

CITY OF OPELOUSAS, LOUISIANA

Financial Report

Year Ended August 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opelousas, Louisiana, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Opelousas, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opelousas, Louisiana, as of August 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 52 - 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Opelousas, Louisiana's basic financial statements. The combining statements included in other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these combining statements and the schedule of expenditures of federal awards 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 23, 2021, on our consideration of the City of Opelousas, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Opelousas, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
February 23, 2021

BASIC FINANCIAL STATEMENTS

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Net Position
August 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 2,217,451	\$ 211,088	\$ 2,428,539
Receivables, net	209,735	1,481,733	1,691,468
Internal balances	2,366,465	(2,366,465)	-
Due from other governmental units	192,238	500,000	692,238
Inventory	61,615	58,234	119,849
Prepaid items	20,575	6,248	26,823
Restricted assets:			
Cash and interest-bearing deposits	238,005	1,948,105	2,186,110
Capital assets:			
Land and construction in progress	1,836,529	130,284	1,966,813
Capital assets, net	<u>14,275,944</u>	<u>19,864,132</u>	<u>34,140,076</u>
Total assets	<u>21,418,557</u>	<u>21,833,359</u>	<u>43,251,916</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>3,991,404</u>	<u>289,410</u>	<u>4,280,814</u>
LIABILITIES			
Accounts payable and accrued expenses	1,340,432	678,435	2,018,867
Interest payable	23,315	-	23,315
Due to other government units	327,141	-	327,141
Claims payable	1,501,781	-	1,501,781
Customers' meter deposits	-	578,665	578,665
Taxes paid under protest	3,157	-	3,157
Long-term liabilities:			
Compensated absences payable	1,337,313	49,652	1,386,965
Bonds, notes, and leases due within one year	250,547	340,000	590,547
Bonds, notes, and leases due after one year	3,620,382	8,133,414	11,753,796
Net pension liability	<u>21,244,639</u>	<u>2,073,784</u>	<u>23,318,423</u>
Total liabilities	<u>29,648,707</u>	<u>11,853,950</u>	<u>41,502,657</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>2,506,153</u>	<u>119,212</u>	<u>2,625,365</u>
NET POSITION			
Net investment in capital assets	20,349,862	19,547,002	39,896,864
Restricted for:			
Insurance claims	535,955	-	535,955
Sales tax dedications	2,226,212	-	2,226,212
Debt service	39,325	1,402,510	1,441,835
Construction	-	203,697	203,697
Grant provisions	-	268,975	268,975
Unrestricted	<u>(29,896,253)</u>	<u>(11,272,577)</u>	<u>(41,168,830)</u>
Total net position	<u>\$ (6,744,899)</u>	<u>\$ 10,149,607</u>	<u>\$ 3,404,708</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, 2020

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 3,322,474	\$ -	\$ 100,000	\$ 25,530	\$ (3,196,944)	\$ -	\$ (3,196,944)
Public safety	10,461,006	91,403	928,098	-	(9,441,505)	-	(9,441,505)
Public works	2,027,977	13,210	-	175,162	(1,839,605)	-	(1,839,605)
Health & welfare	534,715	126,260	-	-	(408,455)	-	(408,455)
Culture and recreation	1,470,346	64,494	6,773	150,000	(1,249,079)	-	(1,249,079)
Economic development	81,786	-	-	-	(81,786)	-	(81,786)
Insurance claims and costs	889,902	-	-	-	(889,902)	-	(889,902)
Interest and fees on debt	240,858	-	-	-	(240,858)	-	(240,858)
Total governmental activities	<u>19,029,064</u>	<u>295,367</u>	<u>1,034,871</u>	<u>350,692</u>	<u>(17,348,134)</u>	<u>-</u>	<u>(17,348,134)</u>
Business-type activities:							
Electric Light and Waterworks	3,581,415	5,570,565	-	32,410	-	2,021,560	2,021,560
Sewer	1,538,666	1,682,481	-	833,337	-	977,152	977,152
ORECD	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>(27)</u>
Total business-type activities	<u>5,120,108</u>	<u>7,253,046</u>	<u>-</u>	<u>865,747</u>	<u>-</u>	<u>2,998,685</u>	<u>2,998,685</u>
Total	<u>\$ 24,149,172</u>	<u>\$ 7,548,413</u>	<u>\$ 1,034,871</u>	<u>\$ 1,216,439</u>	<u>\$ (17,348,134)</u>	<u>\$ 2,998,685</u>	<u>\$ (14,349,449)</u>
General revenues:							
Taxes -							
Ad valorem taxes, levied for general purposes					1,078,601	-	1,078,601
Sales and use taxes, levied for general purposes					10,161,438	-	10,161,438
Franchise taxes					2,061,481	-	2,061,481
Hotel/motel taxes					118,239	-	118,239
Interest and investment earnings					18,305	32,798	51,103
Occupational licenses and other permits					916,524	-	916,524
Racino income					97,974	-	97,974
Video poker revenue					34,812	-	34,812
State beer tax					37,982	-	37,982
Nonemployer pension contribution					561,699	33,209	594,908
Miscellaneous					333,754	17,426	351,180
Special item - gain on sale of assets					3,850	-	3,850
Transfers					<u>2,522,564</u>	<u>(2,522,564)</u>	<u>-</u>
Total general revenues and transfers					<u>17,947,223</u>	<u>(2,439,131)</u>	<u>15,508,092</u>
Change in net position					599,089	559,554	1,158,643
Net position - beginning					<u>(7,343,988)</u>	<u>9,590,053</u>	<u>2,246,065</u>
Net position - ending					<u>\$ (6,744,899)</u>	<u>\$ 10,149,607</u>	<u>\$ 3,404,708</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, 2020

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 402,639	\$ 1,527,566	\$ 46,711	\$ 1,976,916
Receivables	209,735	-	-	209,735
Due from other funds	4,752,667	700,000	20,333	5,473,000
Due from other governmental units	192,238	-	-	192,238
Inventory	61,615	-	-	61,615
Prepaid expense	3,124	-	-	3,124
Restricted assets:				
Interest-bearing deposits	<u>238,005</u>	<u>-</u>	<u>-</u>	<u>238,005</u>
Total assets	<u>\$5,860,023</u>	<u>\$2,227,566</u>	<u>\$ 67,044</u>	<u>\$8,154,633</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,298,801	\$ 1,354	\$ -	\$ 1,300,155
Taxes paid under protest	3,157	-	-	3,157
Due to other funds	670,319	-	-	670,319
Due to other governmental units	<u>327,141</u>	<u>-</u>	<u>-</u>	<u>327,141</u>
Total liabilities	<u>2,299,418</u>	<u>1,354</u>	<u>-</u>	<u>2,300,772</u>
Deferred inflows of resources:				
Unavailable revenue	<u>34,556</u>	<u>-</u>	<u>-</u>	<u>34,556</u>
Fund balances:				
Nonspendable	64,739	-	-	64,739
Restricted - debt service	-	-	39,325	39,325
Restricted - sales tax dedications	-	2,226,212	-	2,226,212
Assigned - health and welfare	-	-	11,481	11,481
Assigned - public safety	-	-	16,238	16,238
Unassigned	<u>3,461,310</u>	<u>-</u>	<u>-</u>	<u>3,461,310</u>
Total fund balances	<u>3,526,049</u>	<u>2,226,212</u>	<u>67,044</u>	<u>5,819,305</u>
Total liabilities and fund balances	<u>\$5,860,023</u>	<u>\$2,227,566</u>	<u>\$ 67,044</u>	<u>\$8,154,633</u>

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

CITY OF OPELOUSAS, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2020

Total fund balances for governmental funds at August 31, 2020		\$ 5,819,305
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	\$ 1,836,529	
Buildings, net of \$4,614,066 accumulated depreciation	4,330,435	
Improvements other than buildings, net of \$11,441,597 accumulated depreciation	7,301,811	
Equipment and machinery, net of \$6,050,273 accumulated depreciation	<u>2,643,698</u>	16,112,473
The deferred outflows of contributions to retirement systems are not a use of current resources, and therefore, are not reported in the funds.		3,991,404
Some liabilities are not due and payable from current financial resources and are, therefore not reported in the funds. These liabilities consist of the following:		
Capital lease payable	(1,243,929)	
Bonds payable	(2,627,000)	
Compensated absences	(1,337,313)	
Interest payable	(23,315)	
Net pension liability	<u>(21,244,639)</u>	(26,476,196)
The deferred inflows of contributions to the retirement systems are not payable from available resources and, therefore, are not reported in the funds.		(2,506,153)
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows at the fund level.		
Unavailable revenue - delinquent ad valorem taxes		34,556
Net position of the group self-insurance internal service funds		<u>(3,720,288)</u>
Total net position of governmental activities at August 31, 2020		<u>\$ (6,744,899)</u>

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended August 31, 2020

	General	Sales Tax Special Revenue	Other Governmental	Total
Revenues:				
Taxes	\$ 3,252,612	\$ 10,161,438	\$ -	\$ 13,414,050
Licenses and permits	916,524	-	-	916,524
Intergovernmental	1,702,908	-	7,531	1,710,439
Charges for services	144,548	-	-	144,548
Fines and forfeits	55,455	-	-	55,455
Investment earnings	9,201	6,260	1,455	16,916
Other	273,164	-	-	273,164
Total revenues	<u>6,354,412</u>	<u>10,167,698</u>	<u>8,986</u>	<u>16,531,096</u>
Expenditures:				
Current -				
General government	2,734,241	370,211	-	3,104,452
Public safety	9,894,507	-	2,180	9,896,687
Public works	1,527,209	-	-	1,527,209
Health and welfare	521,657	-	-	521,657
Culture and recreation	1,304,581	-	-	1,304,581
Economic development	78,666	-	-	78,666
Capital outlay	545,753	-	-	545,753
Debt service -				
Principal retirement	130,476	-	-	130,476
Interest and fiscal charges	193,548	-	-	193,548
Issuance costs	58,826	-	-	58,826
Total expenditures	<u>16,989,464</u>	<u>370,211</u>	<u>2,180</u>	<u>17,361,855</u>
Excess (deficiency) of revenues over expenditures	<u>(10,635,052)</u>	<u>9,797,487</u>	<u>6,806</u>	<u>(830,759)</u>
Other financing sources (uses):				
Proceeds from issuance of bonds	2,627,000	-	-	2,627,000
Payment to escrow agent	(2,520,000)	-	-	(2,520,000)
Sale of capital assets	5,061	-	-	5,061
Transfers in	12,216,867	-	(219,216)	11,997,651
Transfers out	(236,539)	(9,184,333)	-	(9,420,872)
Total other financing sources (uses)	<u>12,092,389</u>	<u>(9,184,333)</u>	<u>(219,216)</u>	<u>2,688,840</u>
Net changes in fund balances	1,457,337	613,154	(212,410)	1,858,081
Fund balances, beginning	<u>2,068,712</u>	<u>1,613,058</u>	<u>279,454</u>	<u>3,961,224</u>
Fund balances, ending	<u>\$ 3,526,049</u>	<u>\$ 2,226,212</u>	<u>\$ 67,044</u>	<u>\$ 5,819,305</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, 2020

Total net changes in fund balances for the year ended August 31, 2020 per the statement of revenues, expenditures and changes in fund balances \$1,858,081

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

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

Capital outlay which is considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 488,800	
Depreciation expense for the year ended August 31, 2020	(975,539)	(486,739)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities over multiple periods.

