

CITY OF EUNICE, LOUISIANA

Financial Report

Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Scott Fontenot
and Members of the Council
City of Eunice, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Eunice, Louisiana as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Eunice, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Eunice, Louisiana, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Eunice, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City implemented Government Accounting Standards Board Statement No. 87, *Leases*, for the year ended June 30, 2022. As a result, the Board now recognizes certain lease assets, liabilities, and lease amortization for leases that were previously classified as operating leases and rent expense. The implementation was applied retroactively and prior period balances presented in Notes 6 and 7 were restated for leased assets and leased liabilities for the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Eunice, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Eunice, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Eunice, Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 pension contributions on pages 77-85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

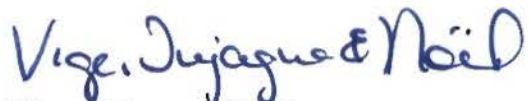
The City of Eunice, Louisiana has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eunice, Louisiana's basic financial statements. The accompanying combining fund financial statements, the schedule of compensation, benefits, and other payments to agency head, the judicial system funding schedule, and other schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, the schedule of compensation, benefits, and other payments to agency head, the judicial system funding schedule, and other schedules, as listed in the table of contents, 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 December 8, 2022, on our consideration of the City of Eunice, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Eunice, Louisiana's 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 Eunice, Louisiana's internal control over financial reporting and compliance.



Vige, Tujague & Noël

Eunice, Louisiana

December 8, 2022

BASIC FINANCIAL STATEMENTS

CITY OF EUNICE, LOUISIANA
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 7,357,386	\$ 87,941	\$ 7,445,327
Investments, at cost	500,000	-	500,000
Receivables (net of allowance for uncollectibles):			
Accounts	406,330	462,289	868,619
Taxes	588,109	-	588,109
Due from other funds	-	73,956	73,956
Prepaid Items	136,428	30,685	167,113
Restricted assets:			
Cash and cash equivalents	-	351,180	351,180
Capital assets:			
Depreciable (net)	11,747,477	5,549,693	17,297,170
Non-depreciable	1,358,665	-	1,358,665
Right of use assets (net)	358,907	94,819	453,726
Total assets	<u>22,453,302</u>	<u>6,650,563</u>	<u>29,103,865</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	<u>2,147,614</u>	<u>150,052</u>	<u>2,297,666</u>
Liabilities:			
Accounts payable	585,805	77,677	663,482
Accrued liabilities	110,804	115,652	226,456
Due to other funds	73,956	-	73,956
Compensated absences payable	-	14,642	14,642
Payable from restricted assets -			
Customers' deposits	-	413,555	413,555
Non-current liabilities			
Due within one year:			
Note payable	66,017	-	66,017
Lease liability	94,008	34,059	128,067
Due in more than one year:			
Compensated absences	96,207	5,145	101,352
Net pension liability	5,099,200	554,937	5,654,137
Note payable	290,195	-	290,195
Lease liability	265,022	56,611	321,633
Total liabilities:	<u>6,681,214</u>	<u>1,272,278</u>	<u>7,953,492</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	<u>2,816,838</u>	<u>260,023</u>	<u>3,076,861</u>
Net Position:			
Investment in capital, net of related debt	12,749,930	5,549,693	18,299,623
Restricted for prepaid items	136,428	-	136,428
Unrestricted	2,216,506	(281,379)	1,935,127
Total net position	<u>\$ 15,102,864</u>	<u>\$ 5,268,314</u>	<u>\$ 20,371,178</u>

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

CITY OF EUNICE, LOUISIANA
Statement of Activities
Year Ended June 30, 2022

Activities:	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Government activities:				
General government	\$ 2,519,336	\$ 565,215	\$ 1,818,458	\$ -
Public safety:				
Police	2,456,891	11,873	-	-
Fire	1,910,648	-	-	-
Streets	1,687,166	-	-	-
Culture and recreation	1,017,587	93,878	-	-
Sanitation	63,982	-	-	-
Airport	113,527	-	-	-
Interest	23,900	-	-	-
Total government activities	<u>9,793,037</u>	<u>670,966</u>	<u>1,818,458</u>	<u>-</u>
Business type activities:				
Gas	1,789,746	1,664,134	-	-
Sewer	1,826,887	1,266,111	-	-
Total business-type activities	<u>3,616,633</u>	<u>2,930,245</u>	<u>-</u>	<u>-</u>
Total	<u>\$13,409,670</u>	<u>\$3,601,211</u>	<u>\$ 1,818,458</u>	<u>\$ -</u>

General Revenues:

Taxes -

 Property taxes, levied for general purpose

 Sales and use taxes, levied for general purposes

 Payment in lieu of taxes

 Franchise and chain store taxes

Interest and investment earnings

Miscellaneous

Nonemployer pension contribution

Transfers

 Total general revenues and transfers

Change in net assets

Net position - June 30, 2021

Net position - June 30, 2022

Net (Expense) Revenues and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (135,663)	\$ -	\$ (135,663)
(2,445,018)	-	(2,445,018)
(1,910,648)	-	(1,910,648)
(1,687,166)	-	(1,687,166)
(923,709)	-	(923,709)
(63,982)	-	(63,982)
(113,527)	-	(113,527)
(23,900)	-	(23,900)
<u>(7,303,613)</u>	<u>-</u>	<u>(7,303,613)</u>
-	(125,612)	(125,612)
-	(560,776)	(560,776)
<u>-</u>	<u>(686,388)</u>	<u>(686,388)</u>
<u>(7,303,613)</u>	<u>(686,388)</u>	<u>(7,990,001)</u>
122,325	-	122,325
6,976,461	-	6,976,461
8,000	-	8,000
1,436,595	-	1,436,595
31,408	2,890	34,298
1,443,962	-	1,443,962
230,952	20,247	251,199
(573,496)	573,496	-
<u>9,676,207</u>	<u>596,633</u>	<u>10,272,840</u>
2,372,594	(89,755)	2,282,839
<u>12,730,270</u>	<u>5,358,069</u>	<u>18,088,339</u>
<u>\$ 15,102,864</u>	<u>\$ 5,268,314</u>	<u>\$ 20,371,178</u>

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

FUND FINANCIAL STATEMENTS (FFS)

CITY OF EUNICE, LOUISIANA
Balance Sheet - Governmental Funds
June 30, 2022

ASSETS	General Fund	Sales Tax Fund	St. Landry & Acadia Parish Fire District	Other Governmental Funds	Total
Cash and cash equivalents	\$ 2,240,587	\$ 4,687,770	\$ 305,424	\$ 123,605	\$ 7,357,386
Investments, at cost	-	500,000	-	-	500,000
Receivables (net of allowance for uncollectibles):					
Accounts	406,330	-	-	-	406,330
Taxes	9,655	-	-	-	9,655
Due from other funds	350,319	54,761	-	807	405,887
Prepaid items	136,428	-	-	-	136,428
Total assets	<u>\$ 3,143,319</u>	<u>\$ 5,242,531</u>	<u>\$ 305,424</u>	<u>\$ 124,412</u>	<u>\$ 8,815,686</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Account payable	\$ 347,345	\$ 238,460	\$ -	\$ -	\$ 585,805
Accrued liabilities	107,129	3,675	-	-	110,804
Due to other funds	133,854	-	345,990	-	479,844
Total liabilities	<u>588,328</u>	<u>242,135</u>	<u>345,990</u>	<u>-</u>	<u>1,176,453</u>
Fund balances:					
Nonspendable for prepaid items	136,428	-	-	-	136,428
Assigned	-	5,000,396	(40,566)	124,412	5,084,242
Unassigned	2,418,563	-	-	-	2,418,563
Total fund balances	<u>2,554,991</u>	<u>5,000,396</u>	<u>(40,566)</u>	<u>124,412</u>	<u>7,639,233</u>
Total liabilities and fund balances	<u>\$ 3,143,319</u>	<u>\$ 5,242,531</u>	<u>\$ 305,424</u>	<u>\$ 124,412</u>	<u>\$ 8,815,686</u>

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

CITY OF EUNICE, LOUISIANA
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2022

Total fund balances for governmental funds at June 30, 2022		\$ 7,639,233
Total net position reported for governmental activities in the statement of net position is different because:		
Capital and right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Capital assets:		
Land	\$ 1,358,665	
Building and Recreation, net of \$8,069,257 accumulated depreciation	5,153,166	
Infrastructure, net of \$3,350,957 accumulated depreciation	4,962,689	
Equipment, net of \$3,069,988 accumulated depreciation	358,886	
Vehicles, net of \$2,050,249 accumulated depreciation	<u>1,272,736</u>	13,106,142
Right to use assets:		
Equipment, net of \$5,917 accumulated amortization	171,598	
Vehicles, net of \$62,436 accumulated amortization	<u>187,309</u>	358,907
Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds		578,455
Elimination of interfund assets and liabilities:		
Due from other funds	(405,887)	
Due to other funds	<u>405,887</u>	-
Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds		(5,768,424)
Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Those liabilities consist of:		
Compensated absences	(96,207)	
Lease payable	(359,030)	
Note payable	<u>(356,212)</u>	<u>(811,449)</u>
Total net position of governmental funds activities June 30, 2022		<u>\$ 15,102,864</u>

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

CITY OF FUNICE, LOUISIANA
Statement of Revenues, Expenditures, and Change in
Fund Balances - Governmental Funds
Year Ended June 30, 2022

	General Fund	Sales Tax Fund	St. Landry & Acadia Parish Fire District	Other Governmental Funds	Total
Revenues					
Taxes	\$ 1,558,920	\$ 7,015,122	\$ -	\$ -	\$ 8,574,042
Licenses and permits	565,215	-	-	-	565,215
Intergovernmental revenues	2,103,304	3,592	359,927	3,781	2,470,604
Fines, forfeitures and bonds	10,193	-	-	1,680	11,873
Liberty Cajun Music Show	93,878	-	-	-	93,878
Interest	5,453	24,742	705	508	31,408
Miscellaneous	799,816	-	-	-	799,816
Total revenues	5,136,779	7,043,456	360,632	5,969	12,546,836
Expenditures					
Current - general government					
Administrative	1,950,384	224,903	-	507	2,175,794
Public safety	4,267,222	108,070	147,383	-	4,522,675
Public works	1,190,728	552,291	-	-	1,743,019
Health and welfare	13,348	-	-	-	13,348
Culture and recreation	821,329	169,820	-	-	991,149
Other	85,927	-	-	-	85,927
Capital outlay	-	2,089,946	-	-	2,089,946
Debt service:					
Principal retirement	-	131,824	-	-	131,824
Interest and fiscal charges	-	23,900	-	-	23,900
Total expenditures	8,328,938	3,300,754	147,383	507	11,777,582
Excess (deficiency) of revenues over expenditures	(3,192,160)	3,742,702	213,249	5,462	769,254
Other financing sources (uses):					
Operating transfers in	5,107,403	-	-	-	5,107,403
Operating transfers out	(48,000)	(5,332,899)	(300,000)	-	(5,680,899)
Lease proceeds	-	427,260	-	-	427,260
Total other financing sources (uses)	5,059,403	(4,905,639)	(300,000)	-	(146,236)
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,867,244	(1,162,937)	(86,751)	5,462	623,018
Fund balances, beginning	687,747	6,163,333	46,185	118,950	7,016,215
Fund balances, ending	\$ 2,554,991	\$ 5,000,396	\$ (40,566)	\$ 124,412	\$ 7,639,233

