the Government-Wide Financial Statements, the governmental funds columns of the Fund Financial Statements require and include a reconciliation following the Balance Sheet (reconciliation on page 22) and the Statement of Revenues, Expenditures and Changes in Fund Balances (reconciliation on page 24).

3. Notes to the Financial Statements

The Notes to the Financial Statements provide information essential to a full understanding of the government-wide and fund financial statements. When reviewing this MD&A, the reader should also refer to and review the Notes to the Basic Financial Statements (beginning on page 29), as well as the Government-Wide and Fund Financial Statements (included on pages 18-28).

4. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information concerning the City's budget presentations. Budgetary comparison statements are included as "Required Supplementary Information" for the general and special revenue funds. These schedules demonstrate compliance with the City's adopted and final revised budget. This information can be found on pages 76-79 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial condition. At the close of the most recent fiscal year, the City's assets exceeded its liabilities by \$11,771,489 (net position); this represents a decrease of \$173,987 from last fiscal year.

The City's net positions are comprised of \$(785,209) from governmental activities and \$12,556,698 from business-type activities.

CITY OF OPELOUSAS, LOUISIANA
Management's Discussion and Analysis
(Unaudited)
For the Year Ended August 31, 2017

Government-Wide Financial Analysis (continued)

The following is a condensed statement of the City's net position as of August 31, 2017:

<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 6,898,965	\$ 1,511,785	\$ 8,410,750	16%
Restricted assets	3,308	3,713,725	3,717,033	7%
Capital assets	<u>16,202,262</u>	<u>23,098,401</u>	<u>39,300,663</u>	<u>77%</u>
Total Assets	<u>23,104,535</u>	<u>28,323,911</u>	<u>51,428,446</u>	<u>100%</u>
Deferred outflows of resources				
Deferred outflows of resources related to pensions	<u>6,440,122</u>	<u>472,426</u>	<u>6,912,548</u>	<u>100%</u>
Liabilities:				
Current liabilities	1,409,399	1,026,909	2,436,308	5%
Long-term liabilities	4,431,631	11,207,567	15,639,198	34%
Net pension liabilities	<u>24,100,158</u>	<u>3,887,078</u>	<u>27,987,236</u>	<u>61%</u>
Total Liabilities	29,941,188	16,121,554	46,062,742	100%
Deferred inflows of resources				
Deferred inflows of resources related to pensions	<u>388,678</u>	<u>118,085</u>	<u>506,763</u>	<u>100%</u>
Net Position:				
Net investment in capital assets	14,367,233	8,821,069	23,188,302	197%
Restricted for:				
Debt service	44,734	-	44,734	1%
Construction	-	766,322	766,322	6%
Grant provisions	3,296	1,913,831	1,917,127	16%
Unrestricted (deficit)	<u>(15,200,472)</u>	<u>1,055,476</u>	<u>(14,144,996)</u>	<u>-120%</u>
Total Net Position	<u>\$ (785,209)</u>	<u>\$ 12,556,698</u>	<u>\$ 11,771,489</u>	<u>100%</u>

The City's net position at August 31, 2017, was \$11,771,489. The following is a condensed statement of the City's net position as of August 31, 2016:

CITY OF OPELOUSAS, LOUISIANA
Management's Discussion and Analysis
(Unaudited)
For the Year Ended August 31, 2017

Government-Wide Financial Analysis (continued)

<u>Activities</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 4,842,104	\$ 2,392,140	\$ 7,234,244	15%
Restricted assets	3,296	3,913,179	3,916,475	8%
Capital assets	<u>16,067,273</u>	<u>21,881,000</u>	<u>37,948,273</u>	<u>77%</u>
Total Assets	<u>20,912,673</u>	<u>28,186,319</u>	<u>49,098,992</u>	<u>100%</u>
Deferred outflows of resources				
Deferred outflows of resources related to pensions	<u>6,365,722</u>	<u>546,825</u>	<u>6,912,547</u>	<u>100%</u>
Liabilities:				
Current liabilities	1,649,274	1,075,042	2,724,316	6%
Long-term liabilities	4,649,075	12,577,755	17,226,830	40%
Net pension liabilities	<u>21,246,932</u>	<u>1,744,466</u>	<u>22,991,398</u>	<u>54%</u>
Total Liabilities	27,545,281	15,397,263	42,942,544	100%
Deferred inflows of resources				
Deferred inflows of resources related to pensions	<u>1,045,334</u>	<u>78,185</u>	<u>1,123,519</u>	<u>100%</u>
Net Position:				
Net investment in capital assets	18,173,218	8,821,069	26,994,287	225%
Restricted for:				
Debt service	48,856	1,652,470	1,701,326	14%
Construction	-	766,322	766,322	6%
Grant provisions	3,296	260,670	263,966	2%
Unrestricted (deficit)	<u>(19,537,590)</u>	<u>1,757,165</u>	<u>(17,780,425)</u>	<u>-149%</u>
Total Net Position	<u>\$ (1,312,220)</u>	<u>\$ 13,257,696</u>	<u>\$ 11,945,476</u>	<u>100%</u>

The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The City's current ratio as of August 31, 2017 is 4.89 to 1 for governmental activities and 1.47 to 1 for business-type activities. The current ratio as of August 31, 2016 is 2.94 to 1 for governmental activities and 2.23 to 1 for business-type activities. The City's overall current ratio is 3.45 to 1 as of August 31, 2017, and 2.66 to 1 as of August 31, 2016. These ratios indicate a good current financial position.

The City reported positive balances in net position for both governmental and business-type activities for the years ended August 31, 2017 and 2016. Net position increase in governmental activities by \$527,011 and increase in business-type activities by \$700,998. The City's overall financial position improved during the fiscal year ending August 31, 2017, as total net position decreased by 14%. The City's net position for the year ended August 31, 2016 increased in governmental activities by \$1,667,146

CITY OF OPELOUSAS, LOUISIANA
Management's Discussion and Analysis
(Unaudited)
For the Year Ended August 31, 2017

Government-Wide Financial Analysis (continued)

and decreased in business-type activities by \$515,036. During the fiscal year ended August 31, 2016, total net position decreased by 13%.

The largest category of net position is "Net Investment in Capital Assets", and comprises 197% of net position. This category reflects the total invested in capital assets (land, buildings, equipment, infrastructure, utility system improvements, etc.). These capital assets are used to provide services to citizens and do not represent resources available for future spending.

The following is a condensed statement of the City's activities for the year ended August 31, 2017:

<u>Revenues:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Percentage</u>
Program:				
Charges for services	\$ 335,940	\$ 7,642,826	\$ 7,978,766	35%
Operating grants and contributions	448,812	-	448,812	2%
Capital grants and contributions	-	-	-	0%
General:				
Taxes				
Ad valorem taxes	1,014,689	-	1,014,689	4%
Sales taxes	9,732,488	-	9,732,488	44%
Franchise taxes	1,131,695	-	1,131,695	5%
Hotel/motel taxes	141,162	-	141,162	1%
Interest and investment earnings	20,723	15,448	36,171	0%
Occupational licenses and other permits	469,718	-	469,718	2%
Racing income	159,756	-	159,756	1%
Video poker revenue	63,853	-	63,853	0%
State beer tax	41,689	-	41,689	0%
Insurance rebate	78,610	-	78,610	0%
Nonemployer pension contribution	586,589	-	586,589	3%
Miscellaneous	595,091	111,109	706,200	3%
Total Revenues	<u>14,820,815</u>	<u>7,769,383</u>	<u>22,590,198</u>	<u>100%</u>
<u>Program Expenses:</u>				
General government	3,016,621	-	3,016,621	13%
Public safety	5,728,074	-	5,728,074	25%
Public works	5,275,998	-	5,275,998	23%
Health and welfare	562,536	-	562,536	2%
Culture and recreation	1,323,293	-	1,323,293	6%
Economic development	103,426	-	103,426	1%
Capital outlay	73,248	-	73,248	0%
Insurance claims and costs	172,252	-	172,252	1%
Interest and fees on debt	612,208	-	612,208	3%
Electric light and waterworks	-	3,709,060	3,709,060	16%
Sewer	-	2,187,442	2,187,442	10%
Other enterprise funds	-	27	27	0%
ORECD	-	-	-	0%
Total Program Expenses	<u>16,867,656</u>	<u>5,896,529</u>	<u>22,764,185</u>	<u>100%</u>
Excess (Deficiency)	(2,046,841)	1,872,854	(173,987)	
Transfers In (Out)	<u>2,573,852</u>	<u>(2,573,852)</u>	<u>-</u>	
Change in Net Position	527,011	(700,998)	(173,987)	
Beginning Net Position	<u>(1,312,220)</u>	<u>13,257,696</u>	<u>11,945,476</u>	
Ending Net Position	<u>\$ (785,209)</u>	<u>\$ 12,556,698</u>	<u>\$ 11,771,489</u>	

CITY OF OPELOUSAS, LOUISIANA
Management's Discussion and Analysis
(Unaudited)
For the Year Ended August 31, 2017

Government-Wide Financial Analysis (continued)

The following is a condensed statement of the City's activities for the year ended August 31, 2016:

<u>Revenues:</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Percentage</u>
	<u>Activities</u>	<u>Activities</u>		
<u>Program:</u>				
Charges for services	\$ 341,304	\$ 7,894,014	\$ 8,235,318	36%
Operating grants and contributions	198,983	-	198,983	0%
Capital grants and contributions	-	-	-	0%
<u>General:</u>				
<u>Taxes</u>				
Ad valorem taxes	964,667	-	964,667	5%
Sales taxes	9,675,865	-	9,675,865	42%
Franchise taxes	1,133,180	-	1,133,180	5%
Hotel/motel taxes	130,634	-	130,634	1%
Interest and investment earnings	15,500	17,913	33,413	0%
Occupational licenses and other permits	851,483	-	851,483	4%
Racing income	305,949	-	305,949	1%
Video poker revenue	73,179	-	73,179	0%
State beer tax	42,709	-	42,709	0%
Insurance rebate	65,356	-	65,356	0%
Nonemployer pension contribution	583,135	28,943	612,078	2%
Miscellaneous	597,513	10,800	608,313	2%
Total Revenues	<u>14,979,457</u>	<u>7,951,670</u>	<u>22,931,127</u>	<u>100%</u>
<u>Program Expenses:</u>				
General government	2,659,795	-	2,659,795	13%
Public safety	9,206,579	-	9,206,579	42%
Public works	1,777,505	-	1,777,505	10%
Health and welfare	546,190	-	546,190	3%
Culture and recreation	1,412,665	-	1,412,665	8%
Economic development	5,196	-	5,196	0%
Insurance claims and costs	305,965	-	305,965	1%
Interest and fees on debt	508,416	-	508,416	1%
Electric light and waterworks	-	3,557,413	3,557,413	15%
Sewer	-	1,796,323	1,796,323	8%
ORECD	-	2,970	2,970	0%
Total Program Expenses	<u>16,422,311</u>	<u>5,356,706</u>	<u>21,779,017</u>	<u>100%</u>
Excess (Deficiency)	(1,442,854)	2,594,964	1,152,110	
Transfers In (Out)	<u>3,110,000</u>	<u>(3,110,000)</u>	-	
Change in Net Position	1,667,146	(515,036)	1,152,110	
Beginning Net Position, restated	<u>(2,979,366)</u>	<u>13,772,732</u>	<u>10,793,366</u>	
Ending Net Position	<u>\$ (1,312,220)</u>	<u>\$ 13,257,696</u>	<u>\$ 11,945,476</u>	

CITY OF OPELOUSAS, LOUISIANA
Management's Discussion and Analysis
(Unaudited)
For the Year Ended August 31, 2017

Government-Wide Financial Analysis (continued)

The Condensed Statement of Activities presents revenues, expenses, and changes in net position separately for governmental activities and business-type activities. The condensed format allows for presentation of Program Revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) followed by a listing of General Revenues to support the City's overall governmental or business-type activities. Expenses are presented on a functional basis.

As noted above, there are two categories of revenues on the Statement of Activities – "Program Revenues" and "General Revenues". "Program Revenues" derive directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's "General Revenues". "Program Revenues" are further divided into Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions. The major revenues in governmental activities for the City in the Charges for Services sub-category are \$7,978,766 for charges for services, \$12,020,034 for taxes, \$36,171 for interest and investment, \$469,718 for occupational licenses and \$1,483,899 for miscellaneous revenues for the fiscal year ended August 31, 2017, and \$8,235,318 for charges for services, \$11,904,346 for taxes, and \$33,412 for interest and investment, \$851,483 for occupational licenses and \$1,456,628 for miscellaneous revenues for the fiscal year ended August 31, 2016. Revenues in the Operating Grants and Contributions sub-category consist of \$448,812 and \$198,983 for the fiscal years ended August 31, 2017 and 2016, respectively. The revenues required to be reported provided for supplemental police pay, with the balance consisting primarily of intergovernmental grants for community development, reimbursement for highway maintenance, and fire insurance rebates. All taxes are to be reported by type. The major tax revenues for the City of Opelousas are sales tax revenues of \$9,732,488, Ad valorem taxes of \$1,014,689, franchise taxes of \$1,131,695, and hotel/motel tax of \$141,162 for the year ended August 31, 2017. The major tax revenues for the year ended August 31, 2016, are sales tax revenues of \$9,675,865, Ad valorem taxes of \$964,667, franchise taxes of \$1,133,180, and hotel/motel tax of \$130,634.

"Program Expenses" for the governmental funds are presented in the above Condensed Statement of Activities by function and total \$16,867,656 and \$16,422,311 (including interest on long-term debt) for the fiscal years ended August 31, 2017 and 2016, respectively.

Business-Type Activities provided by the City of Opelousas consists of water and sewer utilities. All revenues are in the category of "Program Revenues", with the exceptions of interest income and miscellaneous income reported as "General Revenue". "Program Revenues" in the Charges for Services sub-category consists of billings of \$5,560,700 for electric light and waterworks, and \$2,081,408 for sewer for the year ended August 31, 2017, and \$5,702,447 for electric light and waterworks, and \$2,191,567 for sewer for the fiscal year ended August 31, 2016.

Capital Assets and Long-Term Debt

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of August 31, 2017 was \$18,318,998 and \$38,290,270, respectively, and \$17,061,773 and \$37,037,193, respectively, as of August 31, 2016. For the year ended August 31, 2017, net investment for governmental type activities decreased 7.33% while net investment for business-type activities decreased by 5.24%. For the year ended August 31, 2016, net investment for governmental type activities decreased by 6.31% while net investment for business-type activities decreased by 0.50%. There was an overall decrease in capital asset investment for the City as a whole of 6.14 % and 3.08% for

CITY OF OPELOUSAS, LOUISIANA
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For the Year Ended August 31, 2017

the years ended August 31, 2017 and August 31, 2016 respectively.

Capital Assets and Long-Term Debt (continued)

The City's depreciable capital assets for governmental activities were 53% and 50% depreciated as of August 31, 2017 and 2016, respectively. The City's depreciable capital assets for its business-type activities were 64% and 63% depreciated as of August 31, 2017 and 2016, respectively.

As of August 31, 2017 and 2016, the City had total bond indebtedness in the amount of \$14,396,000 and \$15,926,000, respectively. Pledged sewer collections support \$6,281,000 of total outstanding bond indebtedness. Pledged electric, lights, and waterworks collections support \$6,020,000 of total outstanding bond indebtedness.

The City will incur \$709,518 in interest and fees over the next five years in connection with the 2006 electric light and waterworks revenue bond issue. The City will incur \$1,918 of interest and fees over the next five years in connection with the 1998 sewer revenue bond issue. The City will incur an estimated \$673,904 of interest and fees over the next five years in connection with the 2012 sewer revenue bond issue. The City will incur an estimated \$122,536 of interest and fees over the next five years in connection with the 2007 electric light and waterworks revenue bond issue. The City will incur an estimated \$134,688 of interest and fees over the next five years in connection with the 2003 sewer revenue bond issue.