Proceeds from issuance of debt received	(2,627,000)	
Repayment of long-term debt	2,650,476	23,476

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

Compensated absences	(72,795)	
Interest payable	11,516	
Net pension liability	201,934	140,655

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

Net change in unavailable revenues - delinquent ad valorem taxes		6,344
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Net loss of group self-insurance internal service fund		(942,728)
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Total changes in net position for the year ended August 31, 2020 per the Statement of Activities \$ 599,089

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

CITY OF OPELOUSAS, LOUISIANA

Statement of Net Position - Proprietary Funds
August 31, 2020

	Business -Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric Light and Waterworks	Sewer	Other Enterprise Funds	Total Enterprise Funds	
ASSETS					
Current assets:					
Cash and interest-bearing deposits	\$ 909	\$ -	\$ 210,179	\$ 211,088	\$ 240,535
Receivables, net					
Customers	569,486	609,253	-	1,178,739	-
Notes	-	-	58,796	58,796	-
Other	244,198	-	-	244,198	-
Due from other governmental units	-	500,000	-	500,000	-
Due from other funds	353,615	50,420	-	404,035	301,616
Inventories	57,804	430	-	58,234	-
Prepaid items	3,124	3,124	-	6,248	17,451
Total current assets	<u>1,229,136</u>	<u>1,163,227</u>	<u>268,975</u>	<u>2,661,338</u>	<u>559,602</u>
Noncurrent assets:					
Restricted assets -					
Cash and interest-bearing deposits	1,948,105	-	-	1,948,105	-
Capital assets, net of accumulated depreciation	9,247,500	10,746,916	-	19,994,416	-
Total noncurrent assets	<u>11,195,605</u>	<u>10,746,916</u>	<u>-</u>	<u>21,942,521</u>	<u>-</u>
Total assets	<u>12,424,741</u>	<u>11,910,143</u>	<u>268,975</u>	<u>24,603,859</u>	<u>559,602</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions	<u>230,807</u>	<u>58,603</u>	<u>-</u>	<u>289,410</u>	<u>-</u>
LIABILITIES					
Current liabilities (payable from current assets):					
current assets)					
Accounts payable	200,249	159,576	-	359,825	40,277
Claims payable	-	-	-	-	1,501,781
Due to other funds	1,125,698	1,644,802	-	2,770,500	2,737,832
Total	<u>1,325,947</u>	<u>1,804,378</u>	<u>-</u>	<u>3,130,325</u>	<u>4,279,890</u>
Current liabilities (payable from restricted assets):					
restricted assets)					
Revenue bonds payable	340,000	-	-	340,000	-
Construction payable	-	318,610	-	318,610	-
Customers' meter deposits	578,665	-	-	578,665	-
Total	<u>918,665</u>	<u>318,610</u>	<u>-</u>	<u>1,237,275</u>	<u>-</u>
Total current liabilities	<u>2,244,612</u>	<u>2,122,988</u>	<u>-</u>	<u>4,367,600</u>	<u>4,279,890</u>
Noncurrent liabilities:					
Revenue bonds payable	7,686,000	447,414	-	8,133,414	-
Net pension liability	1,622,045	451,739	-	2,073,784	-
Compensated absences	30,854	18,798	-	49,652	-
Total noncurrent liabilities	<u>9,338,899</u>	<u>917,951</u>	<u>-</u>	<u>10,256,850</u>	<u>-</u>
Total liabilities	<u>11,583,511</u>	<u>3,040,939</u>	<u>-</u>	<u>14,624,450</u>	<u>4,279,890</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	<u>96,031</u>	<u>23,181</u>	<u>-</u>	<u>119,212</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	9,247,500	10,299,502	-	19,547,002	-
Restricted for:					
Insurance claims	-	-	-	-	535,955
Bond retirement	1,402,510	-	-	1,402,510	-
Construction	203,697	-	-	203,697	-
Grant provisions	-	-	268,975	268,975	-
Unrestricted	<u>(9,877,701)</u>	<u>(1,394,876)</u>	<u>-</u>	<u>(11,272,577)</u>	<u>(4,256,243)</u>
Total net position	<u>\$ 976,006</u>	<u>\$ 8,904,626</u>	<u>\$ 268,975</u>	<u>\$ 10,149,607</u>	<u>\$ (3,720,288)</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, 2020

	Business -Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric Light and Waterworks	Sewer	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:					
Charges for services					
Utilities	\$ 5,212,143	\$ 1,619,496	\$ -	\$ 6,831,639	\$ -
Interest	-	-	2,459	2,459	-
Premiums	-	-	-	-	2,980,263
Other	17,739	62,985	-	80,724	26,916
Total operating revenues	<u>5,229,882</u>	<u>1,682,481</u>	<u>2,459</u>	<u>6,914,822</u>	<u>3,007,179</u>
Operating expenses:					
Personal services	1,164,602	298,809	-	1,463,411	-
Supplies and materials	392,352	43,150	27	435,529	-
Other services and charges	721,543	407,072	-	1,128,615	3,897,081
Repairs and maintenance	253,659	226,208	-	479,867	-
Depreciation	747,803	414,666	-	1,162,469	-
Total operating expenses	<u>3,279,959</u>	<u>1,389,905</u>	<u>27</u>	<u>4,669,891</u>	<u>3,897,081</u>
Operating income (loss)	<u>1,949,923</u>	<u>292,576</u>	<u>2,432</u>	<u>2,244,931</u>	<u>(889,902)</u>
Nonoperating revenues (expenses):					
Investment income	30,339	-	-	30,339	1,389
Cleco surcharge	347,200	-	-	347,200	-
Miscellaneous	35,409	-	-	35,409	-
Nonemployer pension contribution	26,891	6,318	-	33,209	-
Interest and fiscal charges	(301,456)	(148,761)	-	(450,217)	-
Total nonoperating revenues (expenses)	<u>138,383</u>	<u>(142,443)</u>	<u>-</u>	<u>(4,060)</u>	<u>1,389</u>
Income (loss) before contributions and transfers	2,088,306	150,133	2,432	2,240,871	(888,513)
Capital contributions	<u>7,910</u>	<u>833,337</u>	<u>-</u>	<u>841,247</u>	<u>-</u>
Income (loss) before transfers	<u>2,096,216</u>	<u>983,470</u>	<u>2,432</u>	<u>3,082,118</u>	<u>(888,513)</u>
Operating transfers in (out)					
Transfers in	2,023,225	4,647,545	-	6,670,770	(54,215)
Transfers out	(8,639,356)	(553,978)	-	(9,193,334)	-
Total operating transfers in (out)	<u>(6,616,131)</u>	<u>4,093,567</u>	<u>-</u>	<u>(2,522,564)</u>	<u>(54,215)</u>
Change in net position	(4,519,915)	5,077,037	2,432	559,554	(942,728)
Net position, beginning	<u>5,495,921</u>	<u>3,827,589</u>	<u>266,543</u>	<u>9,590,053</u>	<u>(2,777,560)</u>
Net position, ending	<u>\$ 976,006</u>	<u>\$ 8,904,626</u>	<u>\$ 268,975</u>	<u>\$ 10,149,607</u>	<u>\$ (3,720,288)</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, 2020

	Business -Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Electric Light and Waterworks	Sewer	Other Enterprise Funds		
Cash flows from operating activities:					
Cash received from customers	\$ 5,315,722	\$ 1,737,001	\$ 2,459	\$ 7,055,182	\$ 2,980,382
Other receipts	-	-	-	-	26,916
General and administrative expenses paid	-	-	-	-	(81,857)
Cash payments to suppliers for goods and services	(1,445,579)	(602,081)	(27)	(2,047,687)	(1,922,001)
Insurance paid	-	-	-	-	(1,438,159)
Cash payments to employees for services	(1,135,862)	(277,672)	-	(1,413,534)	-
Net cash provided (used) by operating activities	<u>2,734,281</u>	<u>857,248</u>	<u>2,432</u>	<u>3,593,961</u>	<u>(434,719)</u>
Cash flows from noncapital financial activities:					
Cash received from other funds	1,885,620	4,647,545	-	6,533,165	650,654
Cash paid to other funds	(8,971,592)	(306,313)	(3)	(9,277,908)	-
Surcharge and other	<u>345,429</u>	<u>-</u>	<u>-</u>	<u>345,429</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(6,740,543)</u>	<u>4,341,232</u>	<u>(3)</u>	<u>(2,399,314)</u>	<u>650,654</u>
Cash flows from capital and related financing activities:					
Net purchase of fixed assets	(57,147)	(1,448,460)	-	(1,505,607)	-
Net principal on revenue bonds paid	4,091,000	(4,098,471)	-	(7,471)	-
Proceeds from grants	7,910	497,212	-	505,122	-
Interest on revenue bonds paid	<u>(301,456)</u>	<u>(148,761)</u>	<u>-</u>	<u>(450,217)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>3,740,307</u>	<u>(5,198,480)</u>	<u>-</u>	<u>(1,458,173)</u>	<u>-</u>
Cash flows from investing activities					
Interest on investments	<u>30,339</u>	<u>-</u>	<u>-</u>	<u>30,339</u>	<u>1,389</u>
Net cash provided by investing activities	<u>30,339</u>	<u>-</u>	<u>-</u>	<u>30,339</u>	<u>1,389</u>
Net increase (decrease) in cash and cash equivalents	(235,616)	-	2,429	(233,187)	217,324
Cash and cash equivalents, beginning of period	<u>2,184,630</u>	<u>-</u>	<u>207,750</u>	<u>2,392,380</u>	<u>23,211</u>
Cash and cash equivalents, end of period	<u>\$ 1,949,014</u>	<u>\$ -</u>	<u>\$ 210,179</u>	<u>\$ 2,159,193</u>	<u>\$ 240,535</u>

(continued)

CITY OF OPELOUSAS, LOUISIANA

Statement of Cash Flows
 Proprietary Funds (Continued)
 For the Year Ended August 31, 2020

	Business -Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric Light and Waterworks	Sewer	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,949,923	\$ 292,576	\$ 2,432	\$ 2,244,931	\$ (889,902)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	747,803	414,666	-	1,162,469	-
Pension expense	47,865	5,790	-	53,655	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	71,306	54,520	-	125,826	119
Increase in inventory	(18,198)	-	-	(18,198)	-
Decrease in prepaid items	-	-	-	-	53,507
Increase (decrease) in accounts payable	(59,827)	(14,266)	-	(74,093)	38,850
Increase in construction payable	-	88,615	-	88,615	-
Increase in claims payable	-	-	-	-	362,707
Increase in customers' meter deposits	14,534	-	-	14,534	-
Increase (decrease) in accrued compensated absences	(19,125)	15,347	-	(3,778)	-
Net cash provided (used) by operating activities	<u>\$ 2,734,281</u>	<u>\$ 857,248</u>	<u>\$ 2,432</u>	<u>\$ 3,593,961</u>	<u>\$ (434,719)</u>

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The City of Opelousas, Louisiana, was incorporated under the provisions of the Lawrason Act and operates under the Mayor-City 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 government authority (Mayor and City Council) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds, 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. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the City. The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

Capital Projects Funds

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

Debt Service Funds

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

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proprietary Funds –

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

Enterprise Funds

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

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

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

Internal Service Funds

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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. This measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows.