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

CITY OF EUNICE, LOUISIANA
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2022

Total net changes in fund balance at June 30, 2022 per statement of revenues, expenditures and changes in fund balances		\$ 623,018
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays and right of use assets as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense.		
Capital outlay which is considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 1,662,686	
Depreciation expense for the year ended June 30, 2022	<u>(924,217)</u>	738,469
Right of use assets which are considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 427,260	
Amortization expense for the year ended June 30, 2022	<u>(68,353)</u>	358,907
Payments on long term debt	63,594	
Payments on right of use assets	<u>68,230</u>	131,824
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(38,661)
Net effect of pension liability recognition		960,019
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:		
Compensated absences	26,278	
Proceeds from right of use lease assets	<u>(427,260)</u>	<u>(400,982)</u>
Total net changes in net position at June 30, 2022 per statement of activities		<u>\$ 2,372,594</u>

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

CITY OF EUNICE, LOUISIANA
Proprietary Fund
Statement of Net Position
June 30, 2022

	<u>Business-Type Enterprise fund</u>
Assets:	
Cash and cash equivalents	\$ 87,941
Receivables (net of allowance of uncollectibles)	462,289
Due from other funds	73,956
Restricted cash, customer deposits	351,180
Prepaid items	30,685
Utility, plant and equipment, at cost	18,156,505
Accumulated depreciation	(12,606,812)
Right-of-use asset	123,009
Accumulated amortization: right of use asset	(28,190)
Total assets	<u>6,650,563</u>
Deferred Outflows of Resources:	
Deferred outflows related to pensions	<u>150,052</u>
Liabilities:	
Accounts payable	77,677
Accrued liabilities	115,652
Compensated absences	14,642
Payable from restricted assets - Customers' deposits	413,555
Non-current liabilities	
Due within one year:	
Lease liability	34,059
Due in more than one year	
Compensated absences	5,145
Net pension liability	554,937
Lease liability	56,611
Total liabilities	<u>1,272,278</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	<u>260,023</u>
Net Position:	
Investment in capital assets, net of related debt	5,549,693
Unrestricted	(281,379)
Total net position	<u>\$ 5,268,314</u>

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

CITY OF EUNICE, LOUISIANA
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2022

	<u>Business-Type Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ 2,881,662
Other billings to customers	48,583
Total operating revenues	<u>2,930,245</u>
Operating expenses:	
Payroll and related benefits	522,508
Natural gas purchases	1,053,991
Supplies and materials	193,625
Repairs and maintenance	822,617
Office expenses	42,044
Professional fees	29,369
Insurance	179,884
Depreciation	372,598
Bad debts	8,739
Permits	33,742
Utilities and telephone	243,068
Amortization expense- right of use asset	28,190
Interest expense	4,241
Miscellaneous	82,017
Total operating expenses	<u>3,616,633</u>
Operating income (expense)	<u>(686,388)</u>
Nonoperating revenue (expenses):	
Interest earned on investments	2,890
Nonemployer pension contribution	20,247
Total nonoperating revenue (expenses)	<u>23,137</u>
Income before operating transfers	<u>(663,251)</u>
Operating transfers:	
Operating transfers in	1,175,674
Operating transfers out	<u>(602,178)</u>
Total operating transfers	<u>573,496</u>
Change in net position	(89,755)
Net position, beginning	<u>5,358,069</u>
Net position, ending	<u>\$ 5,268,314</u>

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

CITY OF EUNICE, LOUISIANA
Proprietary Fund
Statement of Cash Flows
Year Ended June 30, 2022

	Business-Type Activities-Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 2,820,907
Payments to supplies	(2,678,190)
Payments to employees	(676,797)
Net cash provided (used) by operating activities	(534,080)
Cash flows from noncapital financing activities:	
Nonemployer pension contribution	20,247
Transfers from other funds	1,175,674
Transfers to other funds	(602,178)
Net cash provided (used) by noncapital financing activities	593,743
Cash flows from capital and related financing activities:	
Proceeds from meter deposits	7,065
Lease proceeds	123,009
Payments of right to use leased asset	(32,339)
Acquisition of property, plant and equipment	(179,009)
Net cash provided (used) by capital and related financing activities	(81,274)
Cash flows from investing activities:	
Interest on investments	2,890
Net cash provided (used) by investing activities	2,890
Net increase (decrease) in cash and cash equivalents	(18,721)
Cash and cash equivalents, beginning of year	457,842
Cash and cash equivalents, end of year	\$ 439,121

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

CITY OF EUNICE, LOUISIANA
Proprietary Fund
Statement of Cash Flows
Year Ended June 30, 2022

	Business-Type Activities-Enterprise Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (686,388)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	372,598
Amortization-right of use asset	28,190
Changes in current assets and liabilities:	
(Increase) decrease in receivables (net)	(109,338)
(Increase) decrease in prepaid items	2,060
Increase (decrease) in accounts payable	13,087
Increase (decrease) in accrued liabilities	37,540
Increase (decrease) in net pension liability	(191,829)
Net cash used by operating activities	<u>\$ (534,080)</u>
Reconciliation of cash and cash equivalents per the statement of cash flows to the statement of net position:	
Cash and cash equivalents, beginning of year -	
Cash - unrestricted	\$ 117,038
Cash - restricted	340,804
Total cash and cash equivalents	<u>457,842</u>
Cash and cash equivalents, end of year -	
Cash - unrestricted	87,941
Cash - restricted	351,180
Total cash and cash equivalents	<u>439,121</u>
Net increase (decrease)	<u>\$ (18,721)</u>

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

CITY OF EUNICE, LOUISIANA
Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2022

	Custodial Funds		Total
	Inmate Trust Account	Police Evidence Account	
Assets			
Cash	\$ 26,652	\$ 43,184	\$69,836
Inventory	1,100	-	1,100
Total assets	27,752	43,184	70,936
Liabilities			
Due to local governments	-	43,002	43,002
Inmate payable	580	-	580
Total liabilities	580	43,002	43,582
Net position			
Restricted for:			
Evidence return	-	182	27,354
Inmate deposits	27,172	-	-
Total net position	\$ 27,172	\$ 182	\$27,354

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

CITY OF EUNICE, LOUISIANA
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2022

	Custodial Funds		Total
	Inmate Trust Account	Police Evidence Account	
Additions			
Contributions			
Evidence	\$ -	\$ 4,930	\$ 4,930
Inmate deposits	26,583	-	26,583
Total contributions	<u>26,583</u>	<u>4,930</u>	<u>31,513</u>
Investment earnings			
Interest	-	182	182
Total investment earnings	<u>-</u>	<u>182</u>	<u>182</u>
Total additions	<u>26,583</u>	<u>5,112</u>	<u>31,695</u>
Deductions			
Return of evidence	-	4,930	4,930
Inmate withdrawals	23,453	-	23,453
Total deductions	<u>23,453</u>	<u>4,930</u>	<u>28,383</u>
Net increase (decrease) in fiduciary net position	3,130	182	3,312
Net position, beginning	<u>24,042</u>	<u>-</u>	<u>24,042</u>
Net position, ending	<u>\$ 27,172</u>	<u>\$ 182</u>	<u>\$ 27,354</u>

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

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Eunice was incorporated in 1909 under the Lawrason Act, and is administered under the Mayor and Board of Aldermen form of government. The accounting and reporting policies of the City of Eunice conform to United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

The following is a summary of the more significant accounting policies:

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion in the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based on the foregoing criteria, the following governmental organizations are not considered part of the City because they are not material in relation to the financial statement taken as a whole and are thus excluded from the accompanying financial statements for the reasons noted:

The Eunice City Court and City Marshall are operated under the directorship of the Eunice City Judge and Marshall who are elected public officials. Revenues are derived from court costs and the City cannot significantly influence operations nor does it have responsibility for fiscal management. A copy of the financial statements can be obtained from the City of Eunice, Louisiana.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The municipality's officials are also responsible for appointing the members of the board of the Housing Authority of Eunice, Louisiana. This agency is considered to be a related organization since the municipality appoints the governing board but is not financially accountable for the organization. A copy of the financial statements can be obtained from the Eunice Housing Authority, P.O. Box 224, Eunice, LA 70535.

Basis of Presentation

Government - Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the non-fiduciary activities of the City of Eunice, the primary government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods and services offered by the programs, and (b) 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 of Eunice are organized on the basis of funds each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which spending activities are controlled. The various funds are grouped in the financial statements in this report, into seven generic fund types and three broad fund categories. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The major funds of the City are described below:

Governmental Funds -

General Fund

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

Special Revenue Fund – Sales Tax Fund and St. Landry & Acadia Parish Fire District

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

Additionally, the City reports the following fund types:

Other Special Revenue Funds

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

Fiduciary Funds

Custodial Funds

These funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Custodial funds are used to report activities carried out exclusively for the benefit of those outside of the government. The City operates the following custodial funds.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Police Department Evidence – The fund accounts for the assets seized by the City of Eunice Police Department.

Inmate Trust Account- The fund accounts for the deposits and withdrawals of inmate funds for use in the commissary.

Proprietary Funds

Enterprise Fund

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges; or (b) where the governing body has decided the 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 of Eunice's enterprise fund is the utility fund. It accounts for the provision of gas and sewer services to residents of the City.

Measurement Focus/Basis of Accounting

Measurement focus is the term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

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

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered “measurable” when collected by the collection agency and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year in which they are billed. Fees and non tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, and grant funds. Available means collectible within the current period or soon enough thereafter to pay current liabilities, usually 60 days. Those revenues susceptible to accrual are property taxes, grant revenues and interest revenue.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Bad debts are written off when accounts become worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds as required by law. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds; therefore, they are not included in this report.

Encumbrances are not recorded in the financial statements.