The following tables provide a summary of capital asset activity for 2017:

	<u>Balance</u> <u>09/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>08/31/17</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,835,029	\$ -	\$ -	\$ 1,835,029
Other capital assets:		-	-	-
Buildings	8,684,935	-	-	8,684,935
Improvements other than buildings	17,424,577	-	-	17,424,577
Equipment and machinery	<u>6,441,730</u>	<u>13,126</u>	-	<u>6,454,856</u>
Totals	<u>34,386,271</u>	<u>13,126</u>	-	<u>34,399,397</u>
Less accumulated depreciation				
Buildings	3,997,698	76,292	-	3,921,406
Improvements other than buildings	9,343,794	108,173	-	9,235,621
Equipment and machinery	<u>4,997,506</u>	-	<u>62,602</u>	<u>5,040,108</u>
Total accumulated depreciation	<u>18,338,998</u>	<u>184,465</u>	<u>62,602</u>	<u>18,197,207</u>
Governmental activities:				
Capital assets, net	<u>\$ 16,067,273</u>	<u>171,339</u>	<u>\$ (62,602)</u>	<u>\$16,202,262</u>

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Capital Assets and Long-Term Debt (continued)

	Balance <u>09/01/16</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>08/31/17</u>
Business-type activities:				
Capital assets not being depreciated:				
				\$
Land	\$ 77,698	\$ -	\$ -	77,698
Construction in progress	704,702	-	-	704,702
Other capital assets:				
Buildings	1,317,911	-	-	1,317,911
Utility system and improvements	56,796,559	-	-	56,796,559
Machinery and equipment	<u>1,274,400</u>	-	-	<u>1,274,400</u>
Totals	<u>\$60,171,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,171,270</u>
Less accumulated depreciation				
Buildings	1,306,257	-	1,119	1,305,138
Utility system and improvements	35,705,358	-	1,215,653	34,687,568
Machinery and equipment	<u>1,278,655</u>	-	<u>198,492</u>	<u>1,080,163</u>
Total accumulated depreciation	<u>38,290,270</u>	-	<u>1,415,264</u>	<u>37,072,869</u>
Business-type activities:				
Capital assets, net	<u>\$ 21,881,000</u>	<u>\$ -</u>	<u>\$ 1,415,264</u>	<u>\$ 23,098,401</u>

The following tables provide a summary of capital asset activity for 2016:

	Balance <u>9/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>8/31/2016</u>
Governmental activities:				
Capital assets not being depreciated:				
				\$
Land	\$ 1,835,029	-	\$ -	\$ 1,835,029
Other capital assets:				
Buildings	8,684,935	-	-	8,684,935
Improvements other than buildings	17,424,577	-	-	17,424,577
Equipment and machinery	<u>6,441,730</u>	-	-	<u>6,441,730</u>
Totals	<u>34,386,271</u>	-	-	<u>34,296,264</u>
Less accumulated depreciation:				

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Buildings	3,827,772	-	169,926	3,997,698
Improvements other than buildings	8,741,873	-	601,921	9,343,794
Equipment and machinery	<u>4,478,034</u>	-	<u>499,472</u>	<u>4,977,506</u>
Total accumulated depreciation	<u>17,047,679</u>	-	<u>1,271,319</u>	<u>18,318,998</u>
Governmental activities:				
Capital assets, net	<u>\$ 17,338,592</u>	<u>\$ -</u>	<u>\$(1,271,319)</u>	<u>\$ 16,067,273</u>

Capital Assets and Long-Term Debt (continued)

	Balance <u>9/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>8/31/2016</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 77,698	\$ -	\$ -	\$ 77,698
Construction in progress	661,088	43,622	-	704,710
Other capital assets:				
Buildings	64,451	-	-	64,451
Utility system and improvements	57,753,858	-	-	57,753,858
Equipment and machinery	<u>1,570,553</u>	-	-	<u>1,570,553</u>
Totals	<u>60,127,648</u>	<u>43,622</u>	-	<u>60,171,270</u>
Less accumulated depreciation:				
Buildings	51,680	-	1,119	52,799
Utility system and improvements	35,687,442	-	1,197,655	36,885,097
Equipment and machinery	<u>1,298,071</u>	-	<u>54,303</u>	<u>1,352,374</u>
Total accumulated depreciation	<u>37,037,193</u>	-	<u>1,253,077</u>	<u>38,290,270</u>
Business-type activities:				
Capital assets, net	<u>\$ 23,090,455</u>	<u>-</u>	<u>\$(1,253,077)</u>	<u>\$ 21,881,000</u>

Required Supplementary Information

In addition to this MD&A and the basic financial statements, this report also presents certain Required Supplementary Information. This Required Supplementary Information for the City of Opelousas includes the Budgetary Comparison Schedule for the general fund, special revenue fund, and capital projects fund. The presentation under the GASB 34 standard requires disclosure of both the original and the final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.

CITY OF OPELOUSAS, LOUISIANA
Management's Discussion and Analysis
(Unaudited)
For the Year Ended August 31, 2017

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's clerk at City of Opelousas, Louisiana.

Mayor, City of Opelousas, Louisiana
(337) 948-2520

BASIC FINANCIAL STATEMENTS

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Net Position
As of August 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 5,308,810	\$ 206,317	\$ 5,515,127
Receivables, net	343,355	1,212,119	1,555,474
Due from other funds	1,196,943	-	1,196,943
Due from other governmental units	-	54,887	54,887
Inventory	49,857	38,462	88,319
Restricted assets:			
Cash and interest-bearing deposits	3,308	3,713,725	3,717,033
Capital assets:			
Land and construction in progress	1,835,029	782,400	2,617,429
Capital assets, net	<u>14,367,233</u>	<u>22,316,001</u>	<u>36,683,234</u>
Total capital assets	<u>16,202,262</u>	<u>23,098,401</u>	<u>39,300,663</u>
Total assets	23,104,535	28,323,911	51,428,446
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	6,440,122	472,426	6,912,548
LIABILITIES			
Accounts payable and accrued expenses	562,160	415,378	977,538
Due to other funds	-	16,907	16,907
Due to other government units	485,976	-	485,976
Claims payable	358,197	-	358,197
Customers' meter deposits	-	594,624	594,624
Taxes paid under protest	3,066	-	3,066
Long-term liabilities:			
Due within one year	320,000	1,210,000	1,530,000
Due in more than one year	4,111,631	9,997,567	14,109,198
Net pension liability	<u>24,100,158</u>	<u>3,887,078</u>	<u>27,987,236</u>
Total liabilities	29,941,188	16,121,554	46,062,742
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	388,678	118,085	506,763
NET POSITION			
Net investment in capital assets	14,367,233	8,821,069	23,188,302
Restricted for:	-		
Debt service	44,734	-	44,734
Construction	-	766,322	766,322
Grant provisions	3,296	1,913,831	1,917,127
Unrestricted	<u>(15,200,472)</u>	<u>1,055,476</u>	<u>(14,144,996)</u>
Total net position	<u>\$ (785,209)</u>	<u>\$ 12,556,698</u>	<u>\$ 11,771,489</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, 2017

Activities	Expense	Program Revenue			Net (Expense) Revenue and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 3,016,621	\$ 51,029	\$ 74,227	\$ -	\$ (2,891,365)	\$ -	\$ (2,891,365)
Public safety	5,728,074	153,112	83,545	-	(5,491,417)	-	(5,491,417)
Public works	5,275,998	9,234	-	-	(5,266,764)	-	(5,266,764)
Health & welfare	562,536	122,565	-	-	(439,971)	-	(439,971)
Culture and recreation	1,323,293	-	241,040	-	(1,082,253)	-	(1,082,253)
Economic development	103,426	-	50,000	-	(53,426)	-	(53,426)
Capital outlay	73,248	-	-	-	(73,248)	-	-
Insurance claims and costs	172,252	-	-	-	(172,252)	-	(172,252)
Interest and fees on debt	612,208	-	-	-	(612,208)	-	(612,208)
Total governmental activities	<u>16,867,656</u>	<u>335,940</u>	<u>448,812</u>	<u>-</u>	<u>(16,082,904)</u>	<u>-</u>	<u>(16,082,904)</u>
Business-type activities:							
Electric light and waterworks	3,709,060	5,560,700	-	-	-	1,851,640	1,851,640
Sewer	2,187,442	2,081,408	-	-	-	(106,034)	(106,034)
Other Enterprise Funds	27	718	-	-	-	691	691
ORECD	-	-	-	-	-	-	-
Total business-type activities	<u>5,896,529</u>	<u>7,642,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,746,297</u>	<u>1,746,297</u>
Total	<u>\$ 22,764,185</u>	<u>\$ 7,978,766</u>	<u>\$ 448,812</u>	<u>\$ -</u>	<u>\$ (16,082,904)</u>	<u>\$ 1,746,297</u>	<u>\$ (14,336,607)</u>
General revenues:							
Taxes							
Ad valorem taxes, levied for general purposes					1,014,689	-	1,014,689
Sales and use taxes, levied for general purposes					9,732,488	-	9,732,488
Franchise taxes					1,131,695	-	1,131,695
Hotel /motel taxes					141,162	-	141,162
Interest and investment earnings					20,723	15,448	36,171
Occupational licenses and other permits					469,718	-	469,718
Racino income					159,756	-	159,756
Video poker revenue					63,853	-	63,853
State beer tax					41,689	-	41,689
Insurance rebate					78,610	-	78,610
Nonemployer pension contribution					586,589	-	586,589
Miscellaneous					595,091	111,109	706,200
Transfers					<u>2,573,852</u>	<u>(2,573,852)</u>	<u>-</u>
Total general revenues and transfers					<u>16,609,915</u>	<u>(2,447,295)</u>	<u>14,162,620</u>
Change in net position					527,011	(700,998)	(173,987)
Net position - September 1, 2016					<u>(1,312,220)</u>	<u>13,257,696</u>	<u>11,945,476</u>
Net position - August 31, 2017					<u>\$ (785,209)</u>	<u>\$ 12,556,698</u>	<u>\$ 11,771,489</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, 2017

	General	Sales Tax Special Revenue	Other Governmental	Total
ASSETS				
Cash and cash equivalents	\$ 1,736,932	\$ 3,436,897	\$ 134,981	\$ 5,308,810
Receivables	343,355	-	-	343,355
Due from other funds	1,196,943	-	-	1,196,943
Inventory	49,857	-	-	49,857
Restricted assets:				
Interest-bearing deposits	3,308	-	-	3,308
Total assets	3,330,395	3,436,897	134,981	6,902,273
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	559,777	2,103	280	562,160
Taxes paid under protest	3,066	-	-	3,066
Due to other governmental units	431,242	-	54,734	485,976
Total liabilities	994,085	2,103	55,014	1,051,202
Deferred inflows of resources:				
Unavailable revenue	87,949	-	-	87,949
Fund balances:				
Nonspendable - inventory	49,857	-	-	49,857
Restricted - debt service	-	-	44,734	44,734
Restricted - sales tax dedications	-	3,325,773	-	3,325,773
Assigned - capital expenditures	500,209	-	22,564	522,773
Assigned - health and welfare	-	-	5,819	5,819
Assigned - public safety	-	-	8,558	8,558
Unassigned	1,698,295	109,021	(1,708)	1,805,608
Total fund balances	2,248,361	3,434,794	79,967	5,763,122
Total liabilities and fund balances	\$ 3,330,395	\$ 3,436,897	\$ 134,981	\$ 6,902,273

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, 2017

Total fund balances for governmental funds at August 31, 2017		\$ 5,763,122
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds Those assets consist of:		
Land	1,835,029	
Buildings, net of \$3,921,406 accumulated depreciation	4,763,529	
Improvements other than buildings, net of \$9,235,621 accumulated depreciation	8,188,956	
Equipment and machinery, net of \$5,040,108 accumulated depreciation	1,414,748	16,202,262
The deferred outflows of contributions to retirement systems are not available resources, and therefore, are not reported in the funds.		
		6,440,122
Long-term liabilities at August 31, 2017:		
Capital lease payable	-	
Bonds payable	(3,265,000)	
Compensated absences	(1,166,631)	(4,431,631)
Net pension liability		
		(24,100,158)
The deferred inflows of contributions to the retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds.		
		(388,678)
Claims payable		
		(358,197)
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		87,949
Total net position of governmental activities at August 31, 2017		\$ (785,209)

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, 2017

	<u>General Fund</u>	<u>Sales Tax Special Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues:				
Taxes	\$ 1,014,689	\$ 9,732,488	\$ -	\$ 10,747,177
Franchise fees	1,131,695	-	-	1,131,695
Licenses and permits	876,214	-	-	876,214
Intergovernmental	620,471	-	29,786	650,257
Charges for services	629,238	-	-	629,238
Fines and forfeits	29,258	-	-	29,258
Investment earnings	8,420	7,669	4,634	20,723
Other	736,253	-	-	736,253
Total revenues	<u>5,046,238</u>	<u>9,740,157</u>	<u>34,420</u>	<u>14,820,815</u>
Expenditures:				
Current -				
General government	2,629,154	381,136	6,331	3,016,621
Public safety	5,728,074	-	-	5,728,074
Public works	5,275,998	-	-	5,275,998
Health and welfare	532,750	-	29,786	562,536
Culture and recreation	1,323,293	-	-	1,323,293
Economic development	103,426	-	-	103,426
Capital outlay	73,248	-	-	73,248
Debt service -				
Principal retirement	116,653	-	-	116,653
Interest and fiscal charges	2,037	-	493,518	495,555
Total expenditures	<u>15,784,633</u>	<u>381,136</u>	<u>529,635</u>	<u>16,695,404</u>
Excess (deficiency) of revenues over expenditures	<u>(10,738,395)</u>	<u>9,359,021</u>	<u>(495,215)</u>	<u>(1,874,589)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfers in	12,075,000	-	493,507	12,568,507
Transfers out	<u>(744,655)</u>	<u>(9,250,000)</u>	<u>-</u>	<u>(9,994,655)</u>
Total other financing sources (uses)	<u>11,330,345</u>	<u>(9,250,000)</u>	<u>493,507</u>	<u>2,573,852</u>
Net changes in fund balances	591,950	109,021	(1,708)	699,263
Fund balances, beginning	<u>1,656,411</u>	<u>3,325,773</u>	<u>81,675</u>	<u>5,063,859</u>
Fund balances, ending	<u>\$ 2,248,361</u>	<u>\$ 3,434,794</u>	<u>\$ 79,967</u>	<u>\$ 5,763,122</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, 2017

Total net changes in fund balances for the year ended August 31, 2017 per the Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 699,263
The change in net position reported for governmental activities in the statement of activities is deferent because:		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	73,248	
Depreciation expense for the year ended August 31, 2017	<u>(1,205,134)</u>	(1,131,886)
Bond principal retirement considered an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balances		360,000
Net loss of the Internal Service Funds not included on Statement of Activities		178,896
Decrease in long-term compensated absences		(83,002)
Capital lease retirement considered an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balances		12,764
Net pension (expense) benefit not requiring the use of current economic resources, and therefore, are not recorded as a fund expenditure.		(1,418,485)
Internal service funds are used by management to charge the costs of insurance to individual funds. The net expense of certain activities of internal service funds is reported within the governmental activities.		1,234,923
Nonemployer contributions to the retirement systems for the year ended August 31, 2017		586,589
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 funding level.		
Net change in unavailable revenues		<u>87,949</u>
Total changes in net position for the year ended August 31, 2017 per the Statement of Activities		<u>\$ 527,011</u>

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Net Position
Proprietary Funds
As of August 31, 2017

ASSETS	Business-Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Funds
	Electric Light and Waterworks	Sewer Fund	Other Enterprise Funds		
Current assets:					
Cash and interest-bearing deposits	\$ 775	\$ 34	\$ 205,508	\$ 206,317	\$ -
Receivables, net					
Customers	542,421	400,986	-	943,407	-
Notes	-	-	44,018	44,018	-
Other	209,916	-	14,778	224,694	-
Due from other funds	3,655	51,232	-	54,887	-
Inventories	38,032	430	-	38,462	-
Total current assets	<u>794,799</u>	<u>452,682</u>	<u>264,304</u>	<u>1,511,785</u>	<u>-</u>
Noncurrent assets:					
Restricted assets-					
Cash and interest-bearing deposits	3,687,483	26,242	-	3,713,725	-
Land and Construction in Progress	751,800	30,600	-	782,400	-
Capital assets, net of accumulated depreciation	11,923,269	10,392,732	-	22,316,001	-
Total noncurrent assets	<u>16,362,552</u>	<u>10,449,574</u>	<u>-</u>	<u>26,812,126</u>	<u>-</u>
Total assets	<u>17,157,351</u>	<u>10,902,256</u>	<u>264,304</u>	<u>28,323,911</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions	368,492	103,934	-	472,426	-
LIABILITIES					
Current liabilities (payable from current assets):					
Accounts payable	292,888	119,547	2,943	415,378	266,533
Claims payable	-	-	-	-	358,197
Due to other funds	-	16,907	-	16,907	1,234,923
Total	<u>292,888</u>	<u>136,454</u>	<u>2,943</u>	<u>432,285</u>	<u>1,859,653</u>
Current liabilities (payable from restricted assets):					
Revenue bonds payable	695,000	515,000	-	1,210,000	-
Construction payable	-	-	-	-	-
Customers' meter deposits	594,624	-	-	594,624	-
Total	<u>1,289,624</u>	<u>515,000</u>	<u>-</u>	<u>1,804,624</u>	<u>-</u>
Total current liabilities	<u>1,582,512</u>	<u>651,454</u>	<u>2,943</u>	<u>2,236,909</u>	<u>1,859,653</u>
Noncurrent liabilities:					
Revenue bonds payable	4,665,000	5,256,000	-	9,921,000	-
Net pension liability	2,682,174	1,204,904	-	3,887,078	-
Compensated absences	57,284	19,283	-	76,567	-
Total noncurrent liabilities	<u>7,404,458</u>	<u>6,480,187</u>	<u>-</u>	<u>13,884,645</u>	<u>-</u>
Total liabilities	<u>8,986,970</u>	<u>7,131,641</u>	<u>2,943</u>	<u>16,121,554</u>	<u>1,859,653</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	50,266	14,178	-	64,444	-
NET POSITION					
Net investment in capital assets	5,143,466	3,677,603	-	8,821,069	-
Restricted for:					
Bond retirement	-	-	-	-	-
Construction	717,954	48,368	-	766,322	-
Grant provisions	1,652,470	-	261,361	1,913,831	-
Unrestricted (deficit)	974,717	134,400	-	1,109,117	(1,859,653)
Net position	<u>\$ 8,488,607</u>	<u>\$ 3,860,371</u>	<u>\$ 261,361</u>	<u>\$ 12,610,339</u>	<u>\$ (1,859,653)</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, 2017