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

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

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

Cash, interest-bearing deposits, and investments

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

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

For the purpose of the proprietary funds' statements of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes, franchise taxes, police fines, fees and rental payments. Business-type activities report customer's utility service receivables as the major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible customers' utility receivables was \$400,456 at August 31, 2020. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans are reported as "advances to and from other funds." Interfund receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (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, 2020 are recorded as prepaid items.

Restricted Assets

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

Capital Assets

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

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

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

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt consists primarily of the public improvement bonds payable, revenue bonds payable, capital lease payable, and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. For government-wide and fund reporting, issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures in the year of issuance. 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 (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. Also, employees who do not have any injuries on the job during the year earn an additional 24 hours of vacation leave. Therefore, the maximum vacation an employee can earn is 360 hours. A maximum of one-third of unused vacation shall be accumulated per year.

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.

Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense (See Note 12), have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Member's earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized as revenue in the government-wide financial statements. In the governmental fund financial statements contributions are recognized as expenditures when made.

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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plans.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category in the government-wide statement of net position, the deferred inflow of resources attributable to its pension plans. The City also reported deferred inflows of resources related to unavailable revenue in the General Fund at August 31, 2020.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, contributors, laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the City's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred. At August 31, 2020, the City reported \$4,676,634 of restricted net position, of which \$1,441,835 was restricted by enabling legislation.
- 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. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The City's nonspendable fund balance includes inventory.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the City through formal legislative action of the Mayor and City 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 City Council.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

- 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 City 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.

E. Revenues, Expenditures, and Expenses

Revenues

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

There are three classifications of programmatic revenues for the City, grant program specific grant and contribution revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Charges for service are revenues 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 a particular program, and earned income in connection with the operation of the City's utility system.

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

Substantially all other revenues are recorded when received.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Interfund Transfers

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

F. Revenue Restrictions

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

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

G. Capitalization of Interest Expense

It is the policy of the City of Opelousas to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the Proprietary Funds. At August 31, 2020, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. Use of Estimates

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

(2) Deficit Net Position

The following individual funds had deficits in unrestricted net position at August 31, 2020:

	<u>Deficit Amount</u>
Internal Service Fund A	\$ (89,931)
Internal Service Fund G	(1,394,573)
Health Self Insurance Fund	(2,771,739)

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

(3) Ad Valorem Taxes

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and moveable property located in the parish. Assessed values are established by the St. Landry Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. For the calendar year ended December 31, 2019, taxes of 7.13 mills were levied on property with assessed valuations totaling \$143,665,430 for general purposes. Total taxes levied were \$1,024,340. Taxes receivable at August 31, 2020 totaled \$29,384.

(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 (2020 collections \$4,618,831) 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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 (2020 collections \$4,618,831) are dedicated to the following purposes:

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

- C. Proceeds of the 2% sales and use tax levied by authority of a special election held on October 3, 1993 (2020 collections \$923,776) are dedicated for construction, acquiring, and improving fire, police and street facilities.

(5) Cash, Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At August 31, 2020, the City had cash and interest-bearing deposits (book balances) totaling \$4,614,649.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered, or the City will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at August 31, 2020, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 4,879,921</u>
Federal deposit insurance	\$ 250,005
Pledged securities	<u>4,629,916</u>
Total	<u>\$ 4,879,921</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deposits in the amount of \$4,629,916 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the City's name. The City does not have a policy for custodial credit risk.

(6) 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, 2020 consist of the following:

	<u>General Fund</u>	<u>Electric Light and Waterworks Fund</u>	<u>Total</u>
Construction	\$ -	\$ 203,697	\$ 203,697
Bond sinking accounts	-	938,695	938,695
Bond reserve accounts	234,835	803,815	1,038,650
Customers' deposits	-	1,898	1,898
Ad valorem taxes paid in protest	<u>3,170</u>	<u>-</u>	<u>3,170</u>
	<u>\$ 238,005</u>	<u>\$ 1,948,105</u>	<u>\$ 2,186,110</u>

(7) Receivables

Receivables at August 31, 2020 of \$1,691,468 consist of the following:

	<u>General</u>	<u>ELWW</u>	<u>Sewer</u>	<u>OREC</u>	<u>Total</u>
Accounts, net	\$ 22,152	\$ 569,486	\$ 609,253	\$ -	\$ 1,200,891
CLECO	-	244,198	-	-	244,198
Loans	-	-	-	29,319	29,319
Franchise taxes	167,928	-	-	-	167,928
Interest	-	-	-	29,477	29,477
Rent	4,177	-	-	-	4,177
Fines and fees	<u>15,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,478</u>
	<u>\$ 209,735</u>	<u>\$ 813,684</u>	<u>\$ 609,253</u>	<u>\$ 58,796</u>	<u>\$ 1,691,468</u>

(8) Accounts Receivable – Utility Funds

As of August 31, 2020, the customer receivables recorded in the Electric Light and Waterworks Fund and Sewer Fund are net of allowances for uncollectible accounts. These allowances are \$237,171 and \$133,808, respectively.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

As of August 31, 2020, customer receivables include unbilled revenue for the Electric Light and Waterworks Fund and Sewer Fund of \$334,559 and \$296,685, respectively. These amounts represent revenue earned which is not billed until the next billing cycle.

Customer receivables as of August 31, 2020 consist of the following:

	<u>ELWW</u>	<u>Sewer</u>	<u>Total</u>
Billed accounts receivable	\$ 472,098	\$ 446,376	\$ 918,474
Unbilled accounts receivable	334,559	296,685	631,244
Allowance for uncollectibles	<u>(237,171)</u>	<u>(133,808)</u>	<u>(370,979)</u>
Net accounts receivable	<u>\$ 569,486</u>	<u>\$ 609,253</u>	<u>\$ 1,178,739</u>

(9) Capital Assets

Capital asset activity for the year ended August 31, 2020 was as follows:

	<u>Balance 09/01/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 08/31/20</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,836,529	\$ -	\$ -	\$ 1,836,529
Construction in progress	229,250	75,917	305,167	-
Other capital assets:				
Buildings	8,639,334	305,167	-	8,944,501
Improvements other than buildings	18,362,222	381,186	-	18,743,408
Equipment and machinery	8,768,007	31,696	119,825	8,679,878
Totals	<u>37,835,342</u>	<u>793,966</u>	<u>424,992</u>	<u>38,204,316</u>
Less accumulated depreciation				
Buildings	4,436,611	177,455	-	4,614,066
Improvements other than buildings	10,889,632	551,965	-	11,441,597
Equipment and machinery	5,909,887	246,119	119,826	6,036,180
Total accumulated depreciation	<u>21,236,130</u>	<u>975,539</u>	<u>119,826</u>	<u>22,091,843</u>
Governmental activities, capital assets, net	<u>\$ 16,599,212</u>	<u>\$ (181,573)</u>	<u>\$ 305,166</u>	<u>\$ 16,112,473</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 09/01/19	Additions	Deletions	Balance 08/31/20
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 77,698	\$ -	\$ -	\$ 77,698
Construction in progress	589,970	1,359,961	1,897,345	52,586
Other capital assets:				
Buildings	1,317,911	-	-	1,317,911
Utility system and improvements	57,755,798	2,032,547	-	59,788,345
Machinery and equipment	1,755,373	10,444	-	1,765,817
Totals	<u>61,496,750</u>	<u>3,402,952</u>	<u>1,897,345</u>	<u>63,002,357</u>
Less accumulated depreciation				
Buildings	1,309,614	1,119	-	1,310,733
Utility system & improvements	38,998,384	1,098,339	-	40,096,723
Machinery and equipment	1,537,474	63,011	-	1,600,485
Total accumulated depreciation	<u>41,845,472</u>	<u>1,162,469</u>	<u>-</u>	<u>43,007,941</u>
Business-type activities, capital assets, net	<u>\$ 19,651,278</u>	<u>\$ 2,240,483</u>	<u>\$ 1,897,345</u>	<u>\$ 19,994,416</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 150,905
Public safety	218,013
Public works	481,259
Culture and recreation	<u>125,362</u>
Total depreciation expense	<u>\$ 975,539</u>

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

Electric Light and Waterworks	\$ 747,803
Sewer	<u>414,666</u>
Total depreciation expense	<u>\$ 1,162,469</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at August 31, 2020:

	<u>General</u>	<u>ELWW</u>	<u>Sewer</u>	<u>Total</u>
Accounts payable	\$ 536,661	\$ 163,603	\$ 151,224	\$ 851,488
Salaries payable	174,537	-	-	174,537
Retirement payable	615,424	34,651	8,352	658,427
Permit deposits payable	13,810	-	-	13,810
Construction payable	-	-	247,660	247,660
Retainage payable	-	-	70,950	70,950
Other	-	1,995	-	1,995
Totals	<u>\$ 1,340,432</u>	<u>\$ 200,249</u>	<u>\$ 478,186</u>	<u>\$ 2,018,867</u>

(11) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended August 31, 2020:

	<u>Balances 9/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances 8/31/2020</u>	<u>Due Within One Year</u>
Long-term debt:					
Public Improvement					
Bonds	\$ 2,520,000	\$ 2,627,000	\$ 2,520,000	\$ 2,627,000	\$ 115,000
Utility Revenue Bonds	8,480,885	8,526,000	8,533,471	8,473,414	340,000
Other long-term liabilities:					
Capital leases	1,374,405	-	130,476	1,243,929	135,547
Compensated absences payable	1,317,948	69,017	-	1,386,965	-
	<u>\$13,693,238</u>	<u>\$11,222,017</u>	<u>\$11,183,947</u>	<u>\$13,731,308</u>	<u>\$ 590,547</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Bonds payable at August 31, 2020 is comprised of the following individual issues:

Governmental activities:

General obligation bonds –

\$2,627,000 Sales Tax Refunding Bonds, Series 2020B, due in annual installments of \$115,000 to \$399,000 through September 1, 2028; interest at 3.72%; payable from Sales Tax revenues	<u>\$ 2,627,000</u>
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Business-type activities:

Revenue bonds –

\$8,026,000 Utility Revenue Refunding Bonds, Series 2020C, due in annual installments of \$340,000 to \$1,198,000 through September 1, 2028; interest at 3.02%; payable from electric light and waterworks revenues	\$ 8,026,000
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\$500,000 Taxable Utility Revenue Bond, Series 2020A non-interest bearing sewer revenue bonds for the purpose of acquiring, construction, and intalling improvements, extensions, and additions to the sewerage system of City. The bonds were sold to the Louisiana Department of Environmental Quality (the "Department"). The City's obligation to repay the principal of the bonds will be forgiven simultaneously with the payment by the Department of each installment of the purchase price of the bonds. At the time of the debt forgiveness, these amounts are recognized as grant revenue.	<u>447,414</u>
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\$ 8,473,414

The \$2,627,000 Sales Tax Refunding Bonds, Series 2020B were issued August 28, 2020 to refund the Public Improvement Bonds, Series 2012 originally issued in the aggregate principal amount of \$4,430,000. The new bonds bear interest of 3.72% and are due in annual installments ranging from \$115,000 to \$399,000 through September 1, 2028.