The budget presented is as amended by the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations by more than 5% at the individual fund level.

Program Revenues

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

Allocation of Indirect Expenses

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

Cash and Investments

Cash includes amounts in demand deposits. Investments include certificates of deposit and time deposits. The bank balance of cash and investments is covered by federal depository insurance or by collateral in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Short-Term Interfund Receivable/Payables

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. The amounts of estimated costs are immaterial to these financial statements. Donated fixed assets are stated at their fair market value on the date donated. The City maintains a threshold level of \$2,500 or more for capitalizing capital assets.

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 assets is as follows:

Buildings	40 years
Equipment	7 years
Vehicles	5 years
Utility system and improvements	25-50 years

Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method. The estimated useful lives are as follows:

Gas system	67 years
Sewerage system	40-67 years
Meters & regulators	25 years
Vehicle & other equipment	4-10 years

Compensated Absences

Vested compensatory time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested compensatory time of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vacation time is allowed January 1st and lapse December 31st if not used.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

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

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

In the fund financial statements, governmental funds report aggregate amount for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining for classifications: restricted, committed, assigned, and unassigned.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- a. Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- b. Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the city council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the city council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- c. Assigned fund balance. This classification reflects the amounts constrained by the city’s “intent” to be used for specific purposes, but are neither restricted nor committed. The city council and the city manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
- d. Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

Revenues, Expenditure, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures / Expenses

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

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

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

Interfund Transactions

Transactions that constitute reimbursements to a fund expenditure/expense initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Subsequent Events

FASB issued SFAS No 165, Subsequent Events (ASC 855) establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We have evaluated events subsequent to the balance sheet through the date the financial statements were available to be issued.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Adopted Accounting Pronouncements

GASB Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning June 15, 2021.

During the fiscal year ended June 30, 2022, the City implemented GASB Statement No. 87, *Leases*, requiring recognition of certain lease assets and liabilities or leases that previously were classified as operating leases. In notes 6 and 7, prior period balances of lease liabilities and lease assets, respectively, were restated. There was no effect on beginning net position. Further information on GASB 87 is presented in Note 7.

Pension Plans

The City is a participating employer in multiple pension plans as described in Note 8. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Funds, and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the Plans.

NOTE 2 LEGAL COMPLIANCE - BUDGETS

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

The City Clerk prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.

A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 2 LEGAL COMPLIANCE - BUDGETS (Continued)

After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year end June 30, 2022.

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

The cash and cash equivalents of the City of Eunice, Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the City's name.

At June 30, 2022, the City had cash, book balances and interest-bearing deposits as follows:

Demand deposits/savings	<u>\$7,515,163</u>
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CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS (Continued)

Deposit balances (bank balance) at June 30, 2022, are secured as follows.

	Interest Bearing	Non-interest Bearing
Bank balances	<u>\$ 8,330,153</u>	<u>\$ 27,567</u>
Federal deposit insurance	250,000	250,000
Pledged securities (Category 3)	<u>8,760,145</u>	<u>-</u>
Total	<u>9,010,145</u>	<u>250,000</u>
Excess (Shortage)	<u>\$ 679,992</u>	<u>\$ 222,433</u>

NOTE 4 RECEIVABLES

Receivables at June 30, 2022 in the fund financial statements consist of the following:

	Governmental	Enterprise	Total
Taxes	\$ 9,655	\$ -	\$ 9,655
Accounts	<u>415,985</u>	<u>581,446</u>	<u>997,431</u>
Gross receivables	425,640	581,446	1,007,086
Less allowance for uncollectibles	<u>9,655</u>	<u>119,157</u>	<u>128,812</u>
Net total receivables	<u>\$ 415,985</u>	<u>\$462,289</u>	<u>\$ 878,274</u>

Accounts receivables in the Enterprise Fund consist of billed and unbilled receivables relating to gas and sewerage services. Gas accounts receivable are divided into two billing cycles. Cycle 1 is billed for meters read from the 1st through the 15th and Cycle 2 is billed for meters read the 16th through 24th. Billed receivables at June 30, 2022 were \$377,741 and unbilled receivables were \$203,705.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 4 RECEIVABLES (Continued)

The City bills and collects its own property taxes using the assessed values determined by the tax assessors of St. Landry Parish and Acadia Parish.

For the year ended June 30, 2022 taxes of 11.25 mills were levied on property with an assessed valuation totaling \$66,654,100 and were dedicated as follows:

	<u>Millage</u>	<u>Duration</u>
General corporate tax	6.77 mills	Permanent
Street maintenance	<u>4.78 mills</u>	2012-2021
	<u>11.55</u>	

Total taxes levied were \$784,519. Taxes receivable, net of allowance for uncollectibles, at June 30, 2022 were \$9,655.

NOTE 5 FLOWS OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES

The City of Eunice levies a 2.45% sales and use tax dedicated as follows:

Proceeds of the 1% sales and use tax levied in 1978 are dedicated as follows:

Under the terms of the sales tax ordinance, all monies collected are deposited into a separate account.

Monies remaining in the sales tax fund after payment of collection expenses may be used for providing additional general fund revenues and for the construction, operations and maintenance of capital improvements.

This is a 25 year sales and use tax that was renewed for an additional 25 years and will expire on December 31, 2028.

Proceeds of the 1% sales and use tax levied in 1962 are dedicated as follows:

Opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and subsurface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment for civil defense; constructing, acquiring or improving any

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 5 FLOWS OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES (Continued)

work of permanent public improvement; and purchasing and acquiring all equipment and furnishing for public works, buildings, improvements and facilities.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, to defray costs of operating and maintaining a public library.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, for the payment of salaries of municipal employees.

In addition to the purposes previously approved, not more than 10% of such proceeds may be used in each fiscal year for general municipal purposes in the event that unbudgeted emergency expenses are incurred by the City in that year.

The 1962 sales and use tax is a permanent sales tax.

Proceeds of the .2% sales and use tax levied in 1988 are dedicated as follows:

Monies remaining in the sales tax fund may be used for constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities.

The 1988 sales and use tax is a permanent sales tax.

Proceeds of the .25% sales and use tax levied in 2019 are dedicated as follows:

Providing funds for public safety salaries and related compensation.

The 2019 sales and use tax is a permanent sales tax.

NOTE 6 LONG-TERM DEBT

The following is a summary of debt transactions of the City of Eunice for the year ended June 30, 2022:

	(Restated) 06/30/2021	Additions	Retirements	06/30/2022
Compensated absences payable	\$ 128,165	\$ -	\$ 26,813	\$ 101,352
Note payable	419,806	-	63,594	356,212
Lease liability*	372,754	177,515	100,569	449,700
Net pension liability	9,109,423	-	3,455,286	5,654,137
	<u>\$ 10,030,148</u>	<u>\$ 177,515</u>	<u>\$ 3,646,262</u>	<u>\$ 6,561,401</u>

*Due to the implementation of GASB 87, *Leases*, the balance at June 30, 2021 is restated.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 6 LONG-TERM DEBT (Continued)

The City entered into a financing agreement with U.S. Bancorp Government Leasing and Financing, Inc., on April 16, 2018, in the amount of \$676,510, at 3.81% interest, for the purchase of two fire trucks.

Future payments as of June 30, 2022 are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 66,017	\$ 13,571	\$ 79,588
2024	68,531	11,057	79,588
2025	71,143	8,445	79,588
2026	72,549	7,039	79,588
2027	77,972	1,616	79,588
	<u>\$ 356,212</u>	<u>\$ 41,728</u>	<u>\$ 397,940</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 7 CAPITAL AND RIGHT TO USE LEASED ASSETS

During the fiscal year ended June 30, 2022, the City implemented GASB Statement No. 87, *Leases*, requiring the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use lease assets. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a governments' leasing activities.

Capital and right to use leased asset activity for the year ended June 30, 2022 is as follows:

	Balance 06/30/2021 (Restated)	Additions	Deletions	Balance 06/30/2022
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,312,065	\$ 46,600	\$ -	\$ 1,358,665
Other capital assets:				
Buildings & recreation	13,115,544	106,879	-	13,222,423
Infrastructure	7,068,095	1,245,551	-	8,313,646
Equipment	3,165,218	263,656	-	3,428,874
Vehicles	3,322,985	-	-	3,322,985
Total capital assets	<u>27,983,907</u>	<u>1,662,686</u>	<u>-</u>	<u>29,646,593</u>
Less accumulated depreciation				
Buildings & recreation	7,828,724	240,533		8,069,257
Infrastructure	2,980,692	370,265	-	3,350,957
Equipment	2,935,213	134,775	-	3,069,988
Vehicles	1,871,605	178,644	-	2,050,249
Total accumulated depreciation	<u>15,616,234</u>	<u>924,217</u>	<u>-</u>	<u>16,540,451</u>
Right to use lease assets:				
Equipment	-	177,515	-	177,515
Vehicles	249,745	-	-	249,745
Total right to use lease assets	<u>249,745</u>	<u>177,515</u>	<u>-</u>	<u>427,260</u>
Less accumulated amortization				
Equipment	-	5,917	-	5,917
Vehicles	-	62,436	-	62,436
Total accumulated amortization	<u>-</u>	<u>68,353</u>	<u>-</u>	<u>68,353</u>
Governmental activities, capital and right to use leased assets, net	<u>\$ 12,617,418</u>	<u>\$ 847,631</u>	<u>\$ -</u>	<u>\$ 13,465,049</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 7 CAPITAL AND RIGHT OF USE LEASED ASSETS (Continued)

	Balance 06/30/2021 (Restated)	Additions	Deletions	Balance 06/30/2022
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Other capital assets:				
Gas system	6,047,198	56,000	-	6,103,198
Sewer system	11,529,260	-	-	11,529,260
Vehicles	52,870	-	-	52,870
Equipment	471,177	-	-	471,177
Total capital assets	<u>18,100,505</u>	<u>56,000</u>	<u>-</u>	<u>18,156,505</u>
Less accumulated depreciation				
Gas system	3,593,868	95,268	-	3,689,136
Sewer system	8,142,998	276,953	-	8,419,951
Vehicles	106,343	-	-	106,343
Equipment	391,005	377	-	391,382
Total accumulated depreciation	<u>12,234,214</u>	<u>372,598</u>	<u>-</u>	<u>12,606,812</u>
Right to use lease assets:				
Vehicles	123,009	-	-	123,009
Total right to use lease assets	<u>123,009</u>	<u>-</u>	<u>-</u>	<u>123,009</u>
Less accumulated amortization				
Vehicles	-	28,190	-	28,190
Total accumulated amortization	<u>-</u>	<u>28,190</u>	<u>-</u>	<u>28,190</u>
Business type activities, capital and right to use leased assets, net	<u>\$ 5,989,300</u>	<u>\$ (344,788)</u>	<u>\$ -</u>	<u>\$ 5,644,512</u>

Amortization of the right to use leased assets is computed by the straight-line method over the estimated contract period including renewals. Amortization of the right to use leased assets totaled \$96,543 for the year ended June 30, 2022 and is reported within depreciation/amortization under operating expenses in the Statement of Revenues, Expenses and Changes in Net Position.