	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	\$ 5,200,692	\$ 2,081,408	\$ -	\$ 7,282,100	\$ -
Interest	-	-	718	718	1,365
Premiums	-	-	-	-	3,131,857
Other	58,363	41,752	-	100,115	-
Total operating revenues	<u>5,259,055</u>	<u>2,123,160</u>	<u>718</u>	<u>7,382,933</u>	<u>3,133,222</u>
Operating expenses:					
Personal services	1,096,867	326,369	-	1,423,236	-
Supplies and materials	379,240	45,458	27	424,725	-
Other services and charges	695,794	554,046	-	1,249,840	3,305,474
Repairs and maintenance	446,699	285,115	-	731,814	-
Bad debt	54,615	327,915	-	382,530	-
Depreciation	779,003	433,757	-	1,212,760	-
Total operating expenses	<u>3,452,218</u>	<u>1,972,660</u>	<u>27</u>	<u>5,424,905</u>	<u>3,305,474</u>
Operating income (loss)	<u>1,806,837</u>	<u>150,500</u>	<u>691</u>	<u>1,958,028</u>	<u>(172,252)</u>
Nonoperating revenues (expenses):					
Investment income	15,448	-	-	15,448	-
CLECO surcharge	360,008	-	-	360,008	-
Miscellaneous	10,994	-	-	10,994	-
Nonemployer pension contribution	53,641	-	-	53,641	-
Interest and fiscal charges	(256,842)	(214,782)	-	(471,624)	-
Total Nonoperating revenues (expenses)	<u>183,249</u>	<u>(214,782)</u>	<u>-</u>	<u>(31,533)</u>	<u>-</u>
Income (loss) before transfers	<u>1,990,086</u>	<u>(64,282)</u>	<u>691</u>	<u>1,926,495</u>	<u>(172,252)</u>
Operating transfers in (out)					
Transfers in	-	-	-	-	351,148
Transfers out	(1,967,684)	(606,168)	-	(2,573,852)	-
Total operating transfers in (out)	<u>(1,967,684)</u>	<u>(606,168)</u>	<u>-</u>	<u>(2,573,852)</u>	<u>351,148</u>
Change in net position	22,402	(670,450)	691	(647,357)	178,896
Net position, beginning	<u>8,466,205</u>	<u>4,530,821</u>	<u>260,670</u>	<u>13,257,696</u>	<u>(2,038,549)</u>
Net position, ending	<u>\$ 8,488,607</u>	<u>\$ 3,860,371</u>	<u>\$ 261,361</u>	<u>\$ 12,610,339</u>	<u>\$ (1,859,653)</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, 2017

	Business-Type Activities Enterprise Funds			Total Enterprise Funds
	Electric Light and Waterworks	Sewer	Other Enterprise funds	
Cash flows from operating activities:				
Cash received from customers	\$ 5,224,566	\$ 2,344,064	\$ (2,223)	\$ 7,566,407
Other receipts	1,534,183	1,009,690	2,943	2,546,816
General and administrative expenses paid	-	-	(27)	(27)
Cash payments to suppliers for goods and services	(1,796,310)	(1,212,873)	-	(3,009,183)
Cash payments to employees for services	(1,096,867)	(387,150)	-	(1,484,017)
Net cash provided (used) by operating activities	<u>3,865,572</u>	<u>1,753,731</u>	<u>693</u>	<u>5,619,996</u>
Cash flows from noncapital financial activities:				
Cash received from other funds	424,643	-	-	424,643
Cash paid to other funds	(2,175,192)	(611,852)	-	(2,787,044)
Nonemployer pension contribution	-	-	-	-
Surcharge and other	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(1,750,549)</u>	<u>(611,852)</u>	<u>-</u>	<u>(2,362,401)</u>
Cash flows from capital and related financing activities:				
Net principal on revenue bonds paid	(840,535)	(389,350)	-	(1,229,885)
Interest on revenue bonds & other debt paid	(256,842)	(214,782)	-	(471,624)
Net cash used by capital and related financing activities	<u>(1,097,377)</u>	<u>(604,132)</u>	<u>-</u>	<u>(1,701,509)</u>
Cash flows from investing activities				
Purchases of investments	(1,645,095)	(785,066)	-	(2,430,161)
Interest on investments	15,448	-	-	15,448
Net cash (used) provided by investing activities	<u>(1,629,647)</u>	<u>(785,066)</u>	<u>-</u>	<u>(2,414,713)</u>
Net increase (decrease) in cash and cash equivalents	<u>(612,001)</u>	<u>(247,319)</u>	<u>693</u>	<u>(858,627)</u>
Cash and cash equivalents, beginning of period	<u>4,300,259</u>	<u>273,595</u>	<u>204,815</u>	<u>4,778,669</u>
Cash and cash equivalents, end of period	<u>\$ 3,688,258</u>	<u>\$ 26,276</u>	<u>\$ 205,508</u>	<u>\$ 3,920,042</u>

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Cash Flows
 Proprietary Funds (Continued)
 For the Year Ended August 31, 2017

	Business-Type Activities Enterprise Funds			Total Enterprise Funds
	Electric Light and Waterworks	Sewer	Other Enterprise funds	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,806,837	\$ 108,748	\$ 691	\$ 1,916,276
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	779,003	433,757	-	1,212,760
Change in assets and liabilities:				-
(Increase) decrease in accounts receivable	(34,489)	307,092	(2,941)	269,662
(Increase) decrease in inventory	(1,044)	-	-	(1,044)
Increase (decrease) in accounts payable	223,930	119,211	2,943	346,084
Increase (decrease) in construction payable	(51,277)	-	-	(51,277)
Increase (decrease) in customers' meter deposits	(135,432)	-	-	(135,432)
Increase (decrease) in net pension liability	1,310,253	832,359	-	2,142,612
Increase (decrease) in accrued compensated absences	(79,522)	(60,781)	-	(140,303)
(Increase) decrease in deferred outflows of resources	58,031	16,368	-	74,399
Increase (decrease) in deferred inflows of resources	(10,718)	(3,023)	-	(13,741)
Net cash provided (used) by operating activities	<u>\$ 3,865,572</u>	<u>\$ 1,753,731</u>	<u>\$ 693</u>	<u>\$ 5,619,996</u>

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 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.

Financial Reporting Entity

The City of Opelousas, Louisiana, was incorporated under the provisions of the Lawrason Act and operates under the Mayor-Board of Alderman (Council) 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 authority (Mayor and Board of Alderman) appoints a majority of board members of the potential component unit and is able to impose its will on 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.
4. The nature and significance of the relationship between the potential component units with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation

Government-Wide Financial Statement (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 the 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.

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.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

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 Services Funds

Debt Services 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 services 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 non-major 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.

Propriety Funds

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

Enterprise Funds

Enterprise funds are propriety 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 governmental body is that the costs (expenses, including depreciation) of providing goods or service to the general public on a continuing basis be financed or recovered primarily through users 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, included 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.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

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 service funds are the Internal Service Fund A, Internal Service Fund G, Workman's Compensation Fund, and Health Self-Insurance Fund.

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 management focus meets the accounting objectives of determining net income, net position and cash flows.

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 funds is recognized when earned. Intergovernmental revenues that are reimbursed 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. Transfer 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.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

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; expenses and related liabilities are recorded when incurred.

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, saving accounts, and certificates of deposit 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 statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

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 un-collectability of the particular receivable. The allowance for uncollectible customers' utility receivable was \$382,530 at August 31, 2017. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing at 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.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond August 31, 2017 are recorded as prepaid items.

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 report in the applicable governmental business-type activities columns in the government-wide 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 their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The cost 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:

Building 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 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

For the Year Ended August 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

Accounting and Financial Reporting for Pensions

GASB approved Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. GASB Statement No. 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the criteria established by this standard. GASB Statement 71 requires a government employer to recognize a net pension liability measured as of a date (“measurement date”) no earlier than the end of its prior fiscal year. If the government employer makes a contribution to a defined benefit plan between the measurement date of the reported net pension liability and the end of the government’s reporting period, the government is required to recognize its contribution as a deferred outflow of resources. The provisions of GASB Statement No. 68 and GASB Statement No. 71 were implemented by the City during the fiscal year ending August 31, 2015. The Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets acquired or constructed with the proceeds of the 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 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 report 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.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

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. Therefore, the maximum vacation an employee can earn is 360 hours. A maximum of one-third of unused vacation shall be accumulated per year.

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.

In the government-wide financial statements and the proprietary fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No. 6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March 2000), no compensated absences liability is recorded at June 30, 2014, in the governmental fund financial statements. The liquidation of the compensated absence liabilities will be paid proportional to funds in which the compensation was paid, primarily the general and utility funds.

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 outflows related to pensions of \$6,912,548 at August 31, 2017.

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 \$506,763 at August 31, 2017. The City also reported deferred inflows of resources related to unavailable revenue of \$87,949 in General Fund at August 31, 2017.

See Note 11 for additional information related to deferred outflows of resources and deferred inflows of resources related to pensions.

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.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, contributors, law 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".

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. Non-spendable 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 non-spendable 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 Alderman (Council) 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 (Council).
- 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 (Council).
- 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

For the Year Ended August 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

Revenues, Expenditures, and Expenses

Revenues

The City considers revenue to be susceptible to accrual in 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 two classifications of programmatic revenues for the City - grant revenue and program revenue. 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. Program revenues are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the City's general revenues. 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 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. Non-operating 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. Non-operating 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.

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 Funds - by operating and non-operating

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

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

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

Capitalization of Interest Expense

It is the policy of the City to capitalize material amounts of interest resulting from borrowing in the course of the construction of capital assets in the Propriety Funds. At August 31, 2017, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in United States requires management to make estimate assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 2 - Deficit Net Position

The following individual funds had deficits in unrestricted net position at August 31, 2017:

	<u>Deficit Amount</u>
Internal Service Fund A	\$ (226,504)
Internal Service Fund G	(600,042)
Health Self Insurance Fund	(1,584,305)

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

Note 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 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, 2016, taxes of 7.06 mills were levied on property with assessed valuations totaling \$138,311,970 for general purposes. Total taxes levied were \$976,483. The amount of uncollected taxes at year end is not material and has not been booked.

Note 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 (2017 collections \$4,423,854) 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.

- 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 (2017 collections \$4,423,854) 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 furnishings for any of the aforesaid public works, improvements and facilities, including salaries of employees.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 4 - Sales and Use Tax (continued)

C. Proceeds of the 2% sales and use tax levied by authority of special election held on October 3, 1993 (2017 collections \$884,780) are dedicated for construction, acquiring, and improving fire police and street facilities.

Note 5 – Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of United of 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, 2017, the City had cash and interest - bearing deposits (book balances) totaling \$9,232,160.

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. The 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. At August 31, 2017, the City’s bank balances amounted to \$9,232,160. Deposits in the amount of \$8,482,160 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.

Note 6 – Receivables

Receivables at August 31, 2017 of \$1,555,474 consist of the following:

	Government-wide			Proprietary			Total
	General	Sales Tax	Other Govt.	ELWW	Sewer	OREC	
Accounts, net	\$ 20,134	\$ 127,454	\$ 1,397	\$ 542,421	\$ 400,986	\$ -	\$ 1,092,392
CLECO	-	-	-	173,947	-	-	173,947
Loans	-	-	-	-	-	94,765	94,765
Franchise taxes	135,714	-	-	-	-	-	135,714
Interest	-	-	-	-	-	-	-
Rent	38,240	-	-	-	-	-	38,240
Fines and fees	20,416	-	-	-	-	-	20,416
Total	\$ 214,504	\$ 127,454	\$ 1,397	\$ 716,368	\$ 400,986	\$ 94,765	\$ 1,555,474

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 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, 2017 consist of the following:

	General Fund	Electric Light and Waterworks Fund	Sewer Fund	Total
Construction	\$ -	\$ 717,954	\$ 48,368	\$ 766,532
Bond sinking accounts	-	66,408	515,000	581,408
Bond reserve accounts	-	1,633,378	-	1,633,378
Customers' deposits	-	732,617	-	732,617
Ad valorem taxes paid in protest	3,308	-	-	3,308
	<u>\$ 3,308</u>	<u>\$ 3,150,357</u>	<u>\$563,368</u>	<u>\$3,717,033</u>

Note 8 – Capital Assets

Capital asset activity for the year ended August 31, 2017 was as follows:

	<u>Balance</u> <u>09/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>08/31/17</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,835,029	\$ -	\$ -	\$ 1,835,029
Other capital assets:				
Buildings	8,684,935	-	-	8,684,935
Improvements other than buildings	17,424,577	-	-	17,424,577
Equipment and machinery	<u>6,441,730</u>	<u>13,126</u>	-	<u>6,454,856</u>
Totals	<u>34,386,271</u>	<u>13,126</u>	-	<u>34,399,397</u>
Less accumulated depreciation				
Buildings	3,997,698	-	76,292	4,167,965
Improvements other than buildings	9,343,794	-	108,173	9,235,621
Equipment and machinery	<u>4,977,506</u>	<u>62,602</u>	-	<u>5,040,108</u>
Total accumulated depreciation	<u>18,318,998</u>	-	<u>184,465</u>	<u>18,197,135</u>
Governmental activities, capital assets, net	<u>\$ 16,067,273</u>	<u>\$ 62,602</u>	<u>\$ 184,465</u>	<u>\$ 16,202,262</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 8 – Capital Assets (continued)

Business-type activities:

Capital assets not being depreciated:

Land	\$ 77,698	\$ -	\$ -	\$ 77,698
Construction in progress	704,702	-	-	704,702

Other capital assets:

Buildings	1,317,911	-	-	1,317,911
Utility system and improvements	56,796,559	-	-	56,796,559
Machinery and equipment	<u>1,274,400</u>	<u>-</u>	<u>-</u>	<u>1,274,400</u>
Totals	<u>60,171,270</u>	<u>-</u>	<u>-</u>	<u>60,171,270</u>

Less accumulated depreciation

Buildings	1,306,257	-	1,119	1,305,138
Utility system and improvements	35,705,358	-	1,215,653	34,687,568
Machinery and equipment	<u>1,278,655</u>	<u>-</u>	<u>198,492</u>	<u>1,080,163</u>
Total accumulated depreciation	<u>38,290,270</u>	<u>-</u>	<u>1,415,264</u>	<u>37,072,869</u>

Business-type activities, capital assets, net	<u>\$ 21,881,000</u>	<u>\$ -</u>	<u>\$(1,415,264)</u>	<u>\$23,098,401</u>
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Depreciation expense was charged to governmental activities as follows:

General government	\$ 22,136
Public safety	57,184
Public works	75,631
Culture and recreation	25,825
Health and welfare	4,944
Internal service	<u>1,642</u>
Total depreciation expense	<u>\$ 184,465</u>

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

Electric light and waterworks	\$ 905,769
Sewer	<u>509,495</u>
Total depreciation expense	<u>\$ 1,415,264</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended August 31, 2017

Note 9 – Due to Other Governmental Units

In 2005 Hurricanes Katrina and Rita hit the state of Louisiana. The City received funds to cover cost of various activities relating to recovery from the damage to the City. A provision of this funding is to provide supporting documentation relating to costs associated with these recovery efforts. The Governor’s Office of Homeland Security and Emergency Preparedness (GOHSEP) administers these funds and settlement of said funding. As of August 31, 2017 GOHSEP has determined a liability amount of \$431,242 due to the State. The City is in the process of submitting supporting documentation relating to recovery efforts.

Note 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, 2017:

	Balances 9/1/16	Additions	Reductions	Balances 8/31/17	Due Within One Year
Long-term debt:					
Public Improvement Bonds	\$ 3,625,000	\$ -	\$ 360,000	\$ 3,265,000	\$ 320,000
Utility Revenue Bonds	12,301,000	-	1,170,000	11,131,000	1,210,000
Capital Leases	127,764	-	127,764	-	-
Other Liabilities:					
Compensated absences payable	1,173,066	-	83,002	1,166,631	-
	<u>\$17,226,830</u>	<u>\$ -</u>	<u>\$ 1,740,766</u>	<u>\$15,562,631</u>	<u>\$ 1,530,000</u>

Bonds payable at August 31, 2017 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 \$ 3,265,000

Business-type activities:

Revenue bonds -

\$1,000,000 Utility Revenue Bonds, Series 1998, due in annual installments of \$59,750 to \$69,959 through September 1, 2018; interest at 2.45%; payable from sewer fund revenues \$ 65,000

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 10 – Changes in Long-Term Liabilities (continued)

\$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	1,061,000
\$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	4,645,000
\$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	4,305,000
\$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>1,055,000</u>
	<u>\$ 11,131,000</u>

Capital lease payable at August 31, 2017 consisted of the following:

	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
Police Vehicles	\$ 377,347	7/12/17	3.51%	\$ -

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
<u>Year Ending August 30,</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Principal payments</u>	<u>Interest payments</u>
2017	\$ 370,000	\$ 119,578	\$ 1,210,000	\$ 401,360	\$ 1,580,000	\$ 520,938
2018	375,000	105,814	1,285,000	355,073	1,660,000	460,887
2019	385,000	91,864	1,305,000	306,285	1,690,000	398,149
2020	400,000	77,542	1,305,000	331,956	1,705,000	409,948
2021	410,000	64,542	1,356,000	280,514	1,766,000	345,046
2022 - 2026	<u>865,000</u>	<u>91,326</u>	<u>4,670,000</u>	<u>274,195</u>	<u>5,535,000</u>	<u>365,481</u>
Total	<u>\$ 2,805,000</u>	<u>\$ 550,666</u>	<u>\$11,131,000</u>	<u>\$ 1,949,383</u>	<u>\$ 13,936,000</u>	<u>\$2,500,049</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 10 – Changes in Long-Term Liabilities (continued)

Annual debt service requirements to maturity of the capital lease are as follows:

<u>Year ending August 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 116,515	\$ 6,854	\$ 123,369
Total	<u>\$ 116,515</u>	<u>\$ 6,854</u>	<u>\$ 123,369</u>

Leased equipment and machinery under capital lease in capital assets at August 31, 2017 include the following:

Equipment and machinery	\$ 782,661
Less: Accumulated depreciation	<u>(782,661)</u>
Total	<u>\$ 0</u>

Amortization of leased equipment and machinery under capital lease is included with depreciation expense.