The \$4,650,000 of Utility Revenue Refunding Bonds, Series 2020B were issued February 11, 2020 to refund the Utility Revenue Bonds, Series 2003 originally issued in the aggregate principal amount of \$2,200,000, the Utility Revenue Bonds, Series 2006 originally issued in the aggregate principal amount of \$7,800,000, and the Utility Revenue Bonds, Series 2007 originally issued in the aggregate principal amount of \$1,500,000. The new bonds were to bear interest of 2.63% and were due in annual installments ranging from \$996,000 to \$579,000 through September 1, 2025. These bonds were refunded on August 28, 2020 with the issuance of the Utility Revenue Refunding Bonds, Series 2020C.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

The \$8,026,000 Utility Revenue Refunding Bonds, Series 2020C were issued August 28, 2020 to refund the Utility Revenue Bonds, Series 2006 originally issued in the aggregate of \$7,800,000 and the Utility Revenue Refunding Bonds, Series 2020B originally issued in the aggregate of \$4,650,000. The new bonds bear interest of 3.02% and are due in annual installments ranging from \$340,000 to \$1,198,000 through September 1, 2028.

These restructurings were done with the goal of restructuring the City’s debt to provide cash flow relief in early years without incurring an economic cost. As such, the debt service is significantly reduced for the remaining five-year life of the old bonds and then is restructured to be level thereafter through 2028. The net present value savings of these three bond refundings was \$93,288, (13,376), and (\$78,292), respectively, resulting in a total net present value savings of \$1,620.

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

Year ending August 30,	Governmental Activities		Business-Type Activities		Total	
	Principal payments	Interest payments	Principal payments	Interest payments	Principal payments	Interest payments
2021	\$ 115,000	\$ 98,539	\$ 340,000	\$ 244,405	\$ 455,000	\$ 342,944
2022	321,000	93,446	1,450,414	232,118	1,771,414	325,564
2023	333,000	81,505	1,033,000	201,826	1,366,000	283,331
2024	345,000	69,118	1,064,000	170,630	1,556,008	239,748
2025	358,000	56,284	1,096,000	138,498	1,454,000	194,782
2026 - 2030	<u>1,155,000</u>	<u>86,973</u>	<u>3,490,000</u>	<u>212,879</u>	<u>4,645,000</u>	<u>299,852</u>
Total	<u>\$ 2,627,000</u>	<u>\$ 485,865</u>	<u>\$ 8,473,414</u>	<u>\$ 1,200,356</u>	<u>\$ 11,247,422</u>	<u>\$ 1,686,221</u>

Capital lease payable at August 31, 2020 is comprised of the following:

	Original Amount	Maturity Date	Interest Rate	Balance Outstanding
Fire equipment	\$ 1,500,000	03/08/28	3.887%	\$ 1,374,405

Annual debt service requirements to maturity for the capital lease is as follows:

Year ending August 31,	Governmental Activities Firefighting Equipment
2021	\$ 183,894
2022	183,894
2023	183,894
2024	183,894
2025	183,894
2026 - 2030	551,682
Less: Amount representing interest	<u>(227,223)</u>
Present value of future minimum lease payments	<u>\$ 1,243,929</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, the acquisition costs were reported as capital outlay with corresponding capital lease proceeds reported as an “other financing source”. The government-wide financial statements report the acquisitions as a capital asset in the governmental activities with the corresponding obligations reported as a liability.

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

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

(12) Pension Plans

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

Plan Descriptions

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

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

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

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

	MERS	MPERS	FRS	LASERS
Final average salary	Highest 60 months	Highest 36 months or 60 months ²	Highest 36 months	Highest 36 months or 60 months ⁶
Years of service required and/or age eligible for benefits	25 years of any age 10 years age 60 20 years any age ¹	25 years of any age 20 years age 55 12 years age 55 20 years any age ¹ 30 years any age ³ 25 years age 55 ³ 10 years age 60 ³	25 years of any age 20 years age 50 12 years age 55	30 years of any age 25 years age 55 20 years of any age ¹ 5-10 years age 60 ⁷
Benefit percent per years of service	3.00%	2.50 - 3.33% ⁴	3.33%	2.5% - 3.5% ⁸

¹ With actuarial reduced benefits

² Membership commencing January 1, 2013

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

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

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

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

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

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

⁹ Benefit percent varies depending on hire date

¹⁰ For those hired prior to 1/1/2013

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

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee. In addition, MERS receives a percentage of ad valorem taxes collected by parishes, and MPERS and FRS receive a percentage of insurance premium taxes from the State. These entities are not participating employers in the pension systems and are considered to be nonemployer contributing entities. Contributions of employees, employers, and non-employer contributing entities effective for the year ended August 31, 2020 for the defined benefit pension plans in which the City is a participating employer were as follows:

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Plan	Active Member Contribution Percentage	Employer Contribution Percentage	Amount from Nonemployer Contributing Entities	Amount of Government Contributions
MERS	9.50%	27.75%	\$ 137,834	\$ 1,004,744
MPERS	10.00%	32.50%	174,679	875,605
FRS	10.00%	27.75%	282,395	717,941
LASERS	11.50%	42.40%	-	14,347
TOTAL			<u>\$ 594,908</u>	<u>\$ 2,612,637</u>

Net Pension Liability

The City's net pension liability at August 31, 2020 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the City is a participating employer. The City's net pension liability for each plan was measured as of the plan's measurement date (June 30, 2020 for all) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability for each of the plans in which it participates was based on the City's required contributions in proportion to total required contributions for all employers.

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

Plan	Proportionate Share of Net Pension Liability	Proportionate Share (%) of Net Pension Liability	Increase/(Decrease) from Prior Measurement Date
MERS	\$ 8,784,038	2.031739%	-0.153509%
MPERS	7,406,619	0.801380%	-0.199073%
FRS	6,986,420	1.007916%	-0.028266%
LASERS	141,346	0.001710%	-0.254290%
Total	<u>\$ 23,318,423</u>		

Since the measurement date of the net pension liability was June 30, 2019 the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the City's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows:

MERS - <http://www.mersla.com/>
 MPERS - <http://www.lampers.org/>

FRS - <http://ffret.com/>
 LASERS - <http://lasersonline.org/>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Actuarial Assumptions

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

	MERS	MPERS	FRS	LASERS
Date of experience study on which significant assumptions are based	7/1/2013 - 6/30/2018	7/1/2009 - 6/30/2014	7/1/2009 - 6/30/2014	2014 - 2018
Expected remaining service lives	3	4	7	2
Inflation rate	2.500%	2.500%	2.500%	2.300%
Projected salary increases	4.5% - 6.4%	4.7% - 12.3%	5.2% - 14.1%	2.6% - 13.8%
Projected benefit changes including COLAs	None	None	None	None
Source of mortality assumptions	(1), (2), (3)	(4), (5), (6)	(7), (8), (9)	(10), (11)

- (1) PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females using respective male and female MP2018 scales.
- (2) PubG-2010(B) Employee Table set equal to 120% for males and females using respective male and female MP2018 scales.
- (3) PubNS-2010(B) Disabled Retiree Tables set equal to 120% for males and females with full generational MP2018 scale.
- (4) Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Health Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.
- (5) Pub-2010 Public Retirement Plan Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.
- (6) Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.
- (7) Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Employees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.
- (8) Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.
- (9) Pub-2010 Public Retirement Plan Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.
- (10) RP-2014 Combined Healthy Mortality Table with mortality improvement projected to 2018.
- (11) RP-2000 Disabled Retiree Mortality Table with no projection for mortality improvement.

Cost of Living Adjustments

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Discount Rate

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

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>
Discount rate	6.950%	6.95%	7.00%	7.60%
Change in discount rate from prior valuation	-0.050%	-0.180%	-0.15%	7.55%
Plan cash flow assumptions	(1)	(1)	(1)	(1)
Rates incorporated in the Discount Rate:				
Long-term Rate of Return	6.950%	6.95%	7.00%	7.55%
Periods applied	All	All	All	All
Municipal Bond Rate	N/A	N/A	N/A	N/A

Plan Cash Flow Assumptions:

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

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Asset Class	MERS*		MPERS*		FRS*		LASERS**
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return	Long-term Expected Real Rate of Return
Domestic Fixed Income	-	-	-	-	26.0%	1.00%	1.76%
International Fixed Income	-	-	-	-	5.0%	3.40%	3.98%
Fixed Income	38%	1.67%	33.5%	0.54%	-	-	-
Domestic Equity	-	-	-	-	26.0%	5.72%	4.79%
International Equity	-	-	-	-	12.0%	6.24%	5.83%
Global Equity	-	-	-	-	10.0%	8.61%	-
Equities	53%	2.33%	48.5%	3.08%	6.0%	8.61%	-
Global Tactical Asset Allocation	-	-	-	-	-	4.22%	-
Risk Parity	-	-	-	-	-	4.22%	4.20%
Alternative Investments	9%	0.40%	18.0%	1.02%	-	-	6.69%
Other/Cash	-	-	0.0%	0.00%	-	-	-0.59%
Private Equity	-	-	-	-	9.0%	10.29%	-
Real Estate	-	-	-	-	6.0%	4.20%	-
Total	<u>100%</u>	<u>4.40%</u>	<u>100%</u>	<u>4.64%</u>	<u>100%</u>	<u>4.50%</u>	<u>5.81%</u>
Inflation/Rebalancing		<u>2.60%</u>		<u>2.55%</u>		<u>2.50%</u>	<u>2.30%</u>
Expected Return		<u>7.00%</u>		<u>7.19%</u>		<u>7.00%</u>	<u>8.11%</u>

*Arithmetic real rates of return

**Geometric real rates of return

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended August 31, 2020, the City recognized \$359,765 in pension expense related to all defined benefit plans in which it participates. MERS, MPERS, and FRS recognized revenues in the amount of \$594,908 in ad valorem taxes and insurance premiums collected from non-employer contributing entities. The pension expense and revenues are summarized by plan in the following table:

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

<u>Plan</u>	<u>Pension Expense (Benefit)</u>	<u>Revenues</u>
MERS	\$ 122,341	\$ 137,834
MPERS	(197,706)	174,679
FRS	464,089	282,395
LASERS	(28,959)	-
Total	<u>\$ 359,765</u>	<u>\$ 594,908</u>

At August 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>				
	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 4,073	\$ -	\$ -	\$ -	\$ 4,073
Changes in assumptions	147,777	175,998	675,367	452	999,594
Net difference between projected and actual earnings on pension plan investments	876,557	888,572	769,387	20,662	2,555,178
Changes in proportion and differences between actual contributions and proportionate share of contributions	-	54,124	160,171	-	214,295
Employer contributions to the pension plans subsequent to the measurement date of the net pension liability	<u>186,398</u>	<u>164,542</u>	<u>153,970</u>	<u>2,764</u>	<u>507,674</u>
Total	<u>\$ 1,214,805</u>	<u>\$ 1,283,236</u>	<u>\$ 1,758,895</u>	<u>\$ 23,878</u>	<u>\$ 4,280,814</u>

	<u>Deferred Inflows of Resources</u>				
	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 49,796	\$ 291,741	\$ 446,990	\$ 1,357	\$ 789,884
Changes in assumptions	-	182,784	-	-	182,784
Changes in proportion and differences between actual contributions and proportionate share of contributions	<u>449,474</u>	<u>910,415</u>	<u>290,540</u>	<u>2,268</u>	<u>1,652,697</u>
Total	<u>\$ 499,270</u>	<u>\$ 1,384,940</u>	<u>\$ 737,530</u>	<u>\$ 3,625</u>	<u>\$ 2,625,365</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$507,674 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending August 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended August 31	MERS	MPERS	FRS	LASERS	TOTAL
2020	\$ 128,735	\$(348,600)	\$ 155,742	\$ 363	\$ (63,760)
2021	72,743	(154,999)	311,027	5,959	234,730
2022	199,172	68,607	267,252	6,385	541,416
2023	128,487	168,746	149,228	4,782	451,243
2024	-	-	9,074	-	9,074
Thereafter	-	-	(24,928)	-	(24,928)
	<u>\$ 529,137</u>	<u>\$(266,246)</u>	<u>\$ 867,395</u>	<u>\$ 17,489</u>	<u>\$ 1,147,775</u>

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

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

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	6.95%	\$ 11,427,071	\$ 8,784,038	\$ 6,549,242
MPERS	6.95%	10,405,510	7,406,619	4,899,670
FRS	7.00%	10,091,814	6,986,420	4,394,332
LASERS	7.55%	173,692	141,346	113,896
Total		<u>\$ 32,098,087</u>	<u>\$ 23,318,423</u>	<u>\$ 15,957,140</u>

Payables to the Pension Plans

The City recorded accrued liabilities to each of the pension plans for the year ended August 31, 2020 for the contractually required contributions for the months of July and August 2020. The amounts are included in liabilities under the amounts reported as accounts and other payables. The balance due to each plan at August 31, 2020 is as follows:

Plan	
MERS	\$ 245,246
MPERS	210,063
FRS	201,713
LASERS	1,405
Total	<u>\$ 658,427</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Litigation and Claims

At August 31, 2020, the City is involved in several lawsuits claiming damages. In the opinion of the City's legal counsel, the only exposure to the City would be any costs in defense of the lawsuits with no liability to the City in excess of insurance coverage. The City also has worker's compensation claims that are unlikely to be settled due to the individuals having permanent disabilities and are currently receiving medical care. The only exposure to the City would be administrative fees with no liability in excess of insurance coverage. See Note 14.