The City entered into a 5 year lease with Enterprise FM Trust for the use of vehicles. The term of the lease is from February 14, 2020 through January 14, 2025. The lease provides for a monthly payment of \$9,087. The implicit rate on the GASB 87, *Leases* transition date was 2.59%. The following schedule summarizes the future principal and interest requirements for the leased vehicles at June 30, 2022.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 7 CAPITAL AND RIGHT OF USE LEASED ASSETS (Continued)

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 103,208	\$ 5,842	\$ 109,050
2024	105,916	3,134	109,050
2025	63,062	12,772	75,834
	<u>\$272,186</u>	<u>\$21,748</u>	<u>\$293,934</u>

The City entered in to a 63 month lease agreement with Lenovo Financial Services for the use of copy machine/printers on May 11, 2022. The lease provides for a monthly payment of \$3,857. The implicit rate on the GASB 87, *Leases* transition date was 12.5%. The following schedule summarizes the future principal and interest requirements for the leased machines at June 30, 2022.

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 24,859	\$ 21,423	\$ 46,282
2024	29,506	16,776	46,282
2025	33,413	12,869	46,282
2026	37,838	8,444	46,282
2027	42,848	3,434	46,282
2028	9,050	90	9,140
	<u>\$177,514</u>	<u>\$62,946</u>	<u>\$231,410</u>

The following schedule summarizes the cumulative future principal and interest requirements for leases.

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 128,067	\$ 27,265	\$ 155,332
2024	\$ 135,422	\$ 19,910	\$ 155,332
2025	\$ 96,475	\$ 25,641	\$ 122,116
2026	37,838	8,444	46,282
2027	42,848	3,434	46,282
2028	9,050	90	9,140
	<u>\$449,700</u>	<u>\$84,694</u>	<u>\$534,484</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS

STATE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

Substantially all city employees, except firemen, policemen and the judge are members of the Municipal Employees' Retirement System of Louisiana (MERS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All members participate in Plan A.

Eligibility Requirements

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

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

Retirement Benefits

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

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

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

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Any member of Plan A Tier 2 shall be eligible for retirement if he meets one of the following requirements:

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

Survivor Benefits

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

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

Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

Drop Benefits

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

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

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Disability Benefits

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

Cost of Living Increases

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

Deferred Benefits

The Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Funding Policy - State statute requires covered employees to contribute 9.50 percent of their salaries to the System. As provided by Louisiana Revised Statute 11:756 – 11:1785, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The current actuarially determined rate is 29.50 percent of annual covered payroll. The City's contributions to the System under Plan A for the years ending June 30, 2022 and 2021 were \$524,124 and \$474,568, respectively, equal to the required contributions for each year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the City reported a liability of \$2,305,546 for its proportionate share of the net pension liability for the MERS plan. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

the City's long-term share of contributions to the MERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was 0.828885%, which was a decrease of 0.015165% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the City recognized net pension expense of \$(41) including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue. The City recognized \$61,851 of non-employer contribution revenue.

At June 30, 2022, 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>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 831	\$ (26,364)
Changes in assumptions	84,254	-
Net difference between projected and actual earnings on pension plan investments	-	(649,590)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(184,526)
Employer contributions subsequent to measurement date	524,124	-
Total	<u>\$ 609,209</u>	<u>\$ (860,480)</u>

The City reported a total of \$524,124 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30:	<u>MERS</u>
2022	\$ (180,391)
2023	(137,884)
2024	(167,469)
2025	<u>(248,726)</u>
Total	<u>\$ (734,470)</u>

Actuarial Methods and Assumptions

The components of the net pension liability of the City as of June 30, 2022 and 2021 are as follows:

	2022 <u>PLAN A</u>	2021 <u>PLAN A</u>
Total Pension Liability	\$ 10,393,272	\$ 10,285,736
Plan Fiduciary Net Position	<u>(8,087,726)</u>	<u>(6,636,563)</u>
Total Net Pension Liability	<u>\$ 2,305,546</u>	<u>\$ 3,649,173</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	77.82%	64.52%

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follow:

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Actual Assumptions:	
Investment rate of return	6.85%, net of investment expense
Inflation rate	2.50%
Salary increases, including inflation and merit increases:	
-1 to 4 years of service	6.4% - Plan A
-More than 4 years of service	4.5% - Plan A
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 6.95% for the year ended June 30, 2021.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	<u>9%</u>	<u>0.39%</u>
Totals	100%	4.35%
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>6.95%</u>

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2022:

	Changes in Discount Rate		
	1% Decrease	Plan A Current Discount Rate	1% Increase
	5.85%	6.85%	7.85%
Net Pension Liability	\$ 3,414,632	\$ 2,305,546	\$ 1,368,770

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Changes in Pension Liability

The changes in the net pension liability for the year ended June 30, 2021 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension benefit using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources as of June 30, 2021 in the amount of \$26,364.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources as of June 30, 2021 in the amount of \$0.

Changes in Proportion:

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

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

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Municipal Police Employees' Retirement System

Plan Description

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:221111:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

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

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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

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

Cost of Living Adjustments

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

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

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age. A COLA may only be granted if funds are available in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan

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

Employer Contributions

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

For the year ended June 30, 2020, total contributions due from employers and employees were as follows:

	Contribution Rates		
	Employee	Employer	Total
Members hired prior to 1/1/2013	10.00%	33.75%	43.75%
Hazardous Duty Members hired after 1/1/2013	10.00%	33.75%	43.75%
Non Hazardous Duty Members hired after 1/1/2013	8.00%	33.75%	41.75%
Members whose earnable compensation is less than the poverty guidelines	7.50%	36.25%	43.75%

The City's contributions to the System for the years ending June 30, 2022 and 2021 were \$311,655 and \$385,240, equal to the required contributions for the year.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Baton Rouge, Louisiana 70809-7017, or by calling (225)929-7411.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the City reported a liability of \$1,982,526 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was 0.371918%, which was a increase of 0.049522% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$96,188.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue. The City recognized \$83,114 of non-employer contribution revenue.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

At June 30, 2022, 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>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (61,056)
Changes in assumptions	219,554	(56,553)
Net difference between projected and actual earnings on pension plan investments	315,927	(925,684)
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,086	(205,058)
Employer contributions subsequent to measurement date	311,655	-
Total	<u>\$ 870,222</u>	<u>\$ (1,248,351)</u>

The City reported a total of \$311,655 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

Other amortizable amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30:	<u>MPERS</u>
2022	\$ (188,585)
2023	(133,825)
2024	(71,373)
2025	<u>(318,919)</u>
Total	<u>\$ (712,702)</u>

Actuarial Methods and Assumptions

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

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

The components of the net pension liability of the City as of June 30, 2022 are as follows:

	<u>Measurement Date</u>	
	<u>2021</u>	<u>2020</u>
Total Pension Liability	\$ 12,459,359	\$ 10,255,333
Plan Fiduciary Net Position	(10,476,833)	(7,275,643)
Total Collective Net Pension Liability	<u>\$ 1,982,526</u>	<u>\$ 2,979,690</u>

The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

MPERS		
Valuation date	June 30, 2021	
Actuarial cost method	Entry Age Normal Cost	
Expected remaining service lives	2020 - 4 years 2019 - 4 years 2018 - 4 years 2017 - 4 years	
Investment rate of return	6.75%, net of investment expense	
Inflation rate	2.50%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.3%
	Above 2	4.7%

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Mortality

For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

For employees, the Pub-2010 Public Retirement Plans 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 was used.

Cost-of-Living Adjustments

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

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2021 are summarized in the following table:

Asset Class	June 30, 2021	
	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.47%
Fixed Income	30.50%	0.59%
Alternative	14.00%	1.02%
Other	0.00%	0.00%
Totals	100.00%	5.08%
Inflation		2.22%
Expected Nominal Return		7.30%

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.750%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.750% or one percentage point higher 7.750% than the current rate as of June 30, 2021.

	Changes in Discount Rate		
	1% Decrease 5.750%	Current Discount Rate 6.750%	1% Increase 7.750%
Net Pension Liability	\$ 3,455,230	\$ 1,982,526	\$ 753,316

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2021 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as 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 pension plan.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions or Other Inputs:

The changes of assumptions about future economic or demographic factors 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 pension plan.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

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

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Firefighters' Retirement System

Plan Description

The System is the administrator of a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement, disability, and death benefits for their members.

The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes (R.S.) 11:2251 – 11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Membership in the System is a condition of employment

for any full-time firefighters (or any person in a position as defined in the municipal fire and police civil service system) who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System.

No person who has attained age 50 or over shall become a member of the System unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Retirement Benefits

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

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

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

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

Disability Benefits

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

Death Benefits

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

Deferred Retirement Option Plan

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

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan

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

Cost of Living Adjustments (COLAs)

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase in the form of "X x (A+B)," where "X" is any amount up to \$1 per month, and "A" is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

Funding Policy - State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The City is required to contribute 33.75 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contribution to the System for the years ending June 30, 2022 and 2021 were \$317,112 and \$300,812, respectively, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809-1752, or by calling (225) 925-4060.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the City reported a liability of \$1,317,845 for its proportionate share of the net pension liability for the FRS plan. The net pension liability was measured as of June 30, 2021 and the total pension

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the FRS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was 0.371868%, which was an increase of 0.024646% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the City recognized pension expense of \$161,099.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue. The City recognized \$106,234 of non-employer contribution revenue.