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 operating 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.

Note 11 – Pension Plans

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employee's Retirement System of Louisiana ("MERS"), the Municipal Police Employees' Retirement System of Louisiana ("MPERS"), the Firefighters' Retirement System of Louisiana ("FRS"), and the Louisiana State Employees' Retirement System ("LASERS") (collectively, the "Systems"), and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are at fair value.

Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description: Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan established in accordance with the provision of Louisiana Revised Status (La. R.S. 11:1731) to provide retirement benefits to employees of all incorporated villages, towns and cities within the State of Louisiana. The Municipal Employees Retirement System of Louisiana is the administrator of this plan. MERS is comprised of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan A. MERS issues a publicly available financial report that can be obtained at www.mersla.com.

Benefits Provided: The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to appropriate statutes for more complete information.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

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

Retirement: Any member of Plan A who commenced participation in the System prior January 1, 2013 can retire providing the member meets one of the following criteria:

- Any age with twenty-five (25) or more years of creditable service.
- Age 60 with a minimum of ten (10) years of creditable service.
- Any age with five (5) years of creditable service eligible for disability benefits.
- Survivor's benefits require five (5) years creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
- Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for retirement for Plan A Tier 2 members hired on or after January 1, 2013 is as follows:

- Age 67 with seven (7) years of creditable service.
- Age 62 with ten (10) years of creditable service.
- Age 55 with thirty (30) years of creditable service.
- Any age with twenty-five (25) years of creditable service, with an actuarially reduced early benefit.
- Survivor's benefits require five (5) or more years of creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

Generally, the monthly amount of the retirement allowance for any member under Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

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

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

Deferred Retirement Option Plan ("DROP") Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A, who is eligible to retire, may elect to participate in DROP for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Interest earnings are based upon actual rate of return on investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

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

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

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

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

Contributions: Contribution requirements of active employees are governed by Louisiana Revised Statutes (La. R.S. 11:1731) and may be amended by the Louisiana Legislature. Employee contributions are deducted from a member's salary with employee contributions and remitted to MERS by participating employers. According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the actual employer contribution rate was 22.75% of annual payroll for Plan A, actuarially determined as an amount that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions were recognized as revenue during the year ended August 31, 2017 and excluded from pension expense. Contributions to pension plan from the City were \$879,563 for the year ended August 31, 2017.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At August 31, 2017, the City reported a liability of \$8,906,044 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employer's actuarially determined.

At June 30, 2017, the City's proportion was 2.128890% which was an increase of .0521% from its proportion measured as of June 30, 2016.

For the year ended August 31, 2017, the City recognized pension expense of \$1,555,384 plus employer's amortization of change in proportionate share of contributions and deferred outflows and inflows of resources of \$2,170.

At August 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 208,856
Changes of assumptions	114,667	-
Net difference between projected and actual earnings on pension plan investments	1,382,859	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions and deferred outflows and inflows of resources	84,072	6,891
Employer contributions subsequent to the measurement date	-	-
Total	\$ 1,581,598	\$ 215,747

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 62,386
Changes of assumptions	34,251	-
Net difference between projected and actual earnings on pension plan investments	413,062	-

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Changes in proportion and differences between Employer contributions and proportionate share of contributions and deferred outflows and inflows of resources

25,113

2,058

Employer contributions subsequent to the measurement date

-

-

Total

\$ 472,426

\$ 64,444

No deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended

8/31/2018	\$ 536,372
8/31/2019	767,258
8/31/2020	389,665
8/31/2021	80,540

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.40%
Projected Salary Increases	5.0%
Inflation Rate	2.775%

Mortality Rates

Annuitant and beneficiary: 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.

RP-2000 Healthy Annuitant Table for health annuitants (set forward 2 years for males and 1 year for females)

RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 years for females)

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Expected Remaining Service Lives 3 years

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System’s liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of procedures indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.6% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.2% for the year ended June 30, 2017.

Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	50%	2.3%
Public fixed income	35%	1.6%
Alternatives	15%	0.7%
Totals	100%	4.6%
Inflation		2.6%
Expected Arithmetic Nominal Return		7.2%

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the employer’s proportionate share of the net pension liability using the discount rate of 7.4% as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.4%) or one percentage-point higher (8.4%) than the current rate:

	1.0% Decrease 6.4%	Current Discount Rate 7.4%	1.0% Increase 8.4%
Employer's proportionate share of the net pension liability	\$ 11,349,261	\$ 8,906,044	\$ 6,822,048

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued Municipal Employees’ Retirement System of Louisiana stand-alone audit report on their financial statements for the year ended June 30, at www.mersla.com.

Payable to the Pension Plan: At August 31, 2017, the City reported a payable of \$0 for the outstanding amount of contributions due to the System for the year.

Municipal Police Employees’ Retirement System of Louisiana (MPERS)

Plan Description: Police officers of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan established by Act 189 of 1973 and amended by Louisiana Revised Statutes (La. R.S. 11:221-11:2233) to provide retirement benefits for municipal police officers. The Municipal Police Employees’ Retirement System of Louisiana is the administrator of this plan. Membership in the System is mandatory for any full-time police officer employed by municipality of State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits to municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at measurement date. MPERS issues a publicly available financial report that can be obtained at www.lampers.org.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Benefits Provided: The following is description of the plan and its benefit and is provided for general information purposes only. Participants should refer to appropriate statutes for more complete information.

Retirement-membership prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

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

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

Retirement membership commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the hazardous duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service or at any age has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55 or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earning during the highest 60 consecutive months or joined months if services was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

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

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

Initial Benefit Option Plan: In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The initial Benefit Option program provides both a one-time single sum payment of to 36 months of regular monthly retirement benefits, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

Contributions: Contribution requirements of active employees are governed by Act 189 of 1973 and amended by Louisiana Revised Statutes (La. R.S. 11:2211-11:2233) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to MPERS by participating employers. Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ending June 31, 2017, the average actual employer contribution rate was 31.18% annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. In accordance with state statute, the System receives insurance premium tax monies as additional employer contributions. Non-employer contributions were recognized as revenue during the year ended August 31, 2017 and excluded from pension expense. Contributions to the pension plan from the City were \$946,877 for the year ended August 31, 2017.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At August 31, 2017, the City reported a liability of \$8,721,570 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the City's proportion was .998986% which was a .068961% decrease from its proportion measured as of June 30, 2016.

For the year ended August 31, 2017 the City recognized pension expense of \$1,250,521 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions and deferred outflows and inflows of resources of \$219,359.

At August 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,108	\$ 67,036
Changes of assumptions	620,588	-
Net difference between projected and actual earnings on pension plan investments	381,797	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions and deferred outflows and inflows of resources	132,236	394,347
Employer contributions subsequent to the measurement date	-	-
Total	\$ 1,191,729	\$ 461,383

No deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Fiscal Year Ended	
8/31/2018	\$331,586
8/31/2019	423,507
8/31/2020	179,895
8/31/2021	(204,642)

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.325%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.7%

Salary increases, including inflation and merit	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%

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

The best estimates of the arithmetic nominal rates of return for each major asset class including in the System’s target allocation as of June 30, 2017 are summarized in following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	53%	3.66%
Fixed Income	21%	0.52%
Alternative	20%	1.10%
Other	6%	0.16%
Totals	100%	5.44%
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>8.19%</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer’s Proportionate Share of Net Pension Liability to Changes in the Discount Rate: The following presents the employer’s proportionate share of the net pension liability using the discount rate of 7.325% as well as what the employer’s proportionate share of the net pension liability would be if were calculated using a discount rate that is one percentage-point lower (6.325%) or one percentage -point higher (8.325%) than the current rate:

	1.0% Decrease 6.325%	Current Discount Rate 7.325%	1.0% Increase 8.325%
Employer's proportionate share of the net pension liability	\$ 12,049,690	\$ 8,721,570	\$ 5,929,517

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued Municipal Police Employees’ Retirement System of Louisiana stand-alone audit report on their financial statements for the year ended June 30, at www.lampers.org.

Payable to the Pension Plan: At August 31, 2017, the City reported a payable of \$0 for the outstanding amount of contributions due to the System for the year.

State of Louisiana-Firefighter Retirement System of Louisiana (“FRS”)

Plan Description: Firefighters of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Firefighters’ Retirement System of Louisiana. Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition in addition to employees of the Firefighters’ Retirement System. The System provides retirement for their members. The projections of benefit payments in calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statues (La. R.S. 11:2251-11:2272) FRS issues a publicly available financial report that can be obtained at www.lafirefightesret.com.

Benefits Provided: The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to appropriate statutes for more complete information.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Any person who becomes an employee as defined in La. R.S. 11:2252 on or after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or older shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits may become a member of this System, provided the period meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Deferred Retirement Option Plan: After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the DROP for up to 36 months. Upon commencement of participation in DROP, the employee's contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or on an annuity based on deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to System. No payments may be made from the deferred retirement option plan account until the participant retires.

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

Contributions: Contribution requirements of active employees are governed by ACT 434 of 1979 and amended by Louisiana Revised Statutes (La. R.S. 11:2251-11:2272) and may be amended by Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to FRS by participating employers. Employer contributions are actuarially determined each year. For the year ending August 31, 2017, the average actual employer contribution rate was 28.96% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. In accordance with state statute, the System receives insurance premium tax monies as additional employer contributions. Non-employer contributions were recognized as revenue during the year ended August 31, 2017 and excluded from pension expense. Contributions to pension plan from the City were \$617,150 for the year ended August 31, 2017.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: at August 31, 2017, the City reported a liability of \$5,997,692 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the City’s proportion was 1.046380% which was an increase of 0.004685 from its proportion measured as of June 30, 2016.

For the year ended August 31, 2017, the City recognized pension expense of \$1,036,725 less employer’s amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions and deferred outflows and inflows of resources of \$19,351.

At August 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 519,974	\$ 334,473
Changes of assumptions	250,856	1,430
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions and deferred outflows and inflows of resources	271,341	123,732
Employer contributions subsequent to the measurement date	-	-
Total	\$ 1,042,171	\$ 459,635

No deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

<u>Fiscal Year Ended</u>	
8/31/2018	\$ 227,434
8/31/2019	330,755
8/31/2020	101,832
8/31/2021	(128,649)
8/31/2022	33,682
Thereafter	17,482

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Services	7 years, closed period
Investment Rate of Return	7.4% per annum
Inflation Rate	2.775% per annum
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years of service
Cost of Living Adjustments	Only included those previously granted

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

The long-term expected rate of return on pension plan investments 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected nominal rate of return was 8.29% as June 30, 2017, are summarized in the following table:

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Asset Class	Long-Term Target Asset Allocation	Expected Portfolio Real Rate of Return
Fixed Income	23%	2.04%
Equity		
U.S. Equity	27%	6.15%
Non-U.S. Equity	20%	7.45%
Global Equity	10%	6.85%
Fixed Income	23%	2.04%
Alternatives		
Real Estate	6%	4.62%
Private Equity	4%	8.73%
Multi-Asset Strategies		
Global Tactical Asset Allocation	5%	4.40%
Risk Parity	5%	4.79%
	<u>100%</u>	
Expected Arithmetic Nominal Return		8.29%

Discount Rate: The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Employer's proportionate share of the net pension liability using the discount rate of 7.4% as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.4%) or one percentage-point higher (8.4%) than the current rate:

	1.0% Decrease 6.4%	Current Discount Rate 7.4%	1.0% Increase 8.4%
Employer's proportionate share of the net pension liability	\$ 8,618,452	\$ 5,997,692	\$ 3,794,567

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighter's Retirement System of Louisiana Stand-alone audit report on their financial statements for year ended June 30 at www.lafirefightersret.com.

Payables to the Pension Plan: At August 31, 2017, the City reported a payable of \$0 for the outstanding amount of contributions due to the System for the year.

Louisiana State Employee's Retirement System ("LASERS")

Plan Description: Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the LASERS. Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a public financial report that can be obtained at www.laseronline.org.

Benefits Provided: The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

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

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Average compensation will be used on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislator, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

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

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

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

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

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

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

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

Contributions: Contribution requirements of active employments are governed by Section 401 of Title 11 of Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature.

Employee and employer contributions are deducted from a member’s salary and remitted to LASERS by participating employers. The rates in effect during the year ended August 31, 2017 for the various plans follow:

Plan	Plan Status	Employee Contribution Rate	Employer Contribution Rate
Appellate Law Clerks	Closed	7.5%	35.8%
Appellate Law Clerks hired on or after 7/01/06	Open	8.0%	35.8%
Alcohol/Tobacco Control	Closed	9.0%	30.7%
Bridge Police	Closed	8.5%	34.2%
Bridge Police hired on or after 7/01/06	Closed	8.5%	34.2%
Corrections Primary	Closed	9.0%	31.1%
Corrections Secondary	Closed	9.0%	35.3%
Harbor Police	Closed	9.0%	4.0%
Hazardous Duty	Open	9.5%	36.1%
Judges hired before 1/01/11	Closed	11.5%	38.0%
Judges hired after 12/31/10	Closed	13.0%	36.7%
Judges hired on or after 7/01/15	Open	13.0%	36.7%
Legislators	Closed	11.5%	39.1%
Optional Retirement Plan (ORP) before 7/11/06	Closed	7.5%	35.8%
Optional Retirement Plan (ORP) on or after 7/1/06	Closed	8.0%	35.8%
Peace Officers	Closed	9.0%	35.3%
Regular Employees hired before 7/01/06	Closed	7.5%	35.8%
Regular Employees hired on or after 07/01/06	Closed	8.0%	35.8%
Regular Employees hired on or after 1/01/11	Closed	8.0%	35.8%
Regular Employees hired on or after 7/01/15	Open	8.0%	35.8%

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Special Legislative Employees	Closed	9.5%	41.1%
Wildlife Agents	Closed	9.5%	44.8%
Aggregate Rate			35.8%

The City’s contractually required composite contribution rate for the year ended August 31, 2017 was 38% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions to the pension plan from the City were \$18,778 for the year ended August 31, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At August 31, 2017 the City reported a liability of \$187,022 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017 the City’s proportion was 0.00266% which was an increase of 0.0009% from its proportion measured as of June 30, 2016.

For the year ended August 31, 2017, the City recognized pension expense of \$17,113 less employer’s amortization of change in proportionate share and differences between employer contributions and proportionate share and deferred outflows and inflows of resources of \$3,432.

At August 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ -	\$ 3,432
Changes of assumptions	739	-
Net difference between projected and actual earnings on pension plan investments	6,082	-
Changes in proportion and differences between employer contributions and deferred outflows and inflows of resources	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 6,821	\$ 3,432

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

No deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Fiscal Year Ended	
8/31/2017	\$ (751)
8/31/2018	5,471
8/31/2019	2,434
8/31/2020	(3,795)

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.7% per annum, net of investment expenses*
Inflation Rate	2.75% per annum
Mortality	Non-disabled members- Mortality rates based on RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.
	Disabled members- Mortality rates on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on five year (2009-2013) experience study of the System’s member. Salary increases were projected based on a 2009-2013 experience study of the System’s members. The salary increase ranges for specific types of members are:

	Lower	Upper
<u>Member Type</u>	<u>Range</u>	<u>Range</u>
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous	3.4%	14.3%
Wildlife	3.4%	14.3%

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0%	-0.24%
Domestic equity	25%	4.31%
International equity	32%	5.35%
Domestic Fixed Income	8%	1.73%
International Fixed Income	6%	2.49%
Alternative Investments	22%	7.41%
Global Asset Allocation	7%	2.84%
Total	100%	5.26%

For reference only: Target Allocation presented in LASERS 2017 CAFR, page 49, and Expected Long-Term Real Rate of Return, page 28.

Discount Rate: The discount rate used to measure the total pension liability was 7.7%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 11 – Pension Plans (continued)

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in Discount Rate: The following presents the Employer’s proportionate share of the net pension liability using the discount rate of 7.7%, as well as what the employer’s proportionate share of the net pension liability using the discount would be if it were calculated using a discount rate that is one percentage-point lower (6.7%) or one percentage-point higher (8.7%) than the current rate:

	1.0% Decrease 6.7%	Current Discount Rate 7.7%	1.0% Increase 8.7%
Employer's proportionate share of the net pension liability	\$ 234,785	\$ 187,022	\$ 146,412

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued LASERS 2017 Comprehensive Annual Financial Report at www.lasersonline.org.

Payables to the Pension Plan: At August 31, 2017, the City reported a payable of \$0 for the outstanding amount of contributions due to the System for the year.

Note – 12 Litigation and Claims

At August 31, 2017, 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 Cost in excess of insurance coverage. The City also has worker’s compensation claim 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.

Note 13 – Risk Management

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, 2017. 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.

The City is insured under one or more policies of general liability insurance with a limit of \$100,000 self-insured retention (SIR). The SIR is eroded by the costs of defense that the City incurs. Therefore, the City should not incur losses exceeding the SIR limit on liability.

For the fiscal year ending August 31, 2017, 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.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 13 – Risk Management (continued)

For the fiscal year ending August 31, 2017, the City had two plans relating to 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 begins paying claims thereafter.