(14) Risk Management

A. Self-Insurance

The City maintains various self-insurance accounts for general and auto liability, workmen's compensation benefits and health insurance (accounted for in Internal Service Fund G, Workmen's Compensation Fund and Health Self Insurance Fund, respectively) as of August 31, 2020. 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.

For the fiscal year ending August 31, 2020, the City was self-insured for the first \$300,000 of each claim relating to workmen's compensation insurance. The City is covered under an insurance contract for the excess liability.

For the fiscal year ending August 31, 2020, the City had one plan for medical health insurance. If the individual is covered under the plan, the City is self-insured for the first \$7,000 per person except in certain situations in which an individual has been laseder at a higher dollar amount. Any amount over the \$70,000 or laseder amount would be reimbursable by the reinsurance carrier.

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

	Internal Service Fund G	Workmen's Compensation Fund	Health Self Insurance Fund	Total
Beginning balance	\$ 380,000	\$ -	\$ 759,074	\$ 1,139,074
Claims incurred	612,422	171,226	1,501,060	2,284,708
Claims paid	<u>(30,922)</u>	<u>(171,226)</u>	<u>(1,719,853)</u>	<u>(1,922,001)</u>
Ending balance	<u>\$ 961,500</u>	<u>\$ -</u>	<u>\$ 540,281</u>	<u>\$ 1,501,781</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Commercial Insurance Coverage

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

(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.

In December 2019, the City received notice from the Internal Revenue Service of a tax lien relating to payroll taxes, penalties and interest for various tax periods from 2013 through 2019. The City appealed this assessment and has been working with an IRS representative to resolve this matter. During the fiscal year, the City paid \$10,728 toward this tax lien. It is expected that the City will ultimately be required to pay approximately \$42,000 to the United States Treasury.

(16) Segment Information for the Enterprise Funds

The City of Opelousas maintains two enterprise funds, each with one department, which provide water and sewerage services. Segment information for the year ended August 31, 2020, was as follows:

	<u>Electric Lights and Waterworks</u>	<u>Sewer Department</u>	<u>Total Enterprise Funds</u>
Operating revenues	<u>\$ 5,229,882</u>	<u>\$ 1,682,481</u>	<u>\$ 6,912,363</u>
Operating expenses:			
Depreciation	747,803	414,666	1,162,469
Other	<u>2,532,156</u>	<u>975,239</u>	<u>3,507,395</u>
Total operating expenses	<u>3,279,959</u>	<u>1,389,905</u>	<u>4,669,864</u>
Operating income	<u>\$ 1,949,923</u>	<u>\$ 292,576</u>	<u>\$ 2,242,499</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at August 31, 2020 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 4,752,667	\$ 670,319
Sales Tax Fund	700,000	-
Non-major governmental funds	20,333	-
Proprietary funds:		
Electric Light and Waterworks Fund	353,615	1,125,698
Sewer Fund	50,420	1,644,802
Internal Service Fund A	-	76,692
Internal Service Fund G	-	423,486
Workmen's Compensation Fund	301,616	-
Health Self Insurance Fund	<u>-</u>	<u>2,237,654</u>
Total	<u>\$ 6,178,651</u>	<u>\$ 6,178,651</u>

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

B. Transfers consisted of the following at August 31, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 12,216,867	\$ 236,539
Sales Tax Special Revenue Fund	-	9,184,333
Non-major governmental funds	-	219,216
Proprietary funds:		
Electric Light and Waterworks Fund	2,023,225	8,639,356
Sewer Fund	4,647,545	553,978
Internal Service Fund A	-	10,287
Internal Service Fund G	-	57,818
Workmen's Compensation Fund	-	14,861
Health Self Insurance Fund	<u>28,751</u>	<u>-</u>
Total	<u>\$ 18,916,388</u>	<u>\$ 18,916,388</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(18) Compensation of City Officials

A detail of compensation paid to the Mayor and City Council for the year ended August 31, 2020 follows:

	<u>Salary</u>	<u>Car Allowance</u>	<u>Total</u>
Julius Alsandor, Mayor	\$ 76,841	\$ 7,980	\$ 84,821
Council Members:			
Marvin Richard	17,692	4,200	21,892
Sherell Roberts	16,967	4,200	21,167
Milton Batiste, III	16,339	4,200	20,539
Floyd Ford	15,614	4,200	19,814
Charles Cummings	15,614	4,200	19,814
Chasity Davis	15,614	4,200	19,814
	<u>\$ 174,681</u>	<u>\$ 33,180</u>	<u>\$ 207,861</u>

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

A detail of compensation, benefits, and other payments paid to Mayor Julius Alsandor for the year ended August 31, 2020 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 76,841
Car allowance	7,980
Benefits - life insurance	96
Benefits - retirement	21,582
Benefits - health insurance	5,400
Other reimbursements	3,201
	<u>115,100</u>

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(20) On-Behalf Payment of Salaries

The State of Louisiana paid the City's policemen and firemen \$509,956 of supplemental pay during the year ended August 31, 2020. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government wide and General Fund financial statements.

(21) Enterprise Fund Contracts

A. Franchise Agreement with CLECO

On May 14, 1991, the City of Opelousas entered into a Franchise Agreement with Central Louisiana Electric Company, Inc. (CLECO) for operating and distributing electricity within the corporate limits of the City. The primary term of this Agreement shall be for a period of 10 years from August 11, 1991 to August 11, 2001, with the option granted to CLECO to renew such Agreement for 3 additional 10-year periods. The City of Opelousas renewed this agreement for a second period of 10 years from August 11, 2011 to August 11, 2021. This agreement was then renewed and modified on July 9, 2019 extending the agreement for an additional 10 years through August 11, 2031.

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 \$1,300,000 upon execution of the Agreement.
2. A monthly payment of \$170,000 for 120 months beginning August 11, 2001 for operations. Beginning August 11, 2021, this monthly payment will increase to \$175,000.
3. A franchise fee of equal to 4% of the amounts received by CLECO from the sale and delivery of electric energy at retail for residential and commercial purposes, commencing August 11, 2011. This amount shall be paid monthly, and the annual amount shall be no less than \$350,000.

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

CITY OF OPELOUSAS, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Franchise Agreement with SLEMCO

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

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

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

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

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

(22) Risks and Uncertainties

Subsequent to February 28, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and many government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of August 31, 2020, management does not believe that a material impact on the City’s financial position and results of future operations is reasonable possible.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF OPELOUSAS, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended August 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 3,743,675	\$ 3,480,813	\$ 3,252,612	\$ (228,201)
Licenses and permits	1,097,140	1,047,090	916,524	(130,566)
Intergovernmental	868,855	711,708	1,702,908	991,200
Charges for services	361,165	144,540	144,548	8
Fines and forfeitures	55,000	44,987	55,455	10,468
Other	616,053	170,698	282,365	111,667
Total revenues	<u>6,741,888</u>	<u>5,599,836</u>	<u>6,354,412</u>	<u>754,576</u>
Expenditures:				
Current -				
General government	2,508,214	2,565,652	2,734,241	(168,589)
Public safety	8,871,063	9,370,304	9,894,507	(524,203)
Public works	1,671,693	1,546,606	1,527,209	19,397
Health and welfare	585,956	512,622	521,657	(9,035)
Culture and recreation	1,545,038	1,307,720	1,304,581	3,139
Economic development	71,195	73,556	78,666	(5,110)
Capital outlay	1,908,604	552,191	545,753	6,438
Debt service -				
Principal retirement	567,000	474,067	130,476	343,591
Interest and fiscal charges	92,452	105,878	193,548	(87,670)
Issuance costs	-	-	58,826	(58,826)
Total expenditures	<u>17,821,215</u>	<u>16,508,596</u>	<u>16,989,464</u>	<u>(480,868)</u>
Deficiency of revenues over expenditures	<u>(11,079,327)</u>	<u>(10,908,760)</u>	<u>(10,635,052)</u>	<u>273,708</u>
Other financing sources (uses):				
Proceeds from issuance of bonds	-	-	2,627,000	2,627,000
Payment to escrow agent	-	-	(2,520,000)	(2,520,000)
Sale of capital assets	5,000	5,061	5,061	-
Transfers in	11,975,000	13,799,436	12,216,867	(1,582,569)
Transfers out	(250,000)	(227,240)	(236,539)	(9,299)
Total other financing sources (uses)	<u>11,730,000</u>	<u>13,577,257</u>	<u>12,092,389</u>	<u>(1,484,868)</u>
Net change in fund balance	650,673	2,668,497	1,457,337	(1,211,160)
Fund balances, beginning	<u>2,068,712</u>	<u>2,068,712</u>	<u>2,068,712</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,719,385</u>	<u>\$ 4,737,209</u>	<u>\$ 3,526,049</u>	<u>\$ (1,211,160)</u>

The accompanying notes are an integral part of this schedule.