At June 30, 2022, 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>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,807	\$ (118,345)
Changes in assumptions	285,568	-
Net difference between projected and actual earnings on pension plan investments	-	(795,746)
Changes in proportion and differences between employer contributions and proportionate share of contributions	211,189	(42,554)
Employer contributions subsequent to measurement date	317,112	-
Total	<u>\$ 832,676</u>	<u>\$ (956,645)</u>

The City reported a total of \$317,112 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021, which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Year Ended June 30:	<u>FRS</u>
2021	\$ (91,695)
2022	(92,092)
2023	(147,673)
2024	(213,760)
2025	51,119
2026	39,758
Total	<u><u>\$ (454,343)</u></u>

Actuarial Methods and Assumptions

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

The components of the net pension liability of the City as of June 30, 2021 are as follows:

	<u>2021</u>	<u>2020</u>
Total Pension Liability	\$9,970,465	\$8,787,649
Plan Fiduciary Net Position	<u>(8,652,620)</u>	<u>(6,380,863)</u>
Total Collective Net Pension Liability	<u><u>\$ 1,317,845</u></u>	<u><u>\$ 2,406,786</u></u>

The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal Cost
Expected remaining service lives	7 years, closed period
Investment rate of return	6.9% per annum
Inflation rate	2.50% per annum
Salary increases	Vary from 14.10% in the first two years of service to 5.2% after 25 years
Cost of living adjustments	For the pupose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex District Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2020 are summarized in the following table:

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	27.50%	5.86%
	Non-U.S. Equity	11.50%	6.44%
	Global Equity	10.00%	6.40%
	Emerging Markets	7.00%	8.64%
Fixed Income	Fixed Income	18.00%	0.97%
	U.S. TIPS	3.00%	0.40%
	Emerging Markets	5.00%	2.75%
Alternatives	Real Estate	6.00%	5.31%
	Real Assets	3.00%	0.00%
	Private Equity	9.00%	9.53%
Multi-Asset Strategies	Global Tactical Asset Allocation	0.00%	4.17%
	Risk Parity	0.00%	4.17%
		<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in the Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.9%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.90% or one percentage point higher 7.90% than the current rate as of June 30, 2021.

	Changes in Discount Rate		
	1% Decrease 5.90%	Current Discount 6.90%	1% Increase 7.90%
Net Pension Liability	<u>\$2,528,189</u>	<u>\$1,317,845</u>	<u>\$ 308,432</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2021 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as 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 pension plan.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions:

The changes of assumptions about future economic or demographic factors 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 pension plan.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are 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 a pension through the pension plan.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Retirement System Audit Report

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Louisiana State Employees' Retirement System

Plan Description

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

Retirement Benefits

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

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions.

The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

Deferred Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

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

Disability Benefits

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

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

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

Survivor's Benefits

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

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

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the members final average compensation.

Permanent Benefit Increases/Cost-of-Living Adjustments

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

Funding Policy - State statute requires covered employees to contribute 13.00 percent of their salaries to the system. The City is required to contribute 43 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contribution to the plan for the years ending June 30, 2022 and 2021 were \$7,401 and \$7,505, respectively, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System, 3401 United Plaza Blvd., Baton Rouge, Louisiana 70809, or by calling (225) 922-0600.

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020 the City reported a liability of \$48,220 for its proportionate share of the net pension liability for the LASERS plan. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the LASERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was 0.00089%, which was unchanged from June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$2,403.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue. The City recognized \$0 of non-employer contribution revenue.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.40%	7.40%	8.40%
Employer Net Pension Liability	\$ 64,188	\$ 48,220	\$ 34,077

Change in Net Pension Liability

The changes in net pension liability for the year ended June 30, 2021 were recognized as pension expense or benefit in the current reporting period except as follows:

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability 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 pension plan.

Difference between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 48	\$ -
Changes in assumptions	1,196	-
Net difference between projected and actual earnings on pension plan investments	-	(11,385)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to measurement date	7,401	-
Total	<u>\$ 8,645</u>	<u>\$ (11,385)</u>

The City reported a total of \$7,401 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020, which will be recognized as a reduction in net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30:	<u>LASERS</u>
2023	\$ (732)
2024	(1,754)
2025	(2,587)
2026	(5,068)
Total	<u>\$ (10,141)</u>

Actuarial Methods and Assumptions

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

The components of the net pension liability of the System's employers as of June 30, 2021 are as follows:

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

	<u>2021</u>	<u>2020</u>
Total Pension Liability	\$ 179,961	\$ 175,253
Plan Fiduciary Net Position	<u>(131,741)</u>	<u>(101,479)</u>
Employers' Net Pension Liability	<u>\$ 48,220</u>	<u>\$ 73,774</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.80%	58.00%

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 is as follows:

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Expected remaining service lives	2 years
Investment rate of return	7.4% per annum
Inflation rate	2.3% per annum
Mortality	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected using the MP-2018 mortality scale, applied on a fully generational basis. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Salary increases Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

	Lower	Upper
<u>Member Type</u>	<u>Range</u>	<u>Range</u>
Regular	3.0%	12.8%
Judges	2.6%	5.1%
Corrections	3.6%	13.8%
Hazardous Duty	3.6%	13.8%
Wildlife	3.6%	13.8%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.6% for 2021. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

Expected Long Term Real Rates of Return	
<u>Asset Class</u>	<u>2021</u>
Cash	-0.29%
Domestic Equity	4.09%
International Equity	5.12%
Domestic Fixed Income	0.49%
International Fixed Income	3.94%
Alternative Investments	6.93%
Global Tactical Asset Allocation	0.00%
Total Fund	5.81%

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2021 were recognized as pension expense or benefit in the current reporting period except as follows:

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability 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 pension plan.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Contributions - Proportionate Share/Change in Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are 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 a pension through the pension plan.

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date are recognized in employer's 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 pensions through the pension plan.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 PENSION AND RETIREMENT PLANS (Continued)

Estimates

The process of preparing the schedules of employer allocations and schedules of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, actual results may differ from estimated amounts.

Retirement System Audit Reports

The Louisiana State Employees' Retirement System has issued stand-alone audit reports on their financial statements for the years ended June 30, 2021 and 2020. Access to the reports can be found on the Louisiana Legislative Auditor's website, www.lila.la.gov and the System's website, <http://www.lasersonline.org/site.php>.

Pension Summary

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System	\$ 2,305,546	\$ 609,209	\$ 860,480
Municipal Police Employees' Retirement System	1,982,526	847,136	1,248,351
Firefighters' Retirement System	1,317,845	832,676	956,645
Louisiana State Employees' Retirement System	48,220	8,645	11,385
Total	5,654,137	2,297,666	3,076,861
Portion Applicable to Business Type Activities	554,937	150,052	260,023
Portion Applicable to Governmental Type Activities	<u>\$ 5,099,200</u>	<u>\$ 2,147,614</u>	<u>\$ 2,816,838</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 9 RESTRICTED ASSETS

Proprietary Fund Type:

Restricted assets applicable to customers' deposits at June 30, 2022 are as follows:

Customers' deposits:	
Cash	\$ 351,180
	<u>\$ 351,180</u>

NOTE 10 DUE FROM/TO OTHER FUNDS

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 350,319	\$ 133,853
Special Revenue Funds -		
Sales Tax Fund	54,761	-
St. Landry & Acadia Parish Fire District	-	345,990
Court Witness Fees Fund	807	-
Enterprise Fund -		
Utility Fund	73,956	-
	<u>\$ 479,843</u>	<u>\$ 479,843</u>

NOTE 11 ENTERPRISE FUND OPERATIONS

Operations of the City of Eunice Utility System consist of a gas distribution system and sewer utility system. Operating results of the individual utilities for the year ended June 30, 2022 are as follows:

	<u>Gas Department</u>	<u>Sewer Department</u>
Operating Revenues	\$ 1,664,134	\$ 1,266,111
Operating Expenses	<u>1,792,944</u>	<u>1,827,838</u>
Operating Income (loss)	<u>\$ (128,810)</u>	<u>\$ (561,727)</u>

Operating expenses above include costs which cannot be directly associated with a single department; thus these expenses have been allocated on the basis of gross utility sales. For the fiscal year ended June 30, 2022, the Gas and Sewer Utilities provided services to 3,801 and 5,685 customers, respectively.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 13 PENDING LITIGATION

Various lawsuits are presently pending against the City of Eunice. In all cases where damages are being sought from the City, attorneys for the City are of the opinion that any judgements rendered in favor of the plaintiffs or payments resulting from the compromise settlements, if any, will be within the limits of the various insurance coverages carried by the City. In one lawsuit, which may not be covered by insurance, the City attorney is unable to estimate liability to the City of Eunice, if any.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EUNICE, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,452,000	\$ 1,531,000	\$ 1,558,920	\$ 27,920
Licenses and permits	510,000	495,000	565,215	70,215
Intergovernmental revenues	273,000	2,106,000	2,103,304	(2,696)
Fines and forfeitures	12,000	15,000	10,193	(4,807)
Liberty Cajun Music Show	52,760	54,085	93,878	39,793
Interest	4,050	4,120	5,453	1,333
Miscellaneous	825,175	867,500	799,816	(67,684)
Total revenues	<u>3,128,985</u>	<u>5,072,705</u>	<u>5,136,779</u>	<u>64,074</u>
Expenditures				
Current -				
General government	1,675,160	1,810,125	1,950,384	(140,259)
Public safety	4,205,100	4,510,250	4,267,222	243,028
Public works	897,725	1,080,200	1,190,728	(110,528)
Health and welfare	72,750	64,900	13,348	51,552
Culture and recreation	780,450	842,635	821,329	21,306
Other	53,000	84,500	85,927	(1,427)
Total expenditures	<u>7,684,185</u>	<u>8,392,610</u>	<u>8,328,938</u>	<u>63,672</u>
Excess (deficiency) of revenues over expenditures	<u>(4,555,200)</u>	<u>(3,319,905)</u>	<u>(3,192,160)</u>	<u>127,746</u>
Other financing sources (uses):				
Operating transfers in	4,558,750	5,256,500	5,107,403	(149,097)
Operating transfers out	-	-	(48,000)	(48,000)
Other source of income	-	-	-	-
Total other financing sources (uses)	<u>4,558,750</u>	<u>5,256,500</u>	<u>5,059,403</u>	<u>(197,097)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>3,550</u>	<u>1,936,595</u>	<u>1,867,244</u>	<u>(69,352)</u>
Fund balances, beginning	<u>205,513</u>	<u>687,747</u>	<u>687,747</u>	<u>-</u>
Fund balances, ending	<u>\$ 209,063</u>	<u>\$ 2,624,342</u>	<u>\$ 2,554,991</u>	<u>\$ (69,352)</u>