A reconciliation of claims liabilities which are included in 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	\$ 128,819	\$ -	\$ 222,152	\$ 350,971
Claims incurred	-	-	-	-
Claims paid	(9,972)	-	(1,743,862)	(1,753,834)
Ending balance	<u>\$ 118,847</u>	<u>\$ -</u>	<u>\$ (1,521,710)</u>	<u>\$(1,402,863)</u>

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 four years.

Note 14 – Stewardship, Compliance, and Accountability

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

- a. A letter of request is sent on or about April 1st to each department head requesting submission of operating budget agreement by May 1st and capital budget requests are due by April 5th.
- b. The Mayor submits to the council a proposed operating budget at least forty-five days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and total anticipated revenues.
- c. At the meeting of the council at which the operating budget is submitted, the council orders a public hearing on it.
- d. At least ten days prior to the date of such hearing, the council publishes in the official journal a general summary of the proposed budget.
- e. After holding a public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally enacted through passage of an ordinance, no later than the fifteenth day of the last month of the fiscal year.
- f. Budgetary amendments involving the transfer of funds from one department, office, or agency to another or involving an increase in expenditures resulting from revenues exceeding amounts estimated require the adoption of an ordinance by the Council.
- g. Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 14 – Stewardship, Compliance, and Accountability (continued)

- h. Budgets for the General and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended from time to time by the City Council.

Note 15 – 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.

Note 16 – Accounts Receivable – Utility Funds

As of August 31, 2017, the customer receivables recorded in Electric Light and Waterworks Fund and Sewer Fund are net of allowances for uncollectible accounts. These allowances are \$367,613 and \$426,512, respectively.

As of August 31, 2017, customer receivables include unbilled revenue for the Electric Light and Waterworks Fund and Sewer Fund of \$320,896 and \$322,693, respectively. These amounts represent revenue earned which is not billed until the next billing cycle.

	ELWW	Sewer	Total
Billed accounts receivable	\$ 589,138	\$ 504,805	\$ 1,093,943
Unbilled accounts receivable	320,896	322,693	643,589
Allowance for uncollectible	<u>(367,613)</u>	<u>(426,512)</u>	<u>(794,125)</u>
Net accounts receivable	<u>\$ 542,421</u>	<u>\$ 400,986</u>	<u>\$ 943,407</u>

Note 17 - 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, 2017, was as follows:

	Electric Lights and Waterworks	Sewer Department	Total Enterprise Funds
Operating revenues	\$ 5,259,055	\$ 2,123,160	\$ 7,382,215
Operating expenses	1,977,421	994,857	1,423,236
Depreciation	779,003	433,757	1,212,716
Other	<u>695,794</u>	<u>544,046</u>	<u>1,239,840</u>
Total operating expenses	<u>3,452,218</u>	<u>1,972,660</u>	<u>5,424,878</u>
Operating income	<u>\$ 1,806,837</u>	<u>\$ 150,500</u>	<u>\$ 1,957,337</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 18- Interfund Receivables/Payables

A summary of interfund receivables and payables at August 31, 2017 follow:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 1,922,817	\$ 1,045,304
Sale Tax Fund	700,000	-
Non-major governmental funds	1,055,558	2,557,930
Proprietary funds:		
Electric Light and Waterworks fund	340,885	266,410
Sewer fund	5	22,559
Non-major proprietary fund	-	-
Internal Service Fund A	400,090	246,410
Internal Service Fund G	207,410	169,445
Workmen's Compensation Fund	-	-
Health Self Insurance Fund	<u>60,663</u>	<u>378,951</u>
Total	<u>\$ 4,687,428</u>	<u>\$ 4,687,428</u>

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

Transfers consisted of the following at August 31, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 12,075,000	\$ 744,655
Sale Tax Special Revenue Fund	-	9,250,000
Other Governmental	493,507	-
Proprietary Funds:		
Electric Light and Waterworks Fund		1,967,684
Sewer Fund	<u>-</u>	<u>606,168</u>
Total	<u>\$ 12,568,507</u>	<u>\$ 12,568,507</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 18- Interfund Receivables/Payables (continued)

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 general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 19 - Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for year ended August 31, 2017 is as follows:

	<u>Salary</u>	<u>Car Allowance</u>	<u>Total</u>
Mayor:			
Reginald Tatum	\$ 89,705	\$ 7,980	\$ 97,685
Aldermen:			
Julius Alsander	20,812	4,200	25,012
Jonathan Glover	21,320	4,200	25,520
Blair Briggs	20,812	4,200	25,012
Marvin Richard	22,107	4,200	26,307
Jackie Martin	21,599	4,200	25,799
Sherell Roberts	<u>20,812</u>	<u>4,200</u>	<u>25,012</u>
	<u>\$ 217,167</u>	<u>\$ 33,180</u>	<u>\$ 250,347</u>

Note 20 - 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, 2017 follows:

<u>Purpose</u>	<u>Amount</u>
Reginald Tatum:	
Salary	\$ 89,705
Car Allowance	7,980
Benefits-life insurance	80
Benefits-retirement	18,835
Benefits-health insurance	5,400
Travel-meals and lodging	16,533
Conference registration fees	-
Membership dues	-
Other reimbursements	-
	<u>\$ 122,000</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended August 31, 2017

Note 21 - On-Behalf Payment of Salaries

The State of Louisiana paid the City's policemen and firemen \$344,375 of supplement pay during the year ended August 31, 2017. Such payments are recorded as intergovernmental revenues and public safety expenditures in the Government Wide and General Fund financial statements.

Note 22 - Enterprise Fund Contracts

A. Franchise Agreement with CLECO

On May 14, 1991, the City 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 option granted to CLECO to renew such Agreement for 3 additional 10 year periods. The City renewed this agreement for a second period of 10 years 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.
2. A monthly payment of \$170,000 for 120 months beginning August 11, 2001 for operations.
3. A franchise fee 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.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended August 31, 2017

Note 22 - Enterprise Fund Contracts (continued)

B. Franchise Agreement with SLEMCO

On March 1, 2006, the City entered into a franchise agreement with Southwest Louisiana Membership Corporation (SLEMCO) for operating and distributing electricity within the corporate limits of the City, 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 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 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, lane, 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 systems, SLEMCO binds and obligates itself to pay the following:

1. The sum \$373,708 upon execution of 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.

Note 23 - Subsequent Events

Management of the City of Opelousas has evaluated subsequent events through February 23, 2018, the date which the financial statements were available to be issued. The city is not aware of any subsequent events which would require recognition of disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OPELOUSAS, LOUISIANA

General Fund
Budgetary Comparison Schedule
For the Year Ended August 31, 2017

	2017 Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,165,954	\$ 2,165,954	\$ 2,287,546	\$ 121,592
Licenses and permits	843,350	843,350	876,214	32,864
Intergovernmental	577,000	577,000	868,725	291,725
Charges for services	278,530	278,530	639,488	360,958
Fines and forfeits	76,700	76,700	57,248	(19,452)
Miscellaneous	247,810	247,810	331,020	83,210
Total Revenues	<u>4,189,344</u>	<u>4,189,344</u>	<u>5,060,241</u>	<u>870,897</u>
Expenditures:				
Current-				
General government	2,306,674	2,306,674	2,310,061	(3,387)
Public safety	9,107,139	9,107,139	9,229,833	(122,694)
Public works	1,761,051	1,761,051	1,793,971	(32,920)
Health and welfare	535,390	535,390	532,761	2,629
Culture and recreation	1,518,310	1,518,310	1,330,618	187,692
Economic development	11,940	11,940	103,427	(91,487)
Capital outlay	92,000	92,000	82,637	9,363
Debt service				
Lease Equipment	-	-	-	-
Principal retirement	140,000	140,000	116,653	23,347
Interest and financial changes	130,000	130,000	-	130,000
Commissions	-	-	2,037	(2,037)
Total Expenditure	<u>15,602,504</u>	<u>15,602,504</u>	<u>15,501,998</u>	<u>100,506</u>
Other financing sources (uses)				
Sale of capital assets	-	-	-	-
Transfers in	11,975,000	11,975,000	12,075,000	(100,000)
Transfers out	(556,595)	(556,595)	(744,656)	188,061
Total other financing sources (uses)	<u>11,418,405</u>	<u>11,418,405</u>	<u>11,330,344</u>	<u>88,061</u>
Deficiency of revenues and other sources over expenditures and other uses	5,245	5,245	890,624	858,452
Fund balances, beginning	<u>975,755</u>	<u>975,755</u>	<u>1,657,883</u>	<u>368,930</u>
Fund balances, ending	<u>\$ 981,000</u>	<u>\$ 981,000</u>	<u>\$ 2,548,507</u>	<u>\$ 1,567,507</u>

CITY OF OPELOUSAS, LOUISIANA

Sales Tax Special Revenue Fund
 Budgetary Comparison Schedule
 For the Year Ended August 31, 2017

	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 9,658,000	\$ 9,658,000	\$ 9,732,488	\$ 74,488
Other	5,600	5,600	7,668	2,068
Total Revenues	<u>9,663,600</u>	<u>9,663,600</u>	<u>9,740,156</u>	<u>76,556</u>
Expenditures:				
Current-				
General government:	<u>381,325</u>	<u>381,325</u>	<u>381,135</u>	<u>190</u>
Excess of revenues over expenditures	9,282,275	9,282,275	9,359,021	76,366
Other financing uses:				
Transfers out				
Enterprise Funds	(1,075,000)	(8,075,000)	(8,175,000)	100,000
General Fund and Capital Projects	<u>(8,075,000)</u>	<u>(1,075,000)</u>	<u>(1,075,000)</u>	<u>-</u>
	(9,150,000)	(9,150,000)	(9,250,000)	100,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	132,275	132,275	109,021	176,366
Fund balances, beginning	<u>3,325,772</u>	<u>2,369,637</u>	<u>3,325,772</u>	<u>202,219</u>
Fund balances, ending	<u>\$ 3,458,047</u>	<u>\$ 2,501,912</u>	<u>\$ 3,434,793</u>	<u>\$ 378,585</u>

CITY OF OPELOUSAS, LOUISIANA

Schedule of Employer Contributions
For the Year Ended August 31, 2017

Year ended August 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll
Municipal Employees' Retirement System of Louisiana- Plan A:				
2017	2.128890%	\$ 8,906,044	\$ 4,321,584	206.08%
2016	2.076782%	8,512,128	3,757,899	226.51%
2015	2.085828%	7,450,904	3,576,749	209.30%
Municipal Police Employees' Retirement System of Louisiana:				
2017	0.998986%	\$ 8,721,570	\$ 3,000,800	290.64%
2016	1.067947%	10,009,672	2,804,486	356.92%
2015	1.047878%	8,209,029	2,829,486	292.90%
Firefighters' Retirement System of Louisiana:				
2017	1.046380%	\$ 5,997,692	\$ 2,165,925	276.91%
2016	1.041695%	6,813,627	2,191,566	310.90%
2015	1.005241%	5,425,399	2,167,593	253.90%
Louisiana State Employees' Retirement System:				
2017	0.002660%	\$ 187,022	\$ 49,213	380.03%
2016	0.001760%	138,440	33,252	416.34%
2015	0.001690%	114,605	32,520	352.40%

The amount presented have a measurement date of June 30, 2017.

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, 2017

Year ended August 31,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
Municipal Employees' Retirement System of Louisiana- Plan A:					
2017	\$ 879,563	\$ 883,077	\$ (3,514)	4,321,584	20.44%
2016	742,185	732,696	9,489	3,757,899	19.50%
2015	706,408	706,464	(56)	3,576,749	19.75%
Municipal Police Employees' Retirement System of Louisiana:					
2017	\$ 946,877	\$ 947,509	\$ (632)	\$ 3,000,800	31.58%
2016	883,413	882,506	907	2,804,486	31.50%
2015	882,236	882,236	-	2,829,486	31.18%
Firefighters' Retirement System of Louisiana:					
2017	\$ 617,150	\$ 618,322	\$ (1,172)	\$ 2,165,925	28.55%
2016	641,033	640,046	987	2,191,566	29.25%
2015	627,405	627,816	(411)	2,167,593	28.96%
Louisiana State Employees' Retirement System:					
2017	\$ 18,778	\$ 17,950	\$ 828	\$ 49,213	36.47%
2016	12,669	11,863	806	33,252	38.10%
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 the Budgetary Comparison Schedules
For the Year Ended August 31, 2017

Note A – 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 actions 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 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.

OTHER SUPPLEMENTARY INFORMATION

CITY OF OPELOUSAS, LOUISIANA

General and Sales Tax Funds
Comparative Balance Sheet
August 31, 2017

	General		Sales Tax	
	2017	2016	2017	2016
ASSETS				
Cash and cash equivalents	\$ 1,736,932	\$ 1,701,387	\$ 3,436,897	\$ 2,629,205
Receivables	343,355	214,504		15,293
Due from other funds	1,196,943	1,133,686	-	700,000
Due from other governmental units	49,857	-		-
Inventory		47,785		-
Restricted assets:	3,308			
Interest-bearing deposits		3,296	-	-
Total Assets	<u>3,330,395</u>	<u>3,100,658</u>	<u>3,436,897</u>	<u>3,344,498</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	559,777	839,123	2,103	18,725
Taxes paid under protest	3,066	3,066	-	-
Due to other funds	-	-	-	-
Due to other governmental units	431,242	431,242	-	-
Total Liabilities	<u>994,085</u>	<u>1,273,431</u>	<u>2,103</u>	<u>18,725</u>
Deferred inflows of resources:				
Unavailable revenue	87,949	170,816	-	-
Fund balances:				
Nonspendable- inventory	49,857	47,785	-	-
Restricted - debt service	-	-	-	-
Restricted - sales tax dedications	-	-	3,325,773	3,325,773
Assigned- capital expenditures	500,209	209	-	-
Assigned - health and welfare	-	-	-	-
Assigned - public safety	-	-	-	-
Unassigned	1,698,295	1,608,417	109,021	-
Total Fund Balances	<u>2,248,361</u>	<u>1,656,411</u>	<u>3,434,794</u>	<u>3,325,773</u>
Total Liabilities and Fund Balances	<u>\$ 3,330,395</u>	<u>\$ 3,100,658</u>	<u>\$ 3,436,897</u>	<u>\$ 3,344,498</u>

CITY OF OPELOUSAS, LOUISIANA

General Fund
 Budgetary Comparison Schedule
 For the Year Ended August 31, 2017
 With Comparative Actual Amounts for the Year Ended August 31, 2016

	2017		Variance with Budget Positive (Negative)	2016 Actual
	Budget	Actual		
Revenues				
Taxes	\$ 2,165,954	\$ 2,287,546	\$ 121,592	\$ 2,257,434
Licenses and permits	843,350	876,214	32,864	851,482
Intergovernmental	577,000	868,725	291,725	684,784
Charges for services	278,530	639,488	360,958	297,622
Fines and forfeits	76,700	57,248	(19,452)	51,258
Miscellaneous	247,810	331,020	83,210	340,991
Total Revenues	4,189,344	5,060,241	870,897	4,483,571
Expenditures:				
Current-				
General government	2,306,674	2,310,061	(3,387)	2,458,323
Public safety	9,107,139	9,229,833	(122,694)	10,145,282
Public works	1,761,051	1,793,971	(32,920)	1,663,169
Health and welfare	535,390	532,761	2,629	456,832
Culture and recreation	1,518,310	1,330,618	187,692	1,457,773
Economic development	11,940	103,427	(91,487)	-
Capital outlay	92,000	82,637	9,363	80,827
Debt service				
Principal retirement	140,000	116,653	23,347	-
Interest and financial changes	130,000	-	130,000	73,083
Commissions	-	2,037	(2,037)	-
Total Expenditure	15,602,504	15,501,998	100,506	16,335,289
Deficiency of revenues over expenditures	(11,413,160)	(10,441,757)	770,391	(11,851,718)
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	11,975,000	12,075,000	(100,000)	11,374,999
Transfers out	(556,595)	(744,656)	188,061	-
Total other financing sources (uses)	11,418,405	11,330,344	88,061	11,374,999
Net changes in fund balances	5,245	888,587	858,452	(476,719)
Fund balances, beginning	975,755	1,657,883	682,128	2,134,602
Fund balances, ending	\$ 981,000	\$ 2,546,470	\$ 1,565,470	\$ 1,657,883

CITY OF OPELOUSAS, LOUISIANA

General Fund
 Budgetary Comparison Schedule - Revenues
 For the Year ended August 31, 2017
 With Comparative Actual Amounts for the Year Ended August 31, 2016