CITY OF OPELOUSAS, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended August 31, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 9,658,000	\$ 9,658,000	\$ 10,161,438	\$ 503,438
Other	<u>7,250</u>	<u>7,250</u>	<u>6,260</u>	<u>(990)</u>
Total revenues	9,665,250	9,665,250	10,167,698	502,448
Expenditures:				
Current -				
General government	<u>382,787</u>	<u>382,787</u>	<u>370,211</u>	<u>12,576</u>
Excess of revenues over expenditures	9,282,463	9,282,463	9,797,487	515,024
Other financing uses:				
Transfers out	<u>(9,150,000)</u>	<u>(9,150,000)</u>	<u>(9,184,333)</u>	<u>(34,333)</u>
Net change in fund balance	132,463	132,463	613,154	480,691
Fund balances, beginning	<u>1,613,058</u>	<u>1,613,058</u>	<u>1,613,058</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,745,521</u>	<u>\$ 1,745,521</u>	<u>\$ 2,226,212</u>	<u>\$ 480,691</u>

The accompanying notes are an integral part of this schedule.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended August 31, 2020 *

Year ended August 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana - Plan A:					
2020	2.031739%	\$ 8,784,038	\$ 3,669,485	239.4%	64.52%
2019	2.179317%	\$ 9,106,628	\$ 3,796,714	239.9%	64.68%
2018	2.185248%	\$ 9,048,408	\$ 3,596,657	251.6%	63.94%
2017	2.128890%	\$ 8,906,044	\$ 3,502,465	254.3%	62.49%
2016	2.076782%	\$ 8,512,128	\$ 3,587,100	237.3%	62.11%
2015	2.085828%	\$ 7,450,904	\$ 3,559,351	209.3%	66.18%
Municipal Police Employees' Retirement System of Louisiana:					
2020	0.801380%	\$ 7,406,619	\$ 2,691,375	275.2%	70.94%
2019	0.857034%	\$ 7,783,304	\$ 2,673,941	291.1%	71.01%
2018	1.000453%	\$ 8,457,891	\$ 2,952,467	286.5%	71.89%
2017	0.998986%	\$ 8,721,570	\$ 2,930,423	297.6%	70.08%
2016	1.067947%	\$ 10,009,672	\$ 2,991,420	334.6%	66.04%
2015	1.047878%	\$ 8,209,029	\$ 2,803,091	292.9%	70.73%
Firefighters' Retirement System of Louisiana:					
2020	1.007916%	\$ 6,986,420	\$ 2,509,951	278.3%	72.61%
2019	1.053403%	\$ 6,596,315	\$ 2,530,236	260.7%	73.96%
2018	1.036182%	\$ 5,960,200	\$ 2,469,679	241.3%	74.76%
2017	1.046380%	\$ 5,997,692	\$ 2,447,252	245.1%	73.55%
2016	1.041695%	\$ 6,813,627	\$ 2,345,262	290.5%	68.16%
2015	1.005241%	\$ 5,425,399	\$ 2,136,549	253.9%	72.45%
Louisiana State Employees' Retirement System:					
2020	0.00171%	\$ 141,346	\$ 33,821	417.9%	58.0%
2019	0.00177%	\$ 128,307	\$ 33,821	379.4%	62.9%
2018	0.00256%	\$ 174,590	\$ 33,821	516.2%	64.3%
2017	0.00266%	\$ 187,022	\$ 33,821	553.0%	62.5%
2016	0.00176%	\$ 138,440	\$ 33,821	409.3%	57.7%
2015	0.00169%	\$ 114,605	\$ 32,520	352.4%	62.7%

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

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

The accompanying notes are an integral part of this schedule.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Employer Contributions
For the Year Ended August 31, 2020

Year ended August 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System of Louisiana - Plan A:					
2020	\$ 1,004,744	\$ 1,005,205	\$ (461)	\$ 3,580,853	28.07%
2019	\$ 1,002,573	\$ 1,004,125	\$ (1,552)	\$ 3,807,766	26.37%
2018	\$ 915,290	\$ 922,673	\$ (7,383)	\$ 3,662,470	25.19%
2017	\$ 835,557	\$ 832,877	\$ 2,680	\$ 3,616,471	23.03%
2016	\$ 717,594	\$ 717,167	\$ 427	\$ 3,553,410	20.18%
2015	\$ 706,408	\$ 706,464	\$ (56)	\$ 3,576,749	19.75%
Municipal Police Employees' Retirement System of Louisiana:					
2020	\$ 875,605	\$ 875,605	\$ -	\$ 2,675,419	32.73%
2019	\$ 860,002	\$ 860,008	\$ (6)	\$ 2,662,770	32.30%
2018	\$ 898,907	\$ 898,908	\$ (1)	\$ 2,898,171	31.02%
2017	\$ 961,437	\$ 961,175	\$ 262	\$ 3,046,069	31.55%
2016	\$ 892,889	\$ 892,891	\$ (2)	\$ 2,992,169	29.84%
2015	\$ 882,236	\$ 882,236	\$ -	\$ 2,829,486	31.18%
Firefighters' Retirement System of Louisiana:					
2020	\$ 717,941	\$ 717,765	\$ 176	\$ 2,509,755	28.60%
2019	\$ 677,791	\$ 681,952	\$ (4,161)	\$ 2,535,172	26.90%
2018	\$ 656,255	\$ 655,908	\$ 347	\$ 2,476,434	26.49%
2017	\$ 648,401	\$ 648,401	\$ -	\$ 2,544,857	25.48%
2016	\$ 641,939	\$ 641,939	\$ -	\$ 2,382,774	26.94%
2015	\$ 627,405	\$ 627,816	\$ (411)	\$ 2,167,593	28.96%
Louisiana State Employees' Retirement System:					
2020	\$ 14,347	\$ 14,347	\$ -	\$ 33,821	42.42%
2019	\$ 13,712	\$ 13,712	\$ -	\$ 33,821	40.54%
2018	\$ 13,562	\$ 13,562	\$ -	\$ 33,821	40.10%
2017	\$ 13,947	\$ 13,483	\$ 464	\$ 35,122	38.39%
2016	\$ 12,881	\$ 12,880	\$ 1	\$ 33,821	38.08%
2015	\$ 13,319	\$ 13,859	\$ (540)	\$ 32,520	42.62%

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

The accompanying notes are an integral part of this schedule.

CITY OF OPELOUSAS, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. The City Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and City Council not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Mayor.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the City Council. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures over Appropriations

The General Fund incurred expenditures in excess of appropriations of \$480,868 for the year ended August 31, 2020.

(3) Pension Plans

Changes in benefit terms – There were no changes in benefit terms.

CITY OF OPELOUSAS, LOUISIANA

Notes to Required Supplementary Information

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

Amounts reported in fiscal year ended August 31, 2020 for the various pension plans reflect the following changes used to measure the total pension liability:

*		Investment		Expected	Projected
Year ended	Discount	Rate	Inflation	Remaining	Salary
August 31,	Rate	of Return	Rate	Service Lives	Increase
Municipal Employees' Retirement System of Louisiana - Plan A:					
2020	6.95%	6.95%	2.50%	3	4.5-6.4%
2019	7.00%	7.00%	2.50%	3	4.5-6.4%
2018	7.275%	7.275%	2.60%	3	5.00%
2017	7.40%	7.40%	2.775%	4	5.00%
2016	7.50%	7.50%	2.875%	4	5.00%
2015	7.50%	7.50%	2.875%	4	5.00%
Municipal Police Employees' Retirement System of Louisiana:					
2020	6.95%	6.95%	2.50%	4	4.70-12.30%
2019	7.13%	7.13%	2.50%	4	4.25-9.75%
2018	7.20%	7.20%	2.60%	4	4.25-9.75%
2017	7.325%	7.325%	2.70%	4	4.25-9.75%
2016	7.50%	7.50%	2.875%	4	4.25-9.75%
2015	7.50%	7.50%	2.875%	4	4.25-9.75%
Firefighters' Retirement System of Louisiana:					
2020	7.00%	7.00%	2.50%	7	5.2-14.10%
2019	7.15%	7.15%	2.50%	7	4.5-14.75%
2018	7.30%	7.30%	2.70%	7	4.75-15.0%
2017	7.40%	7.40%	2.775%	7	4.75-15.0%
2016	7.50%	7.50%	2.875%	7	4.75-15.0%
2015	7.50%	7.50%	2.875%	7	4.75-15.0%
Louisiana State Employees' Retirement System:					
2020	7.55%	7.55%	2.30%	2	2.6-13.8%
2019	7.60%	7.60%	2.50%	2	2.8-14.0%
2018	7.65%	7.65%	2.75%	3	3.8-12.8%
2017	7.70%	7.70%	2.750%	3	3.8-12.8%
2016	7.75%	7.75%	3.000%	3	4.0-13.0%
2015	7.75%	7.75%	3.000%	3	4.0-13.0%

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

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Louisiana Community Development Block Grant (LCDBG) Fund

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

Police Department Detective Fund

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

Emergency Shelter Grant Fund

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

Police Witness Fee Fund

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

Police Seized Fund

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

Industrial Park Fund

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

Myrtle Grove Cemetery Fund

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

DEBT SERVICE FUND

Local Assessment Fund

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

CAPITAL PROJECTS FUNDS

Capital Projects Fund

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

1995 Capital Projects Fund

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

CITY OF OPELOUSAS, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
August 31, 2020
With Comparative Totals as of August 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 7,386	\$ 39,325	\$ -	\$ 46,711
Receivables -				
Due from other funds	20,333	-	-	20,333
TOTAL ASSETS	\$ 27,719	\$ 39,325	\$ -	\$ 67,044
LIABILITIES AND FUND BALANCES				
Fund balances:				
Restricted - debt service	\$ -	\$ 39,325	\$ -	\$ 39,325
Assigned - public safety	16,238	-	-	16,238
Assigned - health and welfare	11,481	-	-	11,481
Total fund balances	27,719	39,325	-	67,044
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,719	\$ 39,325	\$ -	\$ 67,044

CITY OF OPELOUSAS, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended August 31, 2020

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Intergovernmental	\$ 7,531	\$ -	\$ -	\$ 7,531
Interest	<u>55</u>	<u>461</u>	<u>939</u>	<u>1,455</u>
Total revenues	7,586	461	939	8,986
Expenditures:				
Current -				
Public safety	<u>2,180</u>	<u>-</u>	<u>-</u>	<u>2,180</u>
Excess of revenues over expenditures	5,406	461	939	6,806
Other financing uses				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>(219,216)</u>	<u>(219,216)</u>
Net change in fund balances	5,406	461	(218,277)	(212,410)
Fund balance, beginning	<u>22,313</u>	<u>38,864</u>	<u>218,277</u>	<u>279,454</u>
Fund balance, ending	<u><u>\$ 27,719</u></u>	<u><u>\$ 39,325</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 67,044</u></u>

INTERNAL SERVICE FUNDS

Internal Service Fund A

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

Internal Service Fund G

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

Workmen's Compensation Fund

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

Health Self-Insurance Fund

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

CITY OF OPELOUSAS, LOUISIANA

Combining Statement of Net Position
Internal Service Funds
August 31, 2020

	Internal Service Fund A	Internal Service Fund G	Workmen's Compensation Fund	Health Self Insurance Fund	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 234,339	\$ 6,196	\$ 240,535
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	301,616	-	301,616
Prepaid items	<u>4,298</u>	<u>13,153</u>	<u>-</u>	<u>-</u>	<u>17,451</u>
Total assets	<u><u>\$ 4,298</u></u>	<u><u>\$ 13,153</u></u>	<u><u>\$ 535,955</u></u>	<u><u>\$ 6,196</u></u>	<u><u>\$ 559,602</u></u>
LIABILITIES AND NET POSITION					
LIABILITIES					
Accounts payable	\$ 17,537	\$ 22,740	\$ -	\$ -	\$ 40,277
Claims payable	-	961,500	-	540,281	1,501,781
Due to other funds	<u>76,692</u>	<u>423,486</u>	<u>-</u>	<u>2,237,654</u>	<u>2,737,832</u>
Total liabilities	<u>94,229</u>	<u>1,407,726</u>	<u>-</u>	<u>2,777,935</u>	<u>4,279,890</u>
NET POSITION					
Restricted for insurance claims	-	-	535,955	-	535,955
Unrestricted	<u>(89,931)</u>	<u>(1,394,573)</u>	<u>-</u>	<u>(2,771,739)</u>	<u>(4,256,243)</u>
Total net position	<u>(89,931)</u>	<u>(1,394,573)</u>	<u>535,955</u>	<u>(2,771,739)</u>	<u>(3,720,288)</u>
Total liabilities and net position	<u><u>\$ 4,298</u></u>	<u><u>\$ 13,153</u></u>	<u><u>\$ 535,955</u></u>	<u><u>\$ 6,196</u></u>	<u><u>\$ 559,602</u></u>