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA
Sales Tax Fund
Budgetary Comparison Schedule
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 5,622,750	\$ 6,737,500	\$ 7,015,122	\$ 277,622
Intergovernmental revenues	25,000	5,000	3,592	(1,408)
Other	-	18,000	-	(18,000)
Interest	7,000	100,000	24,742	(75,258)
Total revenues	<u>5,654,750</u>	<u>6,860,500</u>	<u>7,043,456</u>	<u>182,956</u>
Expenditures:				
Current -				
General government	193,700	260,300	224,903	35,397
Culture and recreation	1,125,000	185,000	169,820	15,180
Public safety	-	-	108,070	(108,070)
Public works	-	-	552,291	(552,291)
Capital outlay	1,860,000	2,773,509	2,089,946	683,563
Debt service -				
Principal retirement	62,500	62,500	131,824	(69,324)
Interest	17,000	17,000	23,900	(6,900)
Total expenditures	<u>3,258,200</u>	<u>3,298,309</u>	<u>3,300,754</u>	<u>(2,445)</u>
Excess of revenues over expenditures	<u>2,396,550</u>	<u>3,562,191</u>	<u>3,742,702</u>	<u>180,511</u>
Other financing sources (uses):				
Lease proceeds	-	-	427,260	427,260
Operating transfers out	(3,872,750)	(4,891,500)	(5,332,899)	(441,399)
Total other financing sources (uses)	<u>(3,872,750)</u>	<u>(4,891,500)</u>	<u>(4,905,639)</u>	<u>(14,139)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,476,200)	(1,329,309)	(1,162,937)	166,372
Fund balances, beginning	<u>6,196,847</u>	<u>6,163,333</u>	<u>6,163,333</u>	<u>-</u>
Fund balances, ending	<u>\$ 4,720,647</u>	<u>\$ 4,834,024</u>	<u>\$ 5,000,396</u>	<u>\$ 166,372</u>

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA
 St. Landry & Acadia Parish Fire District
 Budgetary Comparison Schedule
 Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Intergovernmental revenues	\$ 380,000	\$ 190,000	\$ 359,927	\$ 169,927
Interest	100	40	705	665
Total revenues	<u>380,100</u>	<u>190,040</u>	<u>360,632</u>	<u>170,592</u>
Expenditures				
Current -				
General government	-	-	-	-
Public safety	84,600	98,850	147,383	(48,533)
Total expenditures	<u>84,600</u>	<u>98,850</u>	<u>147,383</u>	<u>(48,533)</u>
Excess (deficiency) of revenues over expenditures	<u>295,500</u>	<u>91,190</u>	<u>213,249</u>	<u>219,125</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(295,000)	(135,000)	(300,000)	(165,000)
Total other financing uses	<u>(295,000)</u>	<u>(135,000)</u>	<u>(300,000)</u>	<u>(165,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	500	(43,810)	(86,751)	(42,941)
Fund balances, beginning	<u>97,836</u>	<u>46,185</u>	<u>46,185</u>	<u>-</u>
Fund balances, ending	<u>\$ 98,336</u>	<u>\$ 2,375</u>	<u>\$ (40,566)</u>	<u>\$ (42,941)</u>

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2022

	Fiscal Year	Employer Proportionate of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of It's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
MERS	2015	0.965991%	\$ 2,479,162	\$ 1,537,227	161.30%	76.94%
	2016	0.966778%	3,453,482	1,765,280	195.63%	66.18%
	2017	0.980160%	4,017,392	1,751,763	229.33%	62.17%
	2018	0.965789%	4,040,303	1,869,843	216.07%	62.49%
	2019	1.026833%	4,251,785	1,674,619	253.89%	63.94%
	2020	0.904617%	3,780,088	1,609,496	234.86%	64.68%
	2021	0.844050%	3,649,173	1,608,706	226.84%	64.52%
	2022	0.828885%	2,305,546	1,776,692	129.77%	77.82%
MPERS	2015	0.432919%	2,708,377	1,115,181	242.86%	75.10%
	2016	0.340775%	2,669,616	996,046	268.02%	70.73%
	2017	0.392600%	3,679,768	1,143,297	321.85%	66.42%
	2018	0.381941%	3,334,507	1,163,519	286.59%	70.72%
	2019	0.393876%	3,329,852	1,106,403	300.96%	71.88%
	2020	0.352127%	3,197,903	1,009,496	316.78%	71.01%
	2021	0.322396%	2,979,690	1,142,457	260.81%	70.95%
	2022	0.371918%	1,982,526	1,047,579	189.25%	84.09%

This schedule will contain ten years of historical information once such information becomes available. The amounts presented have a measurement date of the previous year end of the plan.

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability (Continued)
For the Year Ended June 30, 2022

	Fiscal Year	Employer Proportionate of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of It's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
FRS	2015	0.332973%	1,481,701	726,902	203.84%	76.02%
	2016	0.331590%	1,789,628	727,923	245.85%	72.45%
	2017	0.322836%	2,111,639	795,794	265.35%	68.16%
	2018	0.340832%	1,953,598	847,331	230.56%	76.55%
	2019	0.355897%	2,047,057	824,575	248.26%	74.76%
	2020	0.341174%	2,136,401	864,447	247.14%	73.96%
	2021	0.347222%	2,406,786	932,751	258.03%	72.61%
	2022	0.371868%	1,317,845	941,129	140.03%	86.78%
LASERS	2015	0.000880%	55,213	17,212	320.80%	73.99%
	2016	0.000960%	65,158	17,212	378.56%	62.67%
	2017	0.000940%	73,657	17,212	427.94%	57.70%
	2018	0.000970%	67,925	17,212	394.64%	62.50%
	2019	0.000920%	62,402	17,212	364.54%	64.49%
	2020	0.000890%	64,697	17,212	375.88%	62.90%
	2021	0.000890%	73,774	17,212	428.62%	58.00%
	2022	0.000890%	48,220	17,212	280.15%	72.80%

This schedule will contain ten years of historical information once such information becomes available. The amounts presented have a measurement date of the previous year end of the plan.

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2022

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percent of Covered Employee Payroll
MERS	2015	\$ 294,884	\$ 294,884	\$ -	\$ 1,537,227	19.18%
	2016	349,677	349,677	-	1,765,280	19.80%
	2017	398,626	398,626	-	1,751,763	22.75%
	2018	462,786	462,786	-	1,869,843	24.75%
	2019	435,401	435,401	-	1,674,619	26.00%
	2020	446,635	446,635	-	1,609,496	27.75%
	2021	474,568	474,568	-	1,608,706	29.50%
	2022	524,124	524,124	-	1,776,692	29.50%
MPERS	2015	345,796	345,796	-	1,115,181	31.00%
	2016	294,230	294,230	-	996,046	29.53%
	2017	362,912	362,912	-	1,143,297	31.75%
	2018	357,782	357,782	-	1,163,519	30.75%
	2019	356,814	356,814	-	1,106,403	32.25%
	2020	328,240	328,240	-	1,009,970	32.50%
	2021	385,580	385,580	-	1,142,457	33.75%
	2022	311,655	311,655	-	1,047,579	29.75%

This schedule will contain ten years of historical information once such information becomes available.

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability (Continued)
For the Year Ended June 30, 2022

	Fiscal	Contractually	Contributions	Contribution	Employer's	Contributions
	Year	Required	in Relation	Deficiency	Covered	as a Percent
		Contribution	to Contractual	(Excess)	Employee	of Covered
			Required		Payroll	Employee
			Contribution			Payroll
FRS	2015	212,619	212,619	-	726,902	29.25%
	2016	198,359	198,359	-	727,923	29.25%
	2017	200,937	200,937	-	795,794	25.25%
	2018	224,543	224,543	-	847,331	26.50%
	2019	218,512	218,512	-	824,575	26.50%
	2020	235,844	235,844	-	864,447	27.75%
	2021	300,812	300,812	-	932,751	32.25%
	2022	317,112	317,112	-	941,129	33.75%
LASERS	2015	7,143	7,143	-	17,212	41.50%
	2016	6,835	6,835	-	17,212	39.71%
	2017	6,317	6,317	-	17,212	36.70%
	2018	6,816	6,816	-	17,212	39.60%
	2019	6,721	6,721	-	17,212	39.00%
	2020	7,229	7,229	-	17,212	42.00%
	2021	7,505	7,505	-	17,212	43.60%
	2022	7,401	7,401	-	17,212	43.60%

This schedule will contain ten years of historical information once such information becomes available.

See accompanying notes to Required Supplementary Information.

CITY OF EUNICE, LOUISIANA

Notes to Required Supplementary Information

NOTE 1 LEGAL COMPLIANCE - BUDGETS

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

The City Clerk prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.

A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year end June 30, 2022.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations in Individual Funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
St. Landry Acadia	\$98,850	\$147,383	\$(48,533)
Sales Tax Fund	\$3,298,309	\$3,300,754	\$(2,445)

CITY OF EUNICE, LOUISIANA

Notes to Required Supplementary Information (Continued)

NOTE 3 PENSION PLAN

Changes of Benefit Terms

For MERs, FRS, MPERS, and LASERS, there were no changes of benefit terms for the year ended June 30, 2021.

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 pension plan. 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 plans.

Municipal Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2021, the discount rate was reduced from 6.95% to 6.85%.

Firefighters' Retirement System

For the actuarial valuation for the year ended June 30, 2021, the discount rate was reduced from 7.00% to 6.90%.

Municipal Police Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2021, the discount rate was reduced from 6.95% to 6.75%.

Louisiana State Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2021, the discount rate was reduced from 7.55% to 7.40%.

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

CITY OF EUNICE, LOUISIANA
 Nonmajor Governmental Funds
 Balance Sheet
 June 30, 2022

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 78,182	\$ 45,423	\$ 123,605
Due from other funds	807	-	807
Total assets	\$ 78,989	\$ 45,423	\$ 124,412
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund balances:			
Assigned	78,989	45,423	124,412
Total fund balances	78,989	45,423	124,412
Total liabilities and fund balances	\$ 78,989	\$ 45,423	\$ 124,412

CITY OF EUNICE, LOUISIANA
 Nonmajor Governmental Funds
 Statement of Revenues, Expenditures, and Changes in
 Fund Balances
 Year Ended June 30, 2022

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Intergovernmental revenues	\$ 3,781	\$ -	\$ 3,781
Fines, forfeitures and bonds	1,680	-	1,680
Interest	317	191	508
Total revenues:	<u>5,778</u>	<u>191</u>	<u>5,969</u>
Expenditures:			
Current -			
General government	507	-	507
Total expenditures	<u>507</u>	<u>-</u>	<u>507</u>
Excess (deficiency) of revenues over expenditures	5,271	191	5,462
Fund balances, beginning	<u>73,718</u>	<u>45,232</u>	<u>118,950</u>
Fund balances, ending	<u>\$ 78,989</u>	<u>\$ 45,423</u>	<u>\$ 124,412</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

PUBLIC SAFETY TESTING FUND

To account for receipts and expenditures associated with court fees collected in connection with drug and alcohol related driving offenses.

COURT APPEARANCE BOND FUND

To account for receipts and expenditures associated with the receipt of appearance bonds collected on arrests and traffic citations.