	Budget		2017 Actual	Variance With Final Budget Positive/ (Negative)	2016 Actual
	Original	Final			
Resources (Inflows):					
Taxes:					
Ad valorem	\$ 999,500	\$ 999,500	\$ 1,014,689	\$ 15,189	\$ 993,621
Franchise	1,036,454	1,036,454	1,131,695	95,241	1,133,179
Hotel/motel	130,000	130,000	141,162	11,162	130,634
Total Taxes	<u>2,165,954</u>	<u>2,165,954</u>	<u>2,287,546</u>	<u>121,592</u>	<u>2,257,434</u>
Licenses and permits					
Occupational licenses	806,350	806,350	840,339	33,989	782,483
Beer and liquor permits	37,000	37,000	35,875	(1,125)	38,723
Building permits	-	-	-	-	12,546
Other	-	-	-	-	17,730
Total Licenses and Permits	<u>843,350</u>	<u>843,350</u>	<u>876,214</u>	<u>32,864</u>	<u>851,482</u>
Intergovernmental revenues:					
Federal sources -					
Grant 2016 DJ-BX--0535	-	-	37,298	37,298	22,839
Overtime grant 2014 DJBX-1063	-	-	-	-	24,056
ACT 562 training grant	-	-	150	150	1,250
LA Hwy safety commission grant	-	-	10,644	10,644	7,594
DARE reimbursement grant	40,000	40,000	56,107	16,107	40,074
Historic preservation fund grant	-	-	5,000	5,000	3,000
Preserve America grant	-	-	-	-	27,637
Criminal patrols grant	-	-	-	-	8,356
Miscellaneous federal sources	-	-	-	-	2,515
State sources:					
Beer taxes	32,000	32,000	41,689	9,689	42,709
Transportation (highway maintenance) funds	-	-	-	-	-
Video poker	-	-	-	-	65,356
State funds received	69,000	69,000	63,853	(5,147)	-
Insurance rebate	75,000	75,000	78,611	3,611	73,179
AmeriCorps vista grant	-	-	-	-	-
Miscellaneous admin grants	-	-	-	-	-
Miscellaneous tourism grants	-	-	2,110	2,110	1,610
Miscellaneous police grants	-	-	-	-	-
Other sources -					
Housing authority	-	-	215,493	215,493	-
Racino revenue	311,000	311,000	302,554	(8,446)	305,949
LACE program	50,000	50,000	54,015	4,015	57,460
DEA reimbursements	-	-	-	-	-
Tourist salaries	-	-	1,201	1,201	1,201
Total Intergovernmental	<u>\$ 577,000</u>	<u>\$ 577,000</u>	<u>\$ 868,725</u>	<u>\$ 291,725</u>	<u>\$ 684,785</u>

(Continued)

CITY OF OPELOUSAS, LOUISIANA

General Fund
 Budgetary Comparison Schedule - Revenues
 For the Year Ended August 31, 2017
 With Comparative Actual Amounts for the Year Ended August 31, 2016

	Budget		2017 Actual	Variance With Final Budget Positive/ (Negative)	2016 Actual
	Original	Final			
Charges for services:					
Inspection fees	\$ 120,000	\$ 120,000	\$ 97,661	\$ (22,339)	\$ 131,913
Park fees	86,000	86,000	490,127	404,127	113,121
Sports sponsorships	10,100	10,100	11,644	1,544	3,250
Grass cutting	14,000	14,000	14,602	602	14,628
Other	48,430	48,430	25,454	(22,976)	34,710
Total Charges for Services	<u>278,530</u>	<u>278,530</u>	<u>639,488</u>	<u>360,958</u>	<u>297,622</u>
Fines and court costs	<u>76,700</u>	<u>76,700</u>	<u>57,248</u>	<u>(19,452)</u>	<u>51,258</u>
Miscellaneous:					
Interest	7,400	7,400	8,420	1,020	8,265
Tourism	15,710	15,710	9,577	(6,133)	22,390
Donations	3,000	3,000	11,117	8,117	2,951
Rent	176,000	176,000	193,755	17,755	187,288
Workers' compensation	25,000	25,000	14,278	(10,722)	50,165
Other sources	20,700	20,700	93,873	73,173	69,931
Total Miscellaneous	<u>247,810</u>	<u>247,810</u>	<u>331,020</u>	<u>83,210</u>	<u>340,990</u>
Total Revenues	<u>\$ 4,189,344</u>	<u>\$ 4,189,344</u>	<u>\$ 5,060,241</u>	<u>\$ 870,897</u>	<u>\$ 4,483,571</u>

CITY OF OPELOUSAS, LOUISIANA

General Fund
 Budgetary Comparison Schedule - Expenditures
 For the Year Ended August 31, 2017
 With Comparative Actual Amounts for the Year Ended August 31, 2016

	2017					2016 Actual
	Budget		Actual	Variance with Final Budget Positive (Unfavorable)		
	Original	Final				
Current						
General Government -						
Executive:						
Personal services	\$ 675,705	\$ 675,705	\$ 918,106	\$ (242,401)	\$ 955,352	
Supplies and materials	21,711	21,711	17,184	4,527	27,884	
Other services and charges	199,743	199,743	(81,879)	281,622	(109,852)	
Repairs and maintenance	11,243	11,243	15,941	(4,698)	13,294	
Allocated expenditures - Services performed for other departments	-	-	-	-	-	
Judicial:						
City Court -						
Personal services	446,158	446,158	461,122	(14,964)	415,155	
Supplies and materials	299	299	85	214	50	
Other services and charges	60,695	60,695	42,128	18,567	45,960	
Repairs and maintenance	2,288	2,288	2,236	52	1,952	
Marshall's office -						
Personal services	339,295	339,295	355,886	(16,591)	341,883	
Supplies and materials	797	797	650	147	716	
Other services and charges	3,034	3,034	1,698	1,336	90,562	
Repairs and maintenance	11,940	11,940	19,175	(7,235)	10,858	
Administration:						
Purchasing -						
Personal services	103,082	103,082	100,046	3,036	97,194	
Supplies and materials	1,991	1,991	1,531	460	1,814	
Other services and charges	16,655	16,655	14,982	1,673	14,787	
Repairs and maintenance	5,373	5,373	454	4,919	6,301	
Civil Service -						
Personal services	124,947	124,947	125,548	(601)	119,266	
Supplies and materials	2,388	2,388	2,396	(8)	36,535	
Other services and charges	14,194	14,194	12,206	1,988	12,535	
Repairs and maintenance	149	149	-	149	150	
General -						
Personal services	8,109	8,109		8,109	-	
Supplies and materials	9,950	9,950		9,950	9,672	
Other services and charges	215,088	215,088	300,566	(85,478)	326,677	
Repairs and maintenance	31,840	31,840		31,840	39,578	
Total General Government	\$ 2,306,674	\$ 2,306,674	\$ 2,310,061	\$ (3,387)	\$ 2,458,323	

(continued)

CITY OF OPELOUSAS, LOUISIANA

General Fund
 Budgetary Comparison Schedule - Expenditures
 For the Year Ended August 31, 2017
 With Comparative Actual Amounts for the Year Ended August 31, 2016

	2017			Variance with Final Budget Favorable (Unfavorable)	2016 Actual
	Budget		Actual		
	Original	Final			
Public Safety -					
Police:					
Personal services	\$ 4,614,945	\$ 4,614,945	\$ 4,630,939	\$ 15,994	\$ 4,555,763
Supplies and materials	19,452	19,452	70,809	51,357	95,713
Other services and charges	747,599	747,599	703,473	(44,126)	2,568,491
Repairs and maintenance	295,017	295,017	337,926	42,909	343,009
Fire department:					
Personal services	3,180,972	3,180,972	3,201,059	20,087	2,328,364
Supplies and materials	9,999	9,999	33,327	23,328	40,293
Other services and charges	167,515	167,515	109,923	(57,592)	126,205
Repairs and maintenance	71,640	71,640	142,377	70,737	66,965
Miscellaneous	-	-	-	-	20,479
Total Public Safety	<u>9,107,139</u>	<u>9,107,139</u>	<u>9,229,833</u>	<u>122,694</u>	<u>10,145,282</u>
Public Works -					
Streets and drainage:					
Personal services	1,003,757	1,003,757	1,060,427	(56,670)	1,045,261
Supplies and materials	52,138	52,138	53,033	(895)	52,954
Other services and charges	465,212	465,212	452,108	13,104	345,658
Repairs and maintenance	126,464	126,464	121,177	5,287	137,577
Municipal garage:					
Personal services	77,411	77,411	73,832	3,579	56,227
Supplies and materials	9,602	9,602	8,705	897	10,663
Other services and charges	14,826	14,826	13,504	1,322	14,140
Repairs and maintenance	11,641	11,641	11,185	456	689
Total Public Works	<u>1,761,051</u>	<u>1,761,051</u>	<u>1,793,971</u>	<u>(32,920)</u>	<u>1,663,169</u>
Health and Welfare -					
Personal services	403,173	403,173	399,208	3,965	345,261
Supplies and materials	5,173	5,173	4,633	540	6,400
Other services and charges	110,128	110,128	109,059	1,069	92,810
Repairs and maintenance	16,916	16,916	19,861	(2,945)	12,361
Total Health and Welfare	<u>\$ 535,390</u>	<u>\$ 535,390</u>	<u>\$ 532,761</u>	<u>\$ 2,629</u>	<u>\$ 456,832</u>

(continued)

CITY OF OPELOUSAS, LOUISIANA

General Fund
 Budgetary Comparison Schedule - Expenditures
 For the Year Ended August 31, 2017
 With Comparative Actual Amounts for the Year Ended August 31, 2016

	2017				
	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)	2016 Actual
	Original	Final			
Culture and Recreation -					
Recreation division:					
Personal services	\$ 51,542	\$ 51,542	\$ 37,350	\$ (14,192)	\$ 50,474
Supplies and materials	10,348	10,348	4,348	(6,000)	10,462
Other services and charges	47,958	47,958	29,949	(18,009)	46,240
Repairs and maintenance	-	-	-	-	-
Parks administration:					
Personal services	681,974	681,974	655,327	(26,647)	654,332
Supplies and materials	32,537	32,537	31,359	(1,178)	34,572
Other services and charges	158,065	158,065	110,693	(47,372)	169,712
Repairs and maintenance	52,525	52,525	51,320	(1,205)	51,846
Tourism:					
Personal services	211,188	211,188	176,657	(34,531)	173,362
Supplies and materials	11,940	11,940	7,989	(3,951)	11,613
Other services and charges	106,715	106,715	84,406	(22,309)	96,834
Repairs and maintenance	36,516	36,516	26,785	(9,731)	38,244
Museum:					
Personal services	73,681	73,681	70,645	-	70,898
Supplies and materials	6,270	6,270	4,624	-	6,513
Other services and charges	31,181	31,181	33,000	-	34,943
Repairs and maintenance	5,870	5,870	6,166	-	7,728
Total Culture and Recreation	<u>1,518,310</u>	<u>1,518,310</u>	<u>1,330,618</u>	<u>(185,125)</u>	<u>1,457,773</u>
Economic Development -					
Community development:					
Personal services	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Other services and charges	10,945	10,945	103,427	-	-
Repairs and maintenance	995	995	-	-	-
Total Economic Development	<u>\$ 11,940</u>	<u>\$ 11,940</u>	<u>\$ 103,427</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

CITY OF OPELOUSAS, LOUISIANA

General Fund
 Budgetary Comparison Schedule - Expenditures
 For the Year Ended August 31, 2017
 With Comparative Actual Amounts for the Year Ended August 31, 2016

	2017					2016 Actual
	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)		
	Original	Final				
Capital outlay -						
General government:						
Executive	\$ 7,000	\$ 7,000	\$ 16,428	\$ (9,428)	\$ 7,137	
Judicial	-	-	-	-	7,660	
Administration	-	-	-	-	-	
Public safety:						
Police department	-	-	46,865	(46,865)	22,839	
Fire department	30,000	30,000	1,400	28,600	1,204	
Public Works:						
Streets and drainage	10,000	10,000	3,619	6,381	3,054	
Health and welfare:						
Code enforcement	-	-	-	-	14,404	
Culture and recreation:						
Parks administration	10,000	10,000	8,161	1,839	24,499	
Tourism	35,000	35,000	6,164	28,836	30	
Economic development:						
City planning commission	-	-	-	-	-	
Total Capital Outlay	<u>92,000</u>	<u>92,000</u>	<u>82,637</u>	<u>9,363</u>	<u>80,827</u>	
Debt Service -						
Retirement of principal	140,000	140,000	116,653	-	-	
Interest	130,000	130,000	-	130,000	73,083	
Commissions	-	-	2,037	(2,037)	-	
Total Debt Service	<u>270,000</u>	<u>270,000</u>	<u>118,690</u>	<u>127,963</u>	<u>73,083</u>	
Total Expenditures	<u>\$ 15,602,504</u>	<u>\$ 15,602,504</u>	<u>\$ 15,501,998</u>	<u>\$ 41,217</u>	<u>\$ 16,335,289</u>	

CITY OF OPELOUSAS, LOUISIANA

Sales Tax Fund
 Budgetary Comparison Schedule
 For the Year Ended August 31, 2017
 With Comparative Actual Amounts for the Year Ended August 31, 2016

	2017		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)	2016 Actual
	Budget				
	Original	Final			
Revenues:					
Taxes	\$ 9,658,000	\$ 9,658,000	\$ 9,732,488	\$ 74,488	\$ 9,675,864
Miscellaneous	5,600	5,600	7,668	2,068	5,988
Total Revenues	<u>9,663,600</u>	<u>9,663,600</u>	<u>9,740,156</u>	<u>76,556</u>	<u>9,681,852</u>
Expenditures:					
Current-					
General government:					
Other services and charges	262,000	262,000	317,926	(55,926)	101,773
Repairs and maintenance	8,000	8,000	5,540	2,460	14,163
Allocated expenditures for services performed by other departments:					
Executive -					
Other services and charges	111,325	111,325	57,669	53,656	262,000
Total General Government	<u>381,325</u>	<u>381,325</u>	<u>381,135</u>	<u>190</u>	<u>377,936</u>
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>381,325</u>	<u>381,325</u>	<u>381,135</u>	<u>190</u>	<u>377,936</u>
Excess of revenues over expenditures	<u>9,282,275</u>	<u>9,282,275</u>	<u>9,359,021</u>	<u>76,366</u>	<u>9,303,916</u>
Other financing uses:					
Transfers from (to) -					
General fund and capital projects	(8,075,000)	(8,075,000)	(8,175,000)	100,000	(7,475,000)
Enterprise funds	(1,075,000)	(1,075,000)	(1,075,000)	-	(1,075,000)
Total Other Financing Uses	<u>(9,150,000)</u>	<u>(9,150,000)</u>	<u>(9,250,000)</u>	<u>100,000</u>	<u>(8,550,000)</u>
Excess of revenues and other sources over expenditures and other uses	132,275	132,275	109,021	176,366	753,916
Fund Balance, Beginning	<u>3,325,772</u>	<u>3,325,772</u>	<u>3,325,772</u>	<u>202,219</u>	<u>2,571,856</u>
Budgetary Fund Balances, Ending	<u>\$ 3,458,047</u>	<u>\$ 3,458,047</u>	<u>\$ 3,434,793</u>	<u>\$ 378,585</u>	<u>\$ 3,325,772</u>

CITY OF OPELOUSAS, LOUISIANA

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended August 31, 2017

Reginald Tatum, Mayor
September 1, 2016 - August 31, 2017

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 89,705
Car allowance	7,980
Benefits - life insurance	80
Benefits - retirement	18,835
Benefits - health insurance	5,400
Travel - meal and lodging	-
Conference registration fees	-
Membership dues	-
Other reimbursements	-
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 121,999</u>

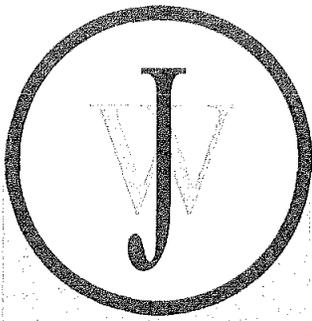
CITY OF OPELOUSAS, LOUISIANA

Schedule of Compensation Paid to the Mayor and Members of the Board of Alderman
For the Year Ended August 31, 2017

The schedule of compensation paid to the Mayor and Council Members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and council Members are include in the general administrative expenditures of the General Fund. The Mayor and Council Members receive compensation pursuant to Louisiana Revised Statute 404.1.

<u>Mayor and Council Members:</u>	<u>Amount</u>
Reginald Tatum, Mayor	\$ 89,705
Julius Alsander, Council Member	20,812
Johnathan Glover, Council Member	21,320
Blair Briggs, Council Member	20,812
Marvin Richard, Council Member	22,107
Jackie Martin, Council Member	21,599
Sherell Roberts, Council Member	<u>20,812</u>
Total Mayor's and Council Members' Compensation	<u>\$ 217,167</u>

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' 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*

Honorable Reginald Tatum, 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, and each major fund, of the City of Opelousas, Louisiana, as of and for the year ended August 31, 2017, 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 February 24, 2018.

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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses [2017-01, 2017-02, 2017-04, 2017-05 and 2017-10].

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CERTIFIED PUBLIC ACCOUNTANTS

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 findings and questioned costs to be significant deficiencies [2017-09]

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [2017-03, 2017-06, 2017-07, and 2017-08].

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 schedule of findings and questioned costs. 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.

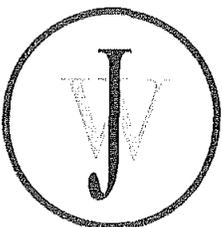
Purpose of this Report

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana

February 23, 2018



CITY OF OPELOUSAS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

I. Summary of Auditors' Results

a. Financial Statements

1. The independent auditors' report expresses an unqualified opinion on the financial statements of the City of Opelousas, Louisiana.
2. There were six (6) control deficiencies disclosed during the audit of the financial statements and reported in the *Independent Auditors' 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*. Five (5) of these deficiencies are reported as material weaknesses.
3. There were four (4) instance of noncompliance that are reported in the *Independent Auditors' 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*.

b. Federal Awards

1. The entity reported they received less than \$750,000 in federal awards during the year ended August 31, 2017 and therefore is exempt from the audit requirements as required by *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

c. Management Letter

1. A management letter was issued in connection with the audit for the year ended August 31, 2017.

CITY OF OPELOUSAS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

II. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2017-01 Preparation of Financial Statements

Fiscal Year Finding Originated: Unknown

Condition:

The City's staff responsible for preparation of the financial statements and related footnote disclosure in accordance with generally accepted accounting principles (GAAP) lacks the resources and/or knowledge necessary to internally complete the reporting requirements.