CITY OF OPELOUSAS, LOUISIANA

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended August 31, 2020

	Internal Service Fund A	Internal Service Fund G	Workmen's Compensation Fund	Health Self Insurance Fund	Total
Operating revenues:					
Premiums	\$ 402,715	\$ 365,547	\$ 399,199	\$ 1,812,802	\$ 2,980,263
Miscellaneous	-	13,328	13,588	-	26,916
Total operating revenues	<u>402,715</u>	<u>378,875</u>	<u>412,787</u>	<u>1,812,802</u>	<u>3,007,179</u>
Operating expenses:					
Claims	-	612,422	171,226	1,501,060	2,284,708
Insurance	209,906	521,798	-	798,812	1,530,516
Administrative and other	3,000	6,000	10,000	62,857	81,857
Total operating expenses	<u>212,906</u>	<u>1,140,220</u>	<u>181,226</u>	<u>2,362,729</u>	<u>3,897,081</u>
Operating income (loss)	189,809	(761,345)	231,561	(549,927)	(889,902)
Nonoperating revenues (expenses):					
Investment income	<u>524</u>	<u>188</u>	<u>500</u>	<u>177</u>	<u>1,389</u>
Income (loss) before operating transfers	190,333	(761,157)	232,061	(549,750)	(888,513)
Other financing sources:					
Operating transfers in (out)	<u>(10,287)</u>	<u>(57,818)</u>	<u>(14,861)</u>	<u>28,751</u>	<u>(54,215)</u>
Change in net position	180,046	(818,975)	217,200	(520,999)	(942,728)
Net position, beginning	<u>(269,977)</u>	<u>(575,598)</u>	<u>318,755</u>	<u>(2,250,740)</u>	<u>(2,777,560)</u>
Net position, ending	<u>\$ (89,931)</u>	<u>\$ (1,394,573)</u>	<u>\$ 535,955</u>	<u>\$ (2,771,739)</u>	<u>\$ (3,720,288)</u>

CITY OF OPELOUSAS, LOUISIANA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended August 31, 2020

	Internal Service Fund A	Internal Service Fund G	Workmen's Compensation Fund	Health Self Insurance Fund	Total
Cash flows from operating activities:					
Premiums received	\$ 402,715	\$ 365,666	\$ 399,199	\$ 1,812,802	\$ 2,980,382
Other receipts	-	13,328	13,588	-	26,916
General and administrative expenses paid	(3,000)	(6,000)	(10,000)	(62,857)	(81,857)
Claims paid	-	(30,922)	(171,226)	(1,719,853)	(1,922,001)
Insurance paid	<u>(158,775)</u>	<u>(480,572)</u>	<u>-</u>	<u>(798,812)</u>	<u>(1,438,159)</u>
Net cash provided (used) by operating activities	<u>240,940</u>	<u>(138,500)</u>	<u>231,561</u>	<u>(768,720)</u>	<u>(434,719)</u>
Cash flows from noncapital financing activities:					
Cash received from (paid to) other funds	<u>(241,464)</u>	<u>138,312</u>	<u>(14,861)</u>	<u>768,667</u>	<u>650,654</u>
Cash flows from investing activities:					
Interest earnings	<u>524</u>	<u>188</u>	<u>500</u>	<u>177</u>	<u>1,389</u>
Net increase in cash and cash equivalents	-	-	217,200	124	217,324
Cash and cash equivalents, beginning of the year	<u>-</u>	<u>-</u>	<u>17,139</u>	<u>6,072</u>	<u>23,211</u>
Cash and cash equivalents, end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,339</u>	<u>\$ 6,196</u>	<u>\$ 240,535</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 189,809	\$(761,345)	\$ 231,561	\$ (549,927)	\$ (889,902)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	-	119	-	-	119
Prepaid items	33,594	19,913	-	-	53,507
Accounts payable	17,537	21,313	-	-	38,850
Claims payable	<u>-</u>	<u>581,500</u>	<u>-</u>	<u>(218,793)</u>	<u>362,707</u>
Net cash provided (used) by operating activities	<u>\$ 240,940</u>	<u>\$(138,500)</u>	<u>\$ 231,561</u>	<u>\$ (768,720)</u>	<u>\$ (434,719)</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opelousas, Louisiana, as of and for the year ended August 31, 2020, 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 23, 2021.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2020-001 and 2020-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2020-003 and 2020-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Opelousas, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2020-005, 2020-006, 2020-007, and 2020-008.

City of Opelousas, Louisiana's Response to Findings

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
February 23, 2021

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Opelousas, Louisiana's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended August 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Opelousas, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
February 23, 2021

CITY OF OPELOUSAS, LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2020

Federal Grantor / Pass-Through Grantor / Program Name	Federal CFDA Number	Disbursements/ Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Passed-through State of Louisiana Division of Administration Community Development Block Grants/State's Program	14.228	\$ 780,751
<u>U.S. Environmental Protection Agency</u>		
Passed-through State of Louisiana Department of Environmental Quality: Clean Water State Revolving Fund Cluster - Capitalization Grants for Clean Water State Revolving Funds	66.458	52,586
<u>U.S. Department of Justice</u>		
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	57,460
Passed-through Louisiana Commission on Law Enforcement and Administration on Criminal Justice Edward Byrne Memorial Justice Assistance Grant Program	16.738	10,000
<u>U.S. Department of Homeland Security</u>		
Passed-through State of Louisiana Department of Homeland Security and Emergency Preparedness Assistance to Firefighters Grant	97.044	145,667
<u>U.S. Department of Treasury</u>		
Passed through the State of Louisiana Division of Administration COVID-19 Coronavirus Relief Fund	21.019	<u>25,530</u>
TOTAL FEDERAL EXPENDITURES		<u>\$1,071,994</u>

The accompanying notes are an integral part of this schedule.

CITY OF OPELOUSAS, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards
Year Ended August 31, 2020

(1) Basis of Accounting

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Opelousas, Louisiana under programs of the federal government for the year ended August 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Opelousas, Louisiana, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Opelousas, Louisiana.

(2) Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Opelousas, Louisiana has not elected to use the 10 percent *de minimus* indirect cost rate as allowed under the Uniform Guidance.

(3) Loans Outstanding

The City of Opelousas, Louisiana has debt outstanding of \$447,414 at August 31, 2020 as it relates to the Capitalization Grants for Clean Water State Revolving Funds CFDA #66.458. Expenditures paid from loan proceeds during the year included in federal expenditures totaled \$52,286.

(4) Subrecipients

The City of Opelousas, Louisiana provided no federal awards to subrecipients.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended August 31, 2020

Part I. Summary of Auditor's Results

<i>Financial Statements</i>		<u>Type of Opinion</u>
1. Type of auditor's opinion issued on financial statements:		Unmodified
2. Internal control over financial reporting:		
Material weakness(es) identified?	<u> x </u> yes <u> </u> no	
Significant deficiency(ies) identified?	<u> x </u> yes <u> </u> no	
3. Noncompliance material to the financial statements?	<u> x </u> yes <u> </u> no	
<i>Federal Awards</i>		
4. Internal control over major federal programs:		
Material weakness(es) identified?	<u> </u> yes <u> x </u> no	
Significant deficiency(ies) identified?	<u> </u> yes <u> x </u> no	
5. Major programs and type of auditor's report issued:		
<u>CFDA</u>		<u>Type of</u>
<u>Number</u>	<u>Federal Agency and Name of Major Program</u>	<u>Opinion</u>
14.228	<u>U.S. Department of Housing and Urban Development</u> Community Development Block Grnats/State's Program	Unmodified
6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)?	<u> </u> yes <u> x </u> no	
7. Threshold for distinguishing type A and B programs?		<u>\$ 750,000</u>
8. Qualified as a low-risk auditee?	<u> </u> yes <u> x </u> no	
<i>Other</i>		
9. Management letter issued?	<u> x </u> yes <u> </u> no	

CITY OF OPELOUSAS, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2020

Part II. Findings reported in accordance with Government Auditing Standards:

Internal Control –

2020-001 Purchasing Procedures

Fiscal year finding initially occurred: 2018

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

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

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

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

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

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

2020-002 Timekeeping System

Fiscal year finding initially occurred: Unknown

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

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

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

CITY OF OPELOUSAS, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2020

A deficiency in design exists when:

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

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

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

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

MANAGEMENT’S CORRECTIVE ACTION PLAN: The City has updated its electronic timekeeping system. As of September 2020, all employees are utilizing the electronic timeclocks.

2020-003 Late Payment of Invoices

Fiscal year finding initially occurred: 2018

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

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

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

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

RECOMMENDATION: It is recommended that the City process and pay invoices timely and by the due date to ensure no late fees will be assessed.

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

2020-004 Insufficient Deposit Account Balance

Fiscal year finding initially occurred: 2019

CONDITION: The City did not maintain a sufficient cash balance in its customer deposit bank account to adequately cover the customer deposit liability.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2020

CRITERIA: Sound business practices require that sufficient cash balances must be maintained in a separate account to fully cover the customer meter deposit liability.

CAUSE: The cause of the condition is the result of cash flow constraints.

EFFECT: Failure to maintain a sufficient cash balance in its deposit account to fully cover the customer deposit liability may result in the City being unable to repay customer deposits timely.

RECOMMENDATION: The City should fully fund the customer meter deposit account and maintain a sufficient balance to fully cover the customer meter deposit liability at all times.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will fully fund the customer meter deposit account and ensure a sufficient balance is maintained to fully cover the customer meter deposit liability at all times.

Compliance –

2020-005 Failure to Publish Minutes

Fiscal year finding initially occurred: 2018

CONDITION: The City did not publish minutes for all of its public meetings within a reasonable period of time during the period September 2019 thru December 2019.

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

CAUSE: The City did not publish minutes in the official journal within the required time frame during the period September 2019 thru December 2019.

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: Beginning January 2020 the City has implemented policies to ensure that minutes of all open meetings will be made available as public record and published in the official journal and on the City's website timely.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2020

2020-006 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2020

CONDITION: The City did not publish a notice of the adoption of the fiscal year 2020 operating budget as required by L.A.R.S. 39:1307(D).

CRITERIA: LSA-RS 39:1307(D) required notice of the adoption of the annual operating budget to be published in the same manner as the notice of the availability of the proposed budget and public hearing.

CAUSE: The City did not publish the notice of the adoption of the fiscal year 2020 operating budget due to an oversight.

EFFECT: Members of the public were not provided information regarding the adoption of the City's fiscal year 2020 operating budget.

RECOMMENDATION: The City should implement policies and procedures to ensure all public notices are published in accordance with state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will implement procedures to ensure all public notices are published in accordance with state law.

2020-007 Delinquent Fees Assessed by Retirement System

Fiscal year finding initially occurred: 2020

CONDITION: During the year, the City paid \$8,645 in delinquent fees to the Municipal Employees' Retirement System of Louisiana for the late submission of monthly reports and contributions for the period April 2018 through March 2020.