WITNESS FEES FUND

To account for receipts and expenditures associated with witness fees collected by City Court.

CITY OF EUNICE, LOUISIANA
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 June 30, 2022

	Public Safety Testing Fund	Court Appearance Bond Fund	Witness Fees Fund	Totals
ASSETS				
Cash	\$ 17,384	\$ 32,343	\$ 28,455	\$ 78,182
Due from other funds	-	-	807	807
Total assets	\$ 17,384	\$ 32,343	\$ 29,262	\$ 78,989
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balances:				
Assigned	17,384	32,343	29,262	78,989
Total fund balances	17,384	32,343	29,262	78,989
Total liabilities and fund balances	\$ 17,384	\$ 32,343	\$ 29,262	\$ 78,989

CITY OF EUNICE, LOUISIANA
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 2022

	Public Safety Testing Fund	Court Appearance Bond Fund	Witness Fees Fund	Totals
Revenues:				
Intergovernmental revenues	\$ 368	\$ -	\$ 3,413	\$ 3,781
Fine, forfeitures and bonds	-	1,680	-	1,680
Interest	72	131	114	317
Total revenues	<u>440</u>	<u>1,811</u>	<u>3,527</u>	<u>5,778</u>
Expenditures				
Current -				
General government	-	-	507	507
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>507</u>	<u>507</u>
Excess (deficiency) of revenues over expenditures	<u>440</u>	<u>1,811</u>	<u>3,020</u>	<u>5,271</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	440	1,811	3,020	5,271
Fund balances, beginning	<u>16,944</u>	<u>30,532</u>	<u>26,242</u>	<u>73,718</u>
Fund balances, ending	<u>\$ 17,384</u>	<u>\$ 32,343</u>	<u>\$ 29,262</u>	<u>\$ 78,989</u>

NONMAJOR CAPITAL PROJECT FUNDS

Capital Project funds are used to account for specific revenues that are legally restricted to expenditures for capital projects.

CITY OF EUNICE, LOUISIANA
 Nonmajor Capital Projects Fund
 Balance Sheet
 June 30, 2022

ASSETS		
Cash		\$ 45,423
Total assets		<u>\$ 45,423</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable		\$ -
Total liabilities		<u>-</u>
Fund balances:		
Assigned		45,423
Total fund balances		<u>45,423</u>
Total liabilities and fund balances		<u>\$ 45,423</u>

CITY OF EUNICE, LOUISIANA
 Nonmajor Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 2022

Revenues:	
Intergovernmental revenues	\$ -
Interest	191
Total revenues	<u>191</u>
Expenditures	
Current -	
General government	-
Capital Outlay	-
Total expenditures	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>191</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	191
Fund balances, beginning	<u>45,232</u>
Fund balances, ending	<u>\$ 45,423</u>

ENTERPRISE FUNDS

UTILITY FUND

The fund is to account for the city's operation of the gas and sewer departments.

CITY OF EUNICE, LOUISIANA
Enterprise Fund
Utility Fund
Statement of Revenues, Expenditures and Changes in Net Position
Year Ended June 30, 2022

	Gas Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 1,627,196	\$ 1,254,466	\$ 2,881,662
Other billings to customers	36,938	11,645	48,583
Total operating revenues	<u>1,664,134</u>	<u>1,266,111</u>	<u>2,930,245</u>
Operating expenses			
Payroll and related benefits	212,792	309,716	522,508
Natural gas purchases	1,053,991	-	1,053,991
Supplies and materials	51,844	141,781	193,625
Repairs and maintenance	165,226	657,391	822,617
Office expenses	33,432	8,612	42,044
Professional fees	14,685	14,684	29,369
Insurance - general	69,272	32,903	102,175
Depreciation	95,645	276,953	372,598
Group insurance	34,063	43,646	77,709
Bad debts	8,739	-	8,739
Permits	-	33,742	33,742
Utilities and telephone	13,404	229,664	243,068
Amortization expense-right of use	20,015	8,175	28,190
Interest expense	3,011	1,230	4,241
Miscellaneous	13,627	68,390	82,017
Total operating expenses	<u>1,789,746</u>	<u>1,826,887</u>	<u>3,616,633</u>
Operating income (loss)	<u>\$ (125,612)</u>	<u>\$ (560,776)</u>	<u>(686,388)</u>
Nonoperating income (loss):			
Interest earned on investments			2,890
Nonemployer pension contribution			20,247
Total nonoperating income			<u>23,137</u>
Income before operating transfers			<u>(663,251)</u>
Operating transfers:			
Operating transfers in			1,175,674
Operating transfers out			(602,178)
Total operating transfers			<u>573,496</u>
Change in net position			(89,755)
Net position, beginning			<u>5,358,069</u>
Net position, ending			<u>\$ 5,268,314</u>

INTERNAL CONTROL
AND
COMPLIANCE

VIGE, TUJAGUE  NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.TELEPHONE:
337-457-9324
FAX:
337-457-8743**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 Mayor Scott Fontenot
and Members of the Council
City of Eunice, 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 City of Eunice, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Eunice, Louisiana's basic financial statements and have issued our report thereon dated December 8, 2022. Our report was modified to include an emphasis of matter paragraph regarding the implementation of Government Accounting Standards Board Statement No. 87, *Leases*.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Eunice, 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 City of Eunice, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Eunice, Louisiana's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items #2022-001 through #2022-003, which we consider to be significant deficiencies.

Report on Compliance and Other Matters

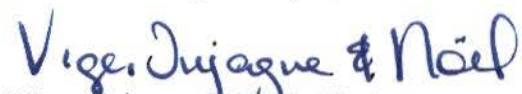
As part of obtaining reasonable assurance about whether City of Eunice, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 findings and questioned costs as items #2022-001 through #2022-003.

City of Eunice, Louisiana's Response to Findings

City of Eunice, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Eunice, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Vige, Tujague & Noel, CPA's
December 8, 2022

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Responses
Year Ended June 30, 2022

We have audited the financial statements of City of Eunice, Louisiana as of and for the year ended June 30, 2022, and have issued our report thereon dated December 8, 2022. 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. Our audit of the financial statements as of June 30, 2022, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ Yes X No Significant Deficiencies X Yes ___ No

Compliance

Noncompliance Material to Financial Statement ___ Yes X No

b. Federal Awards

None

Section II. Financial Statement Findings

#2022-001 Segregation of Accounting Functions

Condition: The City of Eunice did not have adequate segregation of functions within the accounting system.

Criteria: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU314.43 defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT501.03 states:

“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Responses (continued)
Year Ended June 30, 2022

Cause: The cause of the condition is the fact that the City does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

Effect: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

Recommendation: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: It is not cost effective to achieve complete segregation of duties within the accounting function. No corrective action is considered necessary.

#2022-002 Budget Variance

Condition: The City's actual expenditures in the St. Landry & Acadia Parish Fire District Fund exceeded budgeted expenditures by greater than 5%.

Criteria: When total actual expenditures exceed total budgeted expenditures by 5% or more and/or when total revenues fail to meet total budgeted revenues by 5% or more or there has been a change in operation upon which the original adopted budget was developed, the City shall adopt a budget amendment in an open meeting to reflect such a change.

Cause: The cause of the condition is that the City did not make the necessary amendments to the budget prior to the year end.

Effect: Failure to properly amend the budget results in variances beyond the 5% of budgeted revenues and expenses and results in noncompliance with budget laws.

Recommendation: We recommend that the City make the necessary amendments to the budget prior to year end for changes in revenues and expenditures incurred.

Response: The City will make the necessary amendments to the budget prior to year end for changes in estimated expenses.

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Responses (continued)
Year Ended June 30, 2022

#2022-003 Timely Preparation of Bank Reconciliations

Condition: The City of Eunice did not reconcile bank accounts on a timely basis.

Criteria: All bank reconciliations should be prepared on a timely basis, as statements are received from the bank.

Cause: The Clerk was unable to prepare reconciliations in a timely manner due to unexpected circumstances arising and a shortage of staff.

Effect: Untimely preparation of bank reconciliations results in a delay in financial reporting and may also allow fraudulent activity to go undetected.

Recommendation: Bank reconciliations should be prepared on a monthly basis, as statements are available from the bank.

Response: In the future, bank reconciliations will be prepared in a timely manner, as statements are received from the bank.

Section III. Federal Award Findings and Questioned Costs

None.

CITY OF EUNICE, LOUISIANA

Status of Prior Years Findings and Questioned Costs
Year Ended June 30, 2022

#2021-001 Segregation of Accounting Functions

Condition: The City of Eunice did not have adequate segregation of functions within the accounting system.

Criteria: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU314.43 defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT501.03 states:

“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

Cause: The cause of the condition is the fact that the City does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

Effect: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

Recommendation: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: It is not cost effective to achieve complete segregation of duties within the accounting function. No corrective action is considered necessary.

Status: This finding is repeated as #2022-001.

#2021-002 Budget Variance

Condition: The City’s actual expenditures in the St. Landry & Acadia Parish Fire District Fund exceeded budgeted expenditures by greater than 5%. The City’s budgeted revenues in the General Fund exceeded actual revenues by greater than 5%.

CITY OF EUNICE, LOUISIANA

Status of Prior Years Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

- Criteria: When total actual expenditures exceed total budgeted expenditures by 5% or more and/or when total revenues fail to meet total budgeted revenues by 5% or more or there has been a change in operation upon which the original adopted budget was developed, the City shall adopt a budget amendment in an open meeting to reflect such a change.
- Cause: The cause of the condition is that the City did not make the necessary amendments to the budget prior to the year end.
- Effect: Failure to properly amend the budget results in variances beyond the 5% of budgeted revenues and expenses and results in noncompliance with budget laws.
- Recommendation: We recommend that the City make the necessary amendments to the budget prior to year end for changes in revenues and expenditures incurred.
- Response: The City will make the necessary amendments to the budget prior to year end for changes in estimated expenses.
- Status: This finding is repeated as #2022-002 and originated in 2014.

#2021-003 Shortage of Pledged Securities

- Condition: Bank account balances at June 30, 2021 exceeded FDIC Insurance and pledged securities from B1 Bank by \$12,023.
- Criteria: Under state law, bank deposit balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the City's name.
- Cause: The Bank monitors the account balances at the beginning of each month to determine when more security pledges are necessary.
- Effect: At June 30, 2021, the City had interest bearing cash in bank in the amount of \$8,154,934 and insurance and security pledges of \$8,142,911, resulting in a shortage of pledges in the amount of \$12,023.