The City relies on its auditors to assist in the preparation of external financial statements and related disclosures.

Criteria:

Management of the City should have suitable skill, knowledge, or experience to prepare financial statements, the related notes, and the supplementary information in accordance with accounting principles generally accepted in the United States of America. Internal controls should be adopted and implemented to prevent, detect or correct a misstatement in the financial statements, related notes, or supplementary information.

Cause:

Because of limitations of the City's accounting process, the design of the City's internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Effect:

City is unable to prepare or assist in the preparation of external financial statements. City is unable to meet the required standards to ensure completeness of external financial statements and related footnotes.

Misstatements in the external financial statements, related notes, or supplementary information may occur and not be detected within a timely period. The amounts by which not implementing GASB Statement No. 45 would affect the liabilities and net positions of the governmental activities are not known.

CITY OF OPELOUSAS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

Recommendation:

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.

Response:

See Management's response letter.

2017-02 Capital Asset Management

Fiscal Year Finding Originated: 2016

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. The lack of proper internal controls is still evident due to an untaken physical count of capital assets at year end, and the assets remain unnumbered and untagged.

Criteria:

Louisiana Revised Statute (La. R.S.) 24:515 requires the city to maintain a comprehensive listing of all capital assets.

Cause:

There was no oversight placed on documenting and maintaining an updated and current schedule listing and providing the location of capital assets of the City.

Effect:

The City may be in violation of state law; inadequate internal controls exist for the safeguarding of the City's capital assets.

CITY OF OPELOUSAS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

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.

Response:

See Management's response letter.

2017-03 Unclaimed Property

Fiscal Year Finding Originated: Unknown

Condition:

The City regularly receives unclaimed property when refunds of deposits are returned as undeliverable. The City appears to have an unrecorded liability owed to the state as it is currently in possession of unclaimed property. Returned checks are kept with the Mayor's secretary in a box. The checks date back to 2013, making it evident that unclaimed properties have not been submitted in prior years to the State Treasurer.

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 written policies and procedures to report unclaimed property, such as returned refunds checks, to the State to ensure compliance with state law.

Effect:

The City may be in violation of state law.

CITY OF OPELOUSAS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

Recommendation:

We recommend that the City 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.

Response:

See Management's response letter.

2017-04 Noncompliance with Ethics Training Requirements

Fiscal Year Finding Originated: 2016

Condition:

During the time period under audit, it was revealed that the City elected and appointed officials do not on an annual basis attest through signature verification of the ethics course as required by state law.

Criteria:

La. R.S. 42:1170a requires the City to ensure appointed and elected officials to take ethics training courses annually.

Cause:

Monitoring requirements of ethics training appear to have not been followed.

Effect:

The City management may be unable to detect compliance with ethics training guidelines and to take appropriate actions when necessary.

Recommendation:

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

Response:

CITY OF OPELOUSAS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

See Management's response letter.

2017-05 Advanced Compensation Paid to City Clerk

Fiscal Year Finding Originated: 2016

Condition:

City clerk received advanced compensation and may have violated State law.

Criteria:

State law requires the City Council to set the City clerk's salary by ordinance. According to City records, the Clerk's salary in January 2015 was \$52,000. In September 2015 all City employees received a 2.5% pay raise. This resulted in an annual salary of \$53,300.

Cause:

In August 2016 St. Landry Parish was declared a federal disaster area after major flooding affected the area. The City became eligible for federal disaster assistance from the Federal Emergency Management Agency (FEMA). The City established a shelter for flood victims at the Opelousas Civic Center. The City clerk worked during the day at the shelter. According to City records, the City clerk was paid her regular salary for 80 hours per two-week period through July 30, 2016, during which time the City clerk neither claimed nor received any additional compensation. However, for the two-week period ending Saturday August 13, 2016, the City clerk claimed and was paid for 74 hours of overtime for the 22 days the shelter was operating. According to City payroll records, the City clerk received overtime compensation in the amount of \$2,830 for the 74 hours worked during this time period.

In a review of City records it was determined that the City Clerk's salary was not affixed by ordinance as required by state law (See finding 2017-06). It was determined that the Clerk's salary was established and agreed upon by the Mayor and not agreed and affixed by the adoption of an ordinance.

The payroll policies provide for no provisions for overtime compensation to City salaried employees. The City clerk is prohibited from receiving compensation in an amount greater than the amount set by ordinance; however, in this situation no compensation was affixed by ordinance as required by state law. In this situation the City clerk received an advancement in pay. Louisiana law prohibits advance payment to employees. However, according to City payroll records, the Clerk received overtime pay in the amount of \$2,830.

Effect:

State law may have been violated with the City clerk receiving overtime pay and compensation.

CITY OF OPELOUSAS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

Recommendation:

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.

Response:

See Management's response letter.

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

Fiscal Year Finding Originated: Unknown

Condition:

City failed to affix the compensation of the City Clerk, Chief of Police and Fire Chief and to have said compensation confirmed by the City Council.

Criteria:

According to Lawrason Act, the Board of Alderman (City Council) shall, by ordinance, fix the compensation of the mayor, alderman, clerk, chief of police and all other municipal officers. La. R.S. 33:404.1.

Cause:

The City was unable to provide documentation that the City Council confirmed the compensation for City Clerk, Chief of Police and Fire Chief.

Effect:

The City may have violated state law by not affixing the compensation of the City Clerk, Chief of Police and Fire Chief.

Recommendation:

We recommend that City management 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.

Response:

See Management's response letter.

CITY OF OPELOUSAS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

2017-07 Noncompliance with Public Bid Law

Fiscal Year Finding Originated: 2016

Condition:

During the time period under audit, it was determined that the City purchased fuel and oil from one vendor without obtaining competitive bids as required by law. On October 13, 2015, the City voted to grant authority to City management to advertise for bids for offsite fuel for vehicles. However, the City provided no documentation to show that the award was made through a public bid process.

Criteria:

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

Cause:

City may have violated State law by not adhering to LA public bid law.

Effect:

The cost to the City for gasoline and diesel fuel may not be obtained at the possible lowest available price.

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.

Response:

See Management's response letter.

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

Fiscal Year Finding Originated: 2015

Condition:

As a previous finding City officials failed to conduct quarterly audits of all traffic citations as required by state law. In following up on this previously cited condition it was discovered that the Opelousas Police Department (OPD) may have unlawfully disposed of sixty-eight (68) traffic citations from the Local Agency Compensated Enforcement (LACE) detail between January 1, 2014 and December 31, 2016. In addition, the OPD "sign-up" sheet for the LACE detail states the detail is for two traffic citations per hour, which may violate state law.

CITY OF OPELOUSAS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

Sixty-eight traffic citations issued by OPD officers working the LACE detail were not delivered to the District Attorney's office as required by state law. OPD official responsible for collecting and forwarding traffic citations to the District Attorney, kept the original traffic citations that were not sent to the District Attorney. OPD official responsible for the collection of the citations stated that initially he filled out a form and sent it with the traffic citations to the District Attorney if there were extenuating circumstances regarding traffic citations. He further stated that he stopped filling out the paperwork at the request of the former police chief and just kept the traffic citations with extenuating circumstances in a box in his office. The former police chief, denied instructing the OPD official to stop sending the traffic citations to the District Attorney and filling out the forms. Current Chief of Police stated that he was not aware there was a box of unprocessed traffic citations. Chief of Police indicated he believed that OPD officials were filling out the proper forms and sending the traffic citations to the District Attorney's office. In conversation with Chief of Police he was asked if he ever personally reviewed any of the documentation or knew what the OPD's controls and procedures were relating to processing LACE citations and requirements relating to quarterly audits of traffic citations. Chief indicated that he personally hadn't reviewed any of the documentation relating to the LACE detail and wasn't aware of the audit requirements.

Additionally it was observed that the "sign-in" sheets used by the OPD for the LACE detail states the detail is for two traffic citations per hour for "speed enforcement, red light or stop sign." This requirement to write two traffic citations per hour conflicts with state law (La R.S. 40:2401.1).

Cause:

State law 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 reviews of all traffic citations; however, this information is not provided to the City Clerk (fiscal officer) for review. It is recommended that the quarterly audit of traffic tickets be conducted by the City Clerk (fiscal officer) as required by state law.

Criteria:

State law 32:398.2 provides that traffic citations shall be deposited with a court having jurisdiction over the alleged offense. The improper disposal of traffic citations may be a violation of state law.

The City Clerk is required to conduct on a quarterly basis an audit of traffic tickets.

State law in part states no state agency, political subdivision, or law enforcement agency shall offer a financial reward or other benefit to a law enforcement officer which is determined by or based on the number of citations issued. The establishment of a requirement to write two traffic citations per hour may be in violation of state law.

Effect:

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

CITY OF OPELOUSAS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

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 establish to ensure compliance with state law prohibition against ticket quotas.

Response:

See Management's response letter.

2017-09 Loans Receivable

Fiscal Year Finding Originated: 2015 (Management Letter)

Condition:

No payments have been received on outstanding ORECD program loans receivable in several years.

Criteria:

State law, in Article VII of the Louisiana Constitution, states that except as otherwise provided by this constitution, the funds, credit, property, or things of value of 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 neglect of taking proper legal procedures to regain assets belonging to the City may be in violation of state constitution.

Effect:

The City's neglect of taking proper legal procedures to regain assets belonging to the City may be a violation of state constitution.

Recommendation:

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

Response:

See Management's response letter.

CITY OF OPELOUSAS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

2017-10 Invoices Not Paid

Fiscal Year Finding Originated: 2017

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.

Criteria:

Good practice dictates that vendors should be paid in a timely manner to avoid incurring additional cost and fees.

Cause:

More than \$100,000 in unpaid invoices; some going back more than 24 months were submitted to the City by the Chief of Police on behalf of the Opelousas Police Department to the accounting department for payment. The Chief indicated the reason the invoices were not submitted for proper processing and payment was due to the fact that the department had exceeded budget relating to repairs and maintenance of the police department fleet and in the opinion of the Police Department management personnel the invoices could not be paid by the City. In an interview with the supervisor responsible for police fleet management it was stated that this process of withholding invoices for payment was an ongoing and systematic process going back several years. It was confirmed by both the Chief and the supervisor that they regularly disregarded the City's purchasing and procurement procedure for obtaining a purchase order (PO); because in their opinion the PO would be denied because the department exceeded budget in the area of repairs and maintenance for the police department fleet.

Effect:

Potentially the City could face additional cost and fees relating to late payment of debt obligations of the City.

Recommendation:

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

Response:

See Management's response letter.

CITY OF OPELOUSAS, LOUISIANA
Summary of Prior Year Findings
For the Year Ended August 31, 2017

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2016-01 Preparation of Financial Statements

Fiscal Year Finding Originated: Unknown

Condition:

The City's staff responsible for preparation of the financial statements and related footnote disclosure in accordance with generally accepted accounting principles (GAAP) lacks the resources and/or knowledge necessary to internally complete the reporting requirements.

The City relies on its auditors to assist in the preparation of external financial statements and related disclosures.

Corrective Action Plan:

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 finding 2017-01

2016-02 Capital Asset Management

Fiscal Year Finding Originated: 2016

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. The lack of proper internal controls is still evident due to an untaken physical count of capital assets at year end, and the assets remain unnumbered and untagged.

CITY OF OPELOUSAS, LOUISIANA

Summary of Prior Year Findings
For the Year Ended August 31, 2017

Corrective Action Plan:

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 finding 2017-02

2016-03 Unclaimed Property

Fiscal Year Finding Originated: Unknown

Condition:

The City regularly receives unclaimed property when refunds of deposits are returned as undeliverable. The City appears to have an unrecorded liability owed to the state as it is currently in possession of unclaimed property. Returned checks are kept with the Mayor's secretary in a box. The checks date back to 2013, making it evident that unclaimed properties have not been submitted in prior years to the State Treasurer.

Corrective Action Plan:

We recommend that the City 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:

Resolved.

CITY OF OPELOUSAS, LOUISIANA

Summary of Prior Year Findings
For the Year Ended August 31, 2017

2016-04 Noncompliance with Ethics Training Requirements

Fiscal Year Finding Originated: 2016

Condition:

During the time period under audit, it was revealed that the City elected and appointed officials do not on an annual basis attest through signature verification of the ethics course as required by state law.

Corrective Action Plan:

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

Current Status:

Unresolved. See finding 2017-04

2016-05 Improper Advanced Compensation Paid to Mayor

Fiscal Year Finding Originated: 2016

Condition:

Mayor received advanced compensation and may have violated State law.

Corrective Action Plan:

City needs to ensure that State law is adhered to and that advances or loans are not made to city employees. We recommend that City management formally adopt policies and implement controls for payroll and human resource activities pertaining to compensation and employee benefits. Controls are necessary to ensure adherence to ordinances as well as employment and wage laws and regulations. Steps should be taken to ensure Mayor's compensation doesn't exceed amount established by ordinance. We further recommend that City management consult with legal counsel to determine the appropriate legal actions to be taken, if any.

Current Status:

Resolved.

CITY OF OPELOUSAS, LOUISIANA

Summary of Prior Year Findings
For the Year Ended August 31, 2017

2016-06 Advanced Compensation Paid to City Clerk

Fiscal Year Finding Originated: 2016

Condition:

City clerk received advanced compensation and may have violated State law.

Corrective Action Plan:

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:

Unresolved. See finding 2017-05

2016-07 Affixation of Compensation for City Clerk, Chief of Police and Fire Chief

Fiscal Year Finding Originated: Unknown

Condition:

City failed to affix the compensation of the City Clerk, Chief of Police and Fire Chief and to have said compensation confirmed by the City Council.

Corrective Action Plan:

We recommend that City management 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 finding 2017-06

CITY OF OPELOUSAS, LOUISIANA

Summary of Prior Year Findings
For the Year Ended August 31, 2017

2016-08 Noncompliance with Public Bid Law

Fiscal Year Finding Originated: 2016

Condition:

During the time period under audit, it was determined that the City purchased fuel and oil from one vendor without obtaining competitive bids as required by law. On October 13, 2015, the City voted to grant authority to City management to advertise for bids for offsite fuel for vehicles. However, the City provided no documentation to show that the award was made through a public bid process.

Corrective Action Plan:

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 finding 2017-07

2016-09 Missing Receipts for Check Payable to Mayor

Fiscal Year Finding Originated: 2016

Condition:

Mayor requested City to issue a City check made payable to him in the amount of \$3,005 but has been unable to provide documentation for \$1,234 of the \$3,005.

Corrective Action Plan:

City should implement necessary controls requiring documentation, such as an invoice or receipt prior to any expenditure of public funds. By the date of this report City provided documentation showing the City had received reimbursement from the Mayor regarding this matter.

Current Status:

Resolved.

CITY OF OPELOUSAS, LOUISIANA
Summary of Prior Year Findings
For the Year Ended August 31, 2017

2016-10 Utility Bill Adjustments

Fiscal Year Finding Originated: 2015

Condition:

Adjustments to customer utility bills are only approved by the City Clerk in select situations. It is recommended that the City implement policies and procedures requiring all adjustments to utility customer accounts be approved in writing by the Mayor.

Corrective Action Plan:

We recommend that City implement policies and procedures to ensure that all adjustments to utility customer accounts are approved in writing by the Mayor.

Current Status:

Resolved.

2016-11 Utilization of Electronic Timekeeping System

Fiscal Year Finding Originated: 2015

Condition:

Employees of the City are not consistently utilizing the electronic timekeeping system. It is recommended that the City enforce its requirement that all employees utilize the electronic timekeeping system. It is also recommended that copies of the electronic time cards be attached to the manual time sheets to evidence actual time worked.

Corrective Action Plan:

We recommend procedures be implemented to ensure that all employees consistently utilize the electronic timekeeping system and that all electronic time cards are maintained.

Current Status:

Resolved.

2016-12 Audit of Traffic Citations and Improper Disposal of Traffic Citations

Fiscal Year Finding Originated: 2015

Condition:

As a previous finding City officials failed to conduct quarterly audits of all traffic citations as required by state law. In following up on this previously cited condition it was discovered that the Opelousas Police Department (OPD) may have unlawfully disposed of sixty-eight (68) traffic citations from the Local

CITY OF OPELOUSAS, LOUISIANA

Summary of Prior Year Findings
For the Year Ended August 31, 2017

Agency Compensated Enforcement (LACE) detail between January 1, 2014 and December 31, 2016. In addition, the OPD “sign-up” sheet for the LACE detail states the detail is for two traffic citations per hour, which may violate state law.

Sixty-eight traffic citations issued by OPD officers working the LACE detail were not delivered to the District Attorney’s office as required by state law. OPD official responsible for collecting and forwarding traffic citations to the District Attorney, kept the original traffic citations that were not sent to the District Attorney. OPD official responsible for the collection of the citations stated that initially he filled out a form and sent it with the traffic citations to the District Attorney if there were extenuating circumstances regarding traffic citations. He further stated that he stopped filling out the paperwork at the request of the former police chief and just kept the traffic citations with extenuating circumstances in a box in his office. The former police chief, denied instructing the OPD official to stop sending the traffic citations to the District Attorney and filling out the forms. Current Chief of Police stated that he was not aware there was a box of unprocessed traffic citations. Chief of Police indicated he believed that OPD officials were filling out the proper forms and sending the traffic citations to the District Attorney’s office. In conversation with Chief of Police he was asked if he ever personally reviewed any of the documentation or knew what the OPD’s controls and procedures were relating to processing LACE citations and requirements relating to quarterly audits of traffic citations. Chief indicated that he personally hadn’t reviewed any of the documentation relating to the LACE detail and wasn’t aware of the audit requirements.