CRITERIA: Monthly reports and retirement contributions are required to be submitted to the Municipal Employees' Retirement System of Louisiana by the 10th of the following month. Any payments not submitted by the due date are subject to delinquent fees and interest. According to LA R.S. 11:1733(E) delinquent payments may, with interest at the system's actuarial valuation rate compounded annually, be recovered by action in a court of competent jurisdiction against the employer liable therefor or shall, upon due certification of delinquency and at the request of the board, be deducted from any other monies payable to such employer by any department or agency of the state.

CAUSE: The City did not submit monthly reports and retirement contributions to the Municipal Employees' Retirement System of Louisiana timely due to cash flow constraints.

EFFECT: The failure to pay retirement contributions timely could lead to delinquent fees being assessed and increases the risk of court actions being taken and amounts owed being deducted from any other monies due the City from other departments of agencies of the state.

CITY OF OPELOUSAS, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2020

RECOMMENDATION: It is recommended that the City submit reports and retirement contributions to the Municipal Employees' Retirement System monthly by the prescribed due date.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will submit reports and retirement contributions to the Municipal Employees' Retirement System monthly by the prescribed due date.

2020-008 Sale of Assets

Fiscal year finding initially occurred: 2020

CONDITION: The City sold assets at auction that had not yet been declared surplus property by the City Council. The City also failed to advertise the sale of assets that were sent to auction.

CRITERIA: LA R.S. 33:4712 (B) states that before disposition can be made of property by a municipality, an ordinance must be introduced, giving the reasons for the action on the part of the governing authority, and fixing the minimum price and terms of the sale to be made with reference to the property. Notice of the proposed ordinance must be published three times in fifteen days, one week apart, in a newspaper published in the municipality, or, if there is no such newspaper, in a newspaper having a general circulation in the municipality, and if there is no newspaper of general circulation in the municipality, by posting in three public and conspicuous places in the municipality. LA RS 49:125 allows the sale of surplus property at public auction; however, no sale at public auction shall be at a price which is less than is required by law, and all sales shall be advertised in the manner provide by law.

CAUSE: Staff charged with maintenance of equipment did not follow established procedures when disposing of old equipment.

EFFECT: Assets were sold at auction that has not yet been declared surplus property by the City Council. Members of the public were not provided information regarding the sale at auction.

RECOMMENDATION: It is recommended that the City fully comply with the provisions of LA R.S. 33:4712 and LA R.S. 49:125 when disposing of surplus property.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City will fully comply with the provisions of LA R.S. 33:4712 and LA R.S. 49:125 when disposing of surplus property.

Management Letter –

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

Part III. Findings and questioned costs for Federal Awards defined in the Uniform Guidance:

There were no findings to be reported under this section.

JULIUS ALSANDOR
MAYOR



105 NORTH MAIN ST.
P.O. BOX 1879
OPELOUSAS, LA 70571-1879
(337) 948-2520
FAX (337) 948-2593

CORRECTIVE ACTION PLAN

February 23, 2021

U.S. Department of Housing and Urban Development

The City of Opelousas, Louisiana respectfully submits the following corrective action plan for the year ended August 31, 2020.

Name and address of independent public accounting firm:

Kolder, Slaven, & Company, LLC
434 East Main Street
Ville Platte, LA 70586

Audit period: August 31, 2020

The findings from the August 31, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001

MATERIAL WEAKNESS

Recommendation: In our examination of the City's purchasing procedures, we found numerous incidents in which the Police Department failed to obtain purchase orders as required by the purchasing policy. Officers were found to be making several purchases within one day, each under the \$300 purchase order requirement threshold in an apparent effort to avoid obtaining a purchase order. Management should comply with its written policies and procedures in the future and ensure purchase orders are obtained for all purchases in excess of the \$300 purchase order threshold.

Action Taken: The administration will improve communications with the Police Department regarding purchasing policies and review transactions to ensure purchasing procedures are followed. No one will be allowed to make multiple purchases within one day.

BOARD OF ALDERMEN

MARVIN T. RICHARD, ALDERMAN AT LARGE • MILTON BATISTE III, DISTRICT A • FLOYD FORD, DISTRICT B • CHARLES CUMMINGS, DISTRICT C
SHERELL ROBERTS, DISTRICT D • CHASITY DAVIS, DISTRICT E

2020-002

MATERIAL WEAKNESS

Recommendation: Employees of the City are not consistently utilizing the electronic timekeeping system. Employees maintain manual timesheets that do not agree to the time clock report generated at the end of each pay period. Management should enforce its policy requiring employees to utilize the electronic timekeeping system and ensure that electronic timecards are attached to the manual time sheets to evidence actual time worked.

Action Taken: The City has updated its electronic timekeeping system. As of September 2020, all employees are utilizing the electronic timeclocks.

2020-003

SIGNIFICANT DEFICIENCY

Recommendation: During the year, the City paid several invoices after the due date resulting in late fees being assessed. It is recommended that the City process and pay invoices timely and by the due date to ensure no late fees will be assessed.

Action Taken: The City will closely monitor all invoices received and disburse funds timely to avoid any late fees.

2020-004

SIGNIFICANT DEFICIENCY

Recommendation: The City did not maintain a sufficient cash balance in its customer deposit bank account to adequately cover the customer deposit liability. The City should fully fund the customer meter deposit account and maintain a sufficient balance to fully cover the customer meter deposit liability at all times.

Action Taken: The City will fully fund the customer meter deposit account and ensure a sufficient balance is maintained to fully cover the customer meter deposit liability at all times.

2020-005

COMPLIANCE

Recommendation: The City did not publish minutes for all of its public meetings within a reasonable period of time during the period September 2019 thru December 2019. The City should comply with LA R.S. 42:20B and 43:144 and publish all minutes in accordance with state law.

Action Taken: Beginning January 2020 the City has implemented policies to ensure that minutes of all open meetings will be made available as public record and published in the official journal and on the City's website timely.

2020-006

COMPLIANCE

Recommendation: The City did not publish a notice of the adoption of the fiscal year 2020 operating budget as required by LA.R.S. 39:1307(D). The City should implement policies and procedures to ensure all public notices are published in accordance with state law.

Action Taken: The City will implement procedures to ensure all public notices are published in accordance with state law.

2020-007

COMPLIANCE

Recommendation: During the year, the City paid \$8,645 in delinquent fees to the Municipal Employees' Retirement System of Louisiana for the late submission of monthly reports and contributions for the period April 2018 through March 2020. It is recommended that the City submit reports and retirement contributions to the Municipal Employees' Retirement System monthly by the prescribed due date.

Action Taken: The City will submit reports and retirement contributions to the Municipal Employees' Retirement System monthly by the prescribed due date.

2020-008

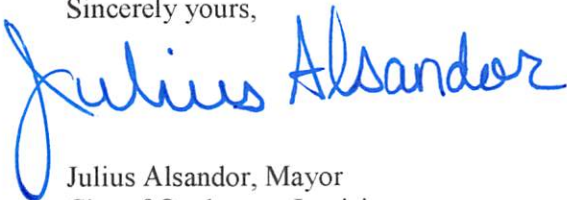
COMPLIANCE

Recommendation: The City sold assets at auction that had not yet been declared surplus property by the City Council. The City also failed to advertise the sale of assets that were sent to auction. It is recommended that the City fully comply with the provision of LA R.S. 33:4712 and LA R.S. 49:125 when disposing of surplus property.

Action Taken: The City will fully comply with the provisions of LA R.S. 33:4712 and LA R.S. 49:125 when disposing of surplus property.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call Julius Alsandor, Mayor, at 337-948-2520.

Sincerely yours,



Julius Alsandor, Mayor
City of Opelousas, Louisiana



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Part I. Findings reported in accordance with Government Auditing Standards:

Internal Control –

2019-001 Purchasing Procedures

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

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

CURRENT STATUS: Unresolved. See item 2020-001.

2019-002 Timekeeping System

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

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

CURRENT STATUS: Unresolved. See item 2020-002.

2019-003 Late Payment of Invoices

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

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

CURRENT STATUS: Unresolved. See item 2020-003.

2019-004 Insufficient Deposit Account Balance

CONDITION: The City did not maintain a sufficient cash balance in its customer deposit bank account to adequately cover the customer deposit liability.

RECOMMENDATION: The City should fully fund the customer meter deposit account and maintain a sufficient balance to fully cover the customer meter deposit liability at all times.

CURRENT STATUS: Unresolved. See item 2020-004.

Compliance –

2019-005 Asset Management

CONDITION: The City has not implemented procedures to ensure a listing of the City's capital assets is maintained and monitored as required by LA R.S. 24:515. Also, no physical inventory of capital assets was performed during the year ending August 31, 2019.

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

CURRENT STATUS: Resolved.

2019-006 Transfer of Unclaimed Property

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

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

CURRENT STATUS: Resolved.

2019-007 **Audit of Traffic Citations**

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

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

CURRENT STATUS: Resolved.

2019-008 **Failure to Publish Minutes**

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

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

CURRENT STATUS: Unresolved. See item 2020-005.

2019-009 **Budget – Public Participation**

CONDITION: The City failed to advertise the original and amended budget for fiscal year 2019. The City adopted the fiscal year 2019 operating budget on September 11, 2018, after the start of the fiscal year. The notice of public hearing was published after the start of the fiscal year and nine and six days prior to the public hearing.

RECOMMENDATION: The City should comply with LA R.S. 39:1305(B) and 398:1306(D) and publish all required notices in accordance with state law.

CURRENT STATUS: Resolved.

2019-010 **Payments to Consultants**

CONDITION: The City paid retainer fees to a computer consultant and a lobbying firm during the year ended August 31, 2019. Detailed invoices were not provided by these vendors to demonstrate the actual work performed.

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

CURRENT STATUS: Resolved.

2019-011 Delinquent Filing/Collection and Payment of Sales Taxes

CONDITION: The City was delinquent in filing and remitting sales taxes that should have been collected during 2018 as was assessed penalties and interest totaling \$5,974 for these delinquent filings. As a result of tax notices received, the City investigated that matter and discovered that sales tax rates had been misapplied from April 2016 through January 2020 resulting in a net under collection of sales taxes on water sales to nonresidential customers.

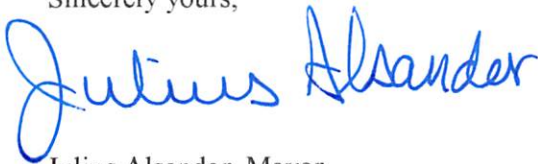
RECOMMENDATION: The City should develop policies and procedures and monitor its reporting requirements to ensure proper laws are being followed.

CURRENT STATUS: Resolved.

Part II. Findings and questioned costs for Federal Awards defined in the Uniform Guidance:

There were no findings to be reported under this section.

Sincerely yours,



Julius Alsandor, Mayor
City of Opelousas, Louisiana

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

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

We have completed our audit of the basic financial statements of the City of Opelousas, Louisiana for the year ended August 31, 2020, and submit the following recommendations for your consideration:

- (1) No payments have been received on outstanding ORECD program loans receivable in several years. Liens were filed against borrowers in past years. It is recommended that the City consult with legal counsel regarding options available to pursue collection of these past due balances.
- (2) The ELWW Enterprise Fund experienced a deficit during the current year of \$4,519,915. Continued deficit spending could result in the City not having the resources to pay current expenses. The City should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
February 23, 2021