CITY OF EUNICE, LOUISIANA

Status of Prior Years Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

Recommendation: We recommend that the City monitor the security pledges at the end of each month to ensure that they have adequate coverage.

Response: Management understands this finding and agrees with the recommendation.

Status: This finding is cleared.

#2021-004 Timely Preparation of Bank Reconciliations

Condition: The City of Eunice did not reconcile bank accounts on a timely basis.

Criteria: All bank reconciliations should be prepared on a timely basis, as statements are received from the bank.

Cause: The Clerk was unable to prepare reconciliations in a timely manner due to unexpected circumstances arising and a shortage of staff.

Effect: Untimely preparation of bank reconciliations results in a delay in financial reporting and may also allow fraudulent activity to go undetected.

Recommendation: Bank reconciliations should be prepared on a monthly basis, as statements are available from the bank.

Response: In the future, bank reconciliations will be prepared in a timely manner, as statements are received from the bank.

Status: This finding is repeated as #2022-003 and originated in 2021.

CITY OF EUNICE, LOUISIANA

Schedule of Compensation Paid to Members of the Council
Year Ended June 30, 2022

Mayor, Scott Fontenot	\$54,810
Germain Simpson	7,119
Marion Sattler	13,700
Connie Thibodeaux	7,119
Chad Andrepont	7,119
Ernest Blanchard	7,119
	<u>\$96,986</u>

CITY OF EUNICE, LOUISIANA

Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
Year Ended June 30, 2022

Scott Fontenot, Mayor
Period: 12 Months

Salary	\$ 54,810
Benefits - retirement	13,691
Benefits - insurance	5,529
Cell phone	606

CITY OF EUNICE, LOUISIANA
 Justice System Funding Schedule - Receiving Entity
 As Required by Act 87 of the 2020 Regular Session
 Cash Basis Presentation
 Year Ended June 30, 2022

	First Six Month Period Ended <u>12/31/2021</u>	Second Six Month Period Ended <u>06/30/2022</u>
Receipts From:		
<i>Eunice City Court, Criminal Fines - Other</i>	\$ 7,008	\$ 3,185
<i>Eunice City Court, Witness Fees</i>	2,079	1,334
<i>Eunice City Court, Police</i>	<u>450</u>	<u>50</u>
Subtotal Receipts	<u>9,537</u>	<u>4,569</u>
Ending Balance of Amounts Assessed but Not Received	<u>\$ -</u>	<u>\$ -</u>

VIGE, TUJAGUE & NOEL, CPA'S
P. O. BOX 1006
EUNICE, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the City's Audited Financial Statement as of June 30, 2022.

2022-001 Segregation of Accounting Functions

A complete segregation of duties is not feasible due to the cost/benefit of hiring additional personnel and the size of the City's operations.

2022-002 Budget Variance

The City will make the necessary amendments to the budget prior to year end for changes in estimated expenses.

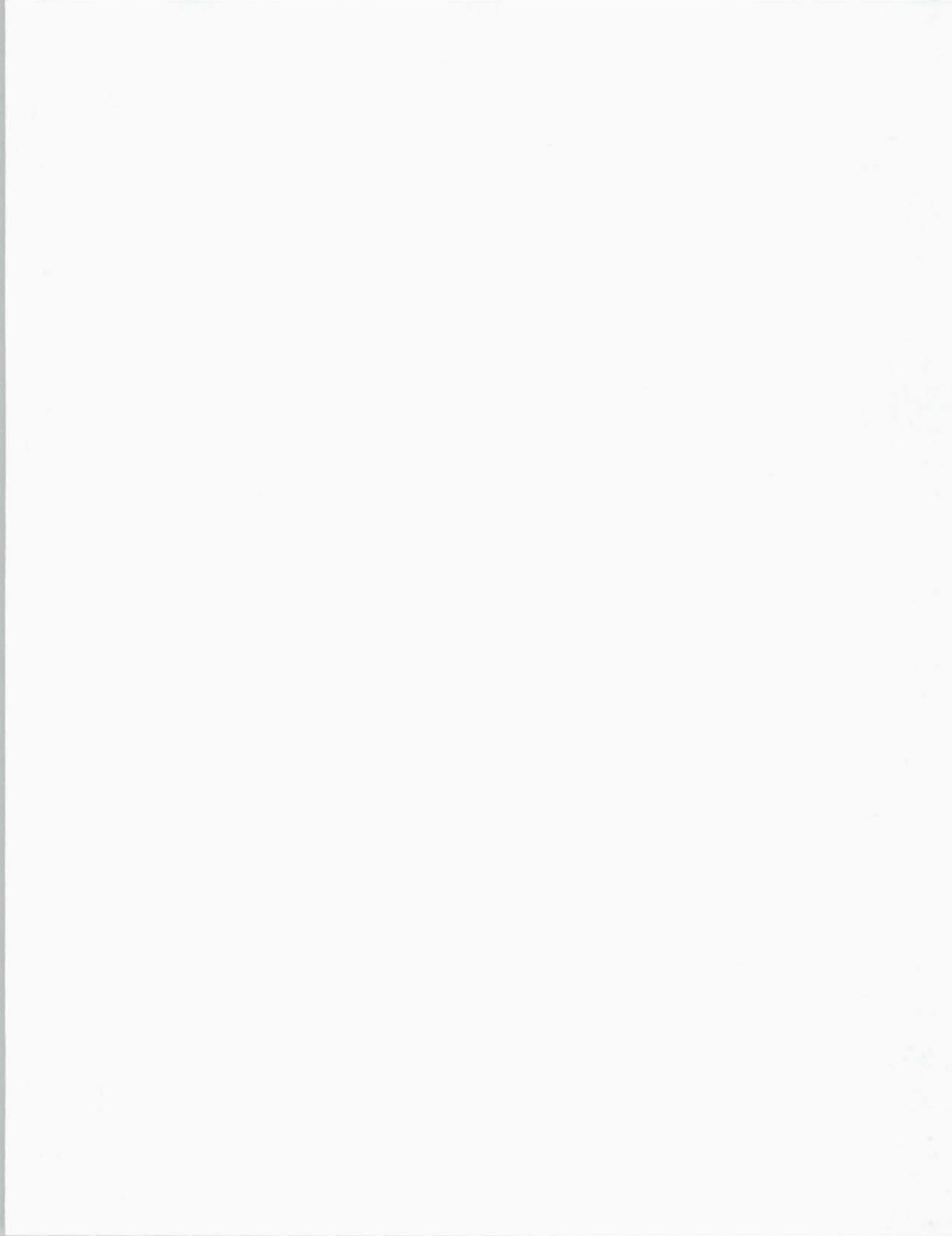
2022-003 Timely Preparation of Bank Reconciliations

In the future, bank reconciliations will be prepared in a timely manner, as statements are received from the bank.



Mayor Scott Fontenot

CITY OF EUNICE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES REPORT
YEAR ENDED JUNE 30, 2022



VIGE, TUJAGUE  NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Management and Board of Commissioners of the City of Eunice, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. City of Eunice, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

City of Eunice, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
Written policies and procedures were obtained and do address the functions noted above.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase

orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and do address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and do address the functions noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The City does not have policies and procedures addressing the functions noted above.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures were obtained and do address the functions noted above.

Board (or Finance Committee, if applicable)

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes do include monthly budget-to-actual comparisons.

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

Obtained the prior year audit report and observed that the unassigned fund balance was a positive balance.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly

select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

Bank reconciliations were not prepared within 2 months of the related statement closing date.

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

Bank reconciliations do not include evidence that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each reconciliation.

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

Bank reconciliations do include evidence that management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites from management and management provided representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

Employees responsible for cash collections do share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Employees responsible for collecting cash are not responsible for preparing/making bank deposits. Each employees collections are reconciled by another employee daily.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Employees responsible for collecting cash are responsible for posting collection entries to the general ledger or subsidiary ledger. The clerk reconciles the postings to each other and the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Employees responsible for collecting cash are not responsible for reconciling cash collections to the general ledger.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Employees who have access to cash are covered by the bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Observed that receipts are sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Traced receipts or collection documentation to the deposit slip with no exceptions.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Traced the deposit slip total to the actual deposit per the bank statement with no exceptions.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Observed that deposits were not made within one business day of receipt at the collection location.

- e) Trace the actual deposit per the bank statement to the general ledger.

Traced the actual deposits per the bank statement to the general ledger noting no exceptions.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Obtained written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

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

Obtained written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

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

Obtained written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

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

Obtained written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

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

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Observed that the disbursements matched the related original itemized invoice and the supporting documentation indicates deliverables included on the invoice were received.

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

Observed that the disbursement documentation included evidence of segregation of duties tested.

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

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

Obtained a listing of all active credit cards and management's representation that the listing is complete.

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

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

No exceptions noted.

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

No exceptions noted on the selected statements. .

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

No exceptions noted.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained a listing of all travel and travel-related expense reimbursements and management's representation that the listing is complete.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Observed that the contracts were not required to be bid in accordance with the Louisiana Public Bid Law.

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

Observed that the contracts were approved by the board.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Observed that no contracts were amended.

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

Randomly selected one payment from each of the contracts tested, and observed that the invoice and payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees and officials employed during the fiscal period, and management provided representation that the listing is complete. Randomly selected 5 employees and agreed paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Observed that all selected employees documented their daily attendance and leave.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Observed that supervisors approved the attendance and leave of the selected employees.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Observed that leave accrued and taken during the pay period is reflected in the cumulative leave records.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Observed that the rate paid to employees agrees to the authorized salary/pay rate found within the personnel file.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Management provided representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

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

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

The five employees selected for testing did not complete the one hour of ethics training.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

There were no changes made to the entity's ethics policy during the fiscal year.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Management has asserted that the Entity did not have any debt issued during the fiscal year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

There were no bonds/notes outstanding during the fiscal year.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the Entity did not have any misappropriations of public funds or assets during the reporting period.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Observed that the entity has posted on its premises, the required notice.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers

have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

The five employees selected for testing did not complete the required sexual harassment training.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

Observed that the entity has posted its sexual harassment policy and complaint procedure on the entity’s premises.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

Management did not prepare the annual sexual harassment report; however, management stated that there were no sexual harassment complaints.

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Management’s Response

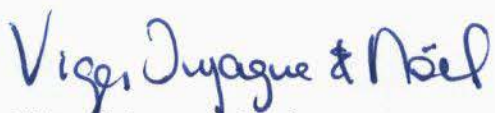
Management of the City of Eunice, Louisiana concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by City of Eunice, Louisiana to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion,

respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of City of Eunice, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Vige, Tujague & Noel
Eunice, Louisiana
December 8, 2022