Additionally it was observed that the “sign-in” sheets used by the OPD for the LACE detail states the detail is for two traffic citations per hour for “speed enforcement, red light or stop sign.” This requirement to write two traffic citations per hour conflicts with state law (La R.S. 40:2401.1).

Corrective Action Plan:

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 establish to ensure compliance with state law prohibition against ticket quotas.

Current Status:

Unresolved. See finding 2017-08

2016-13 Costs Paid to and on behalf of City Attorney

Fiscal Year Finding Originated: 2015

Condition:

The City paid conference registration fees not specific to City business and related travel costs on behalf of the city attorney potentially in violation of 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

Summary of Prior Year Findings
For the Year Ended August 31, 2017

In a follow-up to this prior period finding it was discovered that the City on several occasions paid for work before the work was performed and not documented in an invoice.

The City has used three different attorneys to perform the City Attorney function since 2013. The City did not have a contract with one of the attorneys (January 2013 to January 2015); but paid the attorney \$3,000 per month before work was performed and did not require an invoice that documented the work performed.

City Attorney from January 2015 to October 2016 had a contract, but it required a “flat-rate retainer” of \$3,500 per month. The City paid before work was performed and without an invoice. In addition, the contract allowed for hourly billing for any litigation at the attorney’s “usual and customary rate” and required an itemization of all services. This attorney told us he and the Mayor orally negotiated an hourly rate of \$150 per hour and agreed to increase the hourly rate to \$175 per hour in January 2016.

The current City Attorney has a contract that allows for \$3,500 per month of “guaranteed compensation,” but does not require a detailed invoice. The contract also provides for \$175 per hour for litigation work and requires an invoice. A review of invoices and documentation included months whereby the attorney’s invoices showed general service being performed in excess of the \$3,500 contract amount; however, in each instance, the attorney reduced his bill so the City was not charged for any general services in excess of the \$3,500 amount. The contract, however, is silent as to what occurs if the attorney does not provide \$3,500 of general services in a given month.

Corrective Action Plan:

We recommend the City either take steps to have the cost reimbursed for the conference registration fees back to the City by the current City Attorney or consider amounts paid as compensation, if appropriate. Additionally, policies and procedures should be implemented to ensure that City is properly reimbursed for any expenses paid by city that are due from vendors or contractors.

Ensure that future contracts with attorneys are for a specified hourly rate and require documentation of services provided prior to the payment and that no payments are paid for work not performed.

Current Status:

Resolved.

2016-14 Loans Receivable

Fiscal Year Finding Originated: 2015 (Management Letter)

Condition:

No payments have been received on outstanding ORECD program loans receivable in several years.

Corrective Action Plan:

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

CITY OF OPELOUSAS, LOUISIANA
Summary of Prior Year Findings
For the Year Ended August 31, 2017

Current Status:

Unresolved. See finding 2017-09

2016-15 Failure to timely file audit report

Fiscal Year Finding Originated: 2016

Condition:

The Organization failed to submit audited report to LA Legislative Auditor in a timely manner.

Corrective Action Plan:

City should engage independent auditor in a timely manner to ensure adequate time for completion of audit and the timely filing of report.

Current Status:

Resolved.

MANAGEMENT'S RESPONSE LETTERS

REGINALD TATUM
MAYOR



105 NORTH MAIN ST
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(337) 948-2520
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February 28, 2018

MANAGEMENT INTERNAL CONTROL AND COMPLIANCE FINDINGS RESPONSE

2017-01 PREPARATION OF FINANCIAL STATEMENTS

CORRECTIVE ACTION: 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 interest of the government 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. The city will recruit and hire a Chief Financial Officer, City Treasurer, and Document Controls Specialist to further evaluate and develop its Cost Management and Internal Controls system, as well as manage, educate, and develop our current staff to better prepare the financial statements. The city will continue to work with its IT consultant to further develop the digitization of its past financials as well as its document control processes to expedite future audits and future financial inquiries.

2017-02 CAPITAL ASSET MANAGEMENT

CORRECTIVE ACTION: The city's purchasing department keeps a record of every asset purchased by the city. The city will hire additional staff that will be assigned to the purchasing department to assist the city purchasing supervisor in the day to day operation, and the enforcement of policies and procedures of the purchasing department. A designated City Property Manager will be assigned to maintain a comprehensive listing of all capital assets, location of assets, as well as additions and deletions of all city assets that occur during the year. The purchasing department will coordinate with the city's IT consultant and document controls specialist to ensure that all information is accessible in a digitized format to expedite future audits and future inquiries.

2017-03 UNCLAIMED PROPERTY

CORRECTIVE ACTION: The city is currently developing written policies and procedures to report unclaimed property such as unclaimed checks to the state. The city will provide continual staff training to ensure that unclaimed property is identified in a timely manner. The city will continue to work with its IT consultant to further develop the digitization of its unclaimed property as well as its document control processes to expedite future audits and future inquiries.

BOARD OF ALDERMEN
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SHERELL ROBERTS, DISTRICT D • JACQUELINE MARTIN, DISTRICT E

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February 28, 2018

MANAGEMENT INTERNAL CONTROL AND COMPLIANCE FINDINGS RESPONSE (cont.)

2017-04 NON-COMPLIANCE WITH ETHICS TRAINING REQUIREMENTS

CORRECTIVE ACTION: The city is currently developing written policies and procedures that will require individual, elected and appointed officials and staff to fulfill ethics training requirements. Ethics training and seminars will be provided to all city employees, individual, elected and appointed officials on a quarterly basis. The city will require individual, elected and appointed officials and staff to attest through signature verification or copies of their certificates of ethics training as required by state law. The city will continue to work with its IT consultant to ensure that all Ethics training verification will be stored in a digital format to expedite future audits and future inquiries.

2017-05 ADVANCED COMPENSATION PAID TO CITY CLERK

CORRECTIVE ACTION: The city clerk's salary has set by ordinance in accordance with state law. Therefore, the city clerk's salary was not exceeded.

2017-06 AFFIXATION OF COMPENSATION FOR THE CITY CLERK, CHIEF OF POLICE, AND FIRE CHIEF

CORRECTIVE ACTION: The city is currently developing written policies and procedures to ensure compensation for the municipal officer's salaries will be set by ordinance in accordance with state law. The salaries for the current City Clerk, Chief of Police, and Fire Chief has been set by ordinance in accordance with state law.

2017-07 NONCOMPLIANCE WITH PUBLIC BID LAW

CORRECTIVE ACTION: The city is currently developing written policies and procedures to ensure that the city is in compliance with public bid law and requirements. The city will coordinate with its Purchasing Department to ensure that state public bid policies and procedures will be followed and enforced.

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February 28, 2018

MANAGEMENT INTERNAL CONTROL AND COMPLIANCE FINDINGS RESPONSE (cont.)

2017-08 AUDIT OF TRAFFIC CITATIONS AND IMPROPER DISPOSAL OF TRAFFIC CITATIONS

CORRECTIVE ACTION: The city will develop policies and procedures to ensure that quarterly audits of traffic tickets are conducted by the City Clerk as required by state law. The city will continue to work with its IT consultant and document control specialist to ensure that all tickets are compliant with state law, that ticket quotas are prohibited, and traffic citations are properly stored and sent to the proper authorities. All records will be stored in a digital format to expedite future audits and future inquiries.

2017-09 LOAN RECEIVABLES

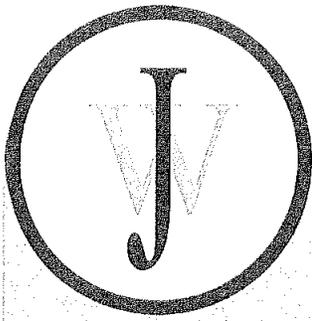
CORRECTIVE ACTION: The City Attorney is working on legal remedies to recover money.

2017-10 INVOICES NOT PAID

CORRECTIVE ACTION: The city will develop policies and procedures to ensure that quarterly audits of all police invoices are conducted by the City Purchasing Department. All records will be stored in a digital format to expedite future audits and future inquiries.

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J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by City of Opelousas Clerk of Court (the "Clerk") 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 year September 1, 2016 through August 30, 2017. The Clerk'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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

We performed the above procedure and noted no exceptions

- 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.

We performed the above procedure and noted the following exception:

No written policies and procedures relating to purchasing.

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to Purchasing. The purchasing department will coordinate with the city's IT consultant and document controls specialist to ensure all policies are enforced and that all information is accessible in a digitized format to expedite future audits and future inquiries.

- c) **Disbursements**, including processing, reviewing, and approving

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We performed the above procedure and noted no exceptions.

- d) *Receipts*, including receiving, recording, and preparing deposits

We performed the above procedure and noted no exceptions.

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

*We performed the above procedure and noted the following exception:
No written policies and procedures relating to payroll/personnel.*

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to Payroll/Personnel. The Payroll/HR department will coordinate with the city's IT consultant and document controls specialist to ensure all policies are enforced and that all information is accessible in a digitized format to expedite future audits and future inquiries.

- 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

We performed the above procedure and noted no exceptions.

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

We performed the above procedure and noted no exceptions.

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

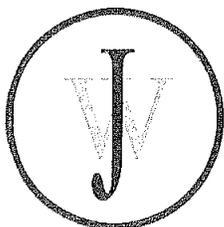
We performed the procedures above and noted no exceptions.

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

*We performed the above procedure and noted the following exception:
No written policies and procedures relating to ethics.*

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to Ethics. The city will continue to work with its IT consultant to ensure that all Ethics training verification will be stored in a digital format to expedite future audits and future inquiries.



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

We performed the above procedure and noted the following exception:

No written policies and procedures relating to debt service.

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to Debt Service. The city will continue to work with its IT consultant to ensure that all Deb Service policies will be stored in a digital format to expedite future audits and future inquiries.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

We performed the procedures above and noted no exceptions

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

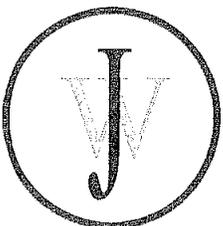
We performed the procedures above and noted no exceptions.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

We performed the procedures above and noted no exceptions.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank



accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

We performed the above procedure and noted no exceptions.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

We performed the above procedure and noted the following exception:

No evidence a member of management or a board member has reviewed each bank reconciliation.

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to Bank Reconciliations. The city will continue to work with its IT consultant to ensure that all Bank Reconciliation policies will be stored in a digital format to expedite future audits and future inquiries.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

We performed the procedures above and noted the following exception:

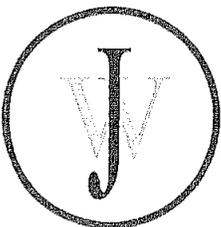
There is no documentation that management has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to Bank Reconciliations. The city will continue to work with its IT consultant to ensure that all Bank Reconciliation policies will be stored in a digital format to expedite future audits and future inquiries.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**



- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

We performed the above procedure and noted no exceptions.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

We performed the procedures above and noted no exceptions.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

We performed the procedures above and noted no exceptions.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

We performed the procedures above and noted no exceptions.

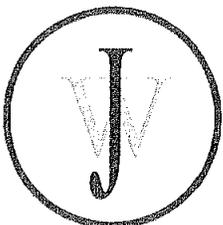
- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund 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) by a person who is not responsible for collections.

We performed the above procedure and noted no exceptions.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We performed the procedures above and noted no exceptions.



9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

We performed the above procedure and noted the following exception:

Three purchases were initiated using a requisition/purchase order system.

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to Disbursements. The city will continue to work with its IT consultant to ensure that all Disbursement policies will be stored in a digital format to expedite future audits and future inquiries.

b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

We performed the above procedure and noted the following exception:

Two purchase orders were approved by a person who did not initiate the purchase.

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to Disbursements. The city will continue to work with its IT consultant to ensure that all Disbursement policies will be stored in a digital format to expedite future audits and future inquiries.

c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

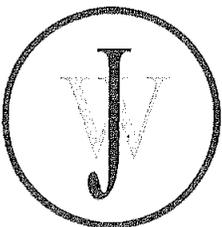
We performed the above procedure and noted the following exception:

There were purchases processed without an approved requisition and/or purchase order.

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to Disbursements. The city will continue to work with its IT consultant to ensure that all Disbursement policies will be stored in a digital format to expedite future audits and future inquiries.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing



payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

We performed the above procedure and noted no exceptions.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

We performed the above procedure and noted the following exception:

No written documentation relating to authorization of disbursements.

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to Disbursements. The city will continue to work with its IT consultant to ensure that all Disbursement policies will be stored in a digital format to expedite future audits and future inquiries.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

We performed the procedures above and noted no exceptions.

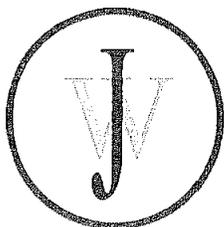
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

We performed the procedures above and noted no exceptions.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:



- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.]]

We performed the above procedure and noted no exceptions.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*We performed the above procedure and noted the following exception:
Finance charges were assessed on the selected statements.*

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to City Credit/Debit Cards. The city will continue to work with its IT consultant to ensure that all City Credit/Debit Card policies will be stored in a digital format to expedite future audits and future inquiries.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

We performed the procedures above and noted no exceptions.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

We performed the above procedure and noted the following exception:

On both credit card statements reviewed, there was no documentation of the business/public purpose.

Management's Response:

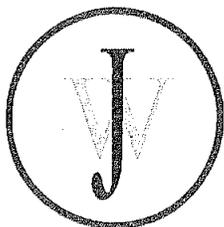
The city is developing a full review and evaluation of its written policies and procedures relating to City Credit/Debit Cards. The city will continue to work with its IT consultant to ensure that all City Credit/Debit Card policies will be stored in a digital format to expedite future audits and future inquiries.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

We performed the procedures above and noted no exceptions.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We performed the procedures above and noted no exceptions.



- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*We performed the above procedure and noted the following exception:
No documentation of the business/public purpose.*

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to City Credit/Debit Cards. The city will continue to work with its IT consultant to ensure that all City Credit/Debit Card policies will be stored in a digital format to expedite future audits and future inquiries

Travel and Expense Reimbursement

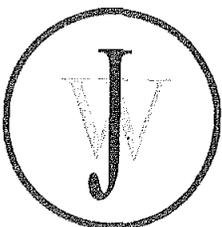
17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

We performed the procedures above and noted no exceptions.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

We performed the procedures above and noted no exceptions.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]



We performed the procedures above and noted no exceptions.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

We performed the procedures above and noted no exceptions.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

We performed the procedures above and noted no exceptions.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We performed the procedures above and noted no exceptions.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We performed the procedures above and noted no exceptions.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

We performed the above procedure and noted the following exception:

No contracts provided for 2 of the 5 vendors selected.

Management should set up a contract "vendor" for office supplies.

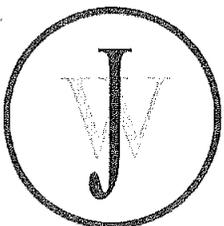
Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to City Contracts. The city will continue to work with its IT consultant to ensure that all City Contract policies will be stored in a digital format to expedite future audits and future inquiries.

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

We performed the above procedure and noted no exceptions.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:



- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Based upon the amount of purchases made over the course of the year with office supply vendor; contract appears to meet guidelines for public bid under LA Public Bid Law.

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to City Contracts. The city will continue to work with its IT consultant to ensure that all City Contract policies will be stored in a digital format to expedite future audits and future inquiries.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

For the vendors we reviewed with written contracts; no exceptions noted.

We performed the above procedure and noted no exceptions.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

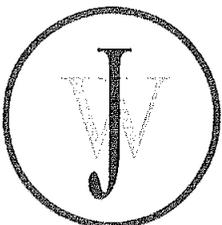
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

We performed the above procedure and noted no exceptions.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

We performed the above procedure and noted the no exceptions.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly



select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

We performed the procedures above and noted no exceptions.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

We performed the procedures above and noted no exceptions.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We performed the procedures above and noted no exceptions.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We performed the procedures above and noted no exceptions.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We performed the procedures above and noted no exceptions.

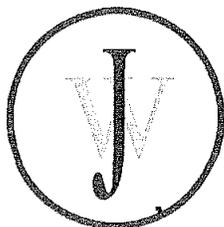
Ethics

26. Using the five randomly selected employees from procedure under "Payroll and Personnel", obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*We performed the above procedure and noted the following exceptions:
None of employees selected had not completed ethics training.*

Management's Response:

The city is developing a full review and evaluation of its written policies and procedures relating to City Ethics Policy. The city will continue to work with its IT



consultant to ensure that all City Ethics Policy policies will be stored in a digital format to expedite future audits and future inquiries.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

We performed the procedures above and noted no exceptions.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

The City of Opelousas did not issue any new debt during the fiscal period therefore these procedures are not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

We performed the procedures above and noted no exceptions.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

We performed the procedures above and noted no exceptions.

Other

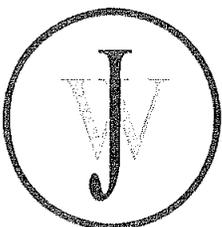
31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We performed the procedures above and noted no exceptions.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We performed the procedures above and noted no exceptions.

Management's Response:



33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We performed the procedures above and noted no exceptions.

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.

J. Walker & Company, APC

Lake Charles, Louisiana
February 23, 2018

