

CITY OF JEANERETTE, LOUISIANA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

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To the Members of the Board of Aldermen
City of Jeanerette
Jeanerette, Louisiana

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Jeanerette, Louisiana (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the 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. Because of the matters described in the basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The supporting documentation of the City was not in existence or in an appropriate manner that we were unable to satisfy ourselves by other auditing procedures concerning the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2018.

As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded cash, receivables, payables, and the elements making up the respective changes in financial position, and, where applicable, cash flows.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of contributions – retirement plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We were not able to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which would have 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 would have obtained if we were able to audit the basic financial statements.

The City has omitted 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 required 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 disclaimer of opinion on the basic financial statements is not modified with respect to this missing information.

Other Matters - Supplementary Information

We were engaged to audit the accompanying financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, comparative financial statements, and other financial information are presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basis financial statements.

This supplemental 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. We were engaged to apply auditing procedures that were to be 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. Our disclaimer of opinion on the basic financial statements is not modified with respect to this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
(Certified Public Accountants)

Lafayette, Louisiana
March 15, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF JEANERETTE, LOUISIANA

**Statement of Net Position
June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,116,281	\$ 206,586	\$ 1,322,867
Investments	44,868	310,735	355,603
Receivables, net	-	370,349	370,349
Other receivables	278,073	-	278,073
Interfund balances	44,465	4,976	49,441
Prepaid items	12,425	-	12,425
Total current assets	<u>1,496,112</u>	<u>892,646</u>	<u>2,388,758</u>
Noncurrent assets:			
Restricted assets	-	135,214	135,214
Deferred outflows of resources - pensions	661,119	-	661,119
Capital assets:			
Nondepreciable	284,364	72,102	356,466
Depreciable, net of accumulated depreciation	5,246,167	9,326,560	14,572,727
Interfund advances	<u>(120,000)</u>	<u>(139,700)</u>	<u>(259,700)</u>
Total noncurrent assets	<u>6,071,650</u>	<u>9,394,176</u>	<u>15,465,826</u>
Total assets	<u>7,567,762</u>	<u>10,286,822</u>	<u>17,854,584</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	117,530	185,118	302,648
Bonds payable	<u>31,364</u>	<u>19,469</u>	<u>50,833</u>
Total current liabilities	<u>148,894</u>	<u>204,587</u>	<u>353,481</u>
Noncurrent liabilities:			
Accrued liabilities	40,000	-	40,000
Customers' deposits payable	-	130,000	130,000
Net pension liability	3,017,259	-	3,017,259
Deferred inflows of resources - pensions	324,672	-	324,672
Bonds payable	<u>1,536,701</u>	<u>2,249,635</u>	<u>3,786,336</u>
Total noncurrent liabilities	<u>4,918,632</u>	<u>2,379,635</u>	<u>7,298,267</u>
Total liabilities	<u>5,067,526</u>	<u>2,584,222</u>	<u>7,651,748</u>
NET POSITION			
Net investment in capital assets	3,962,466	7,129,558	11,092,024
Restricted for:			
Capital projects	108,262	-	108,262
Debt service	151,881	-	151,881
Other purposes	812,113	130,000	942,113
Unrestricted (deficit)	<u>(2,534,486)</u>	<u>443,042</u>	<u>(2,091,444)</u>
Total net position	<u>\$ 2,500,236</u>	<u>\$ 7,702,600</u>	<u>\$ 10,202,836</u>

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

CITY OF JEANERETTE, LOUISIANA

**Statement of Activities
Year Ended June 30, 2018**

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 1,802,808	\$ 875,768	\$ 609,793	\$ -	\$ (317,247)	\$ -	\$ (317,247)
Public safety:							
Police	801,418	31,713	-	-	(769,705)	-	(769,705)
Fire	176,725	-	102,447	-	(74,278)	-	(74,278)
Highways and streets	590,664	-	49,435	-	(541,229)	-	(541,229)
Interest on debt	65,876	-	-	-	(65,876)	-	(65,876)
Total governmental activities	3,437,491	907,481	761,675	-	(1,768,335)	-	(1,768,335)
Business-type activities:							
Garbage, water, and sewer	1,534,288	1,355,824	-	-	-	(178,464)	(178,464)
Total	\$ 4,971,779	\$ 2,263,305	\$ 761,675	\$ -	(1,768,335)	(178,464)	(1,946,799)
General revenues:							
Taxes -							
Property taxes					549,276	-	549,276
Sales and use taxes					788,254	-	788,254
Grants and contributions not restricted to specific programs -							
State sources					5,642	-	5,642
Interest and investment earnings					5,772	3,395	9,167
Miscellaneous					52,961	-	52,961
Transfers					95,513	(99,739)	(4,226)
Total general revenues and transfers					1,497,418	(96,344)	1,401,074
Change in net position					(270,917)	(274,808)	(545,725)
Net position, as restated - July 1, 2017					2,771,153	7,977,408	10,748,561
Net position - June 30, 2018					\$ 2,500,236	\$ 7,702,600	\$ 10,202,836

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

MAJOR FUNDS' DESCRIPTIONS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

1% Sales Tax Fund

To account for the receipt and use of proceeds of the City's one percent (1%) sales and use tax.

ENTERPRISE FUND

Utility Fund

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

FUND FINANCIAL STATEMENTS

CITY OF JEANERETTE, LOUISIANA

**Balance Sheet
Governmental Funds
June 30, 2018**

ASSETS	General	1% Sales Tax	Other Governmental Funds	Total
Cash	\$ 44,731	\$ -	\$ 489,960	\$ 534,691
Interest-bearing deposits	264,954	120,675	195,961	581,590
Investments	6,982	-	37,886	44,868
Receivables:				
Due from other funds	132,703	100,293	44,111	277,107
Other receivables	18,373	-	259,700	278,073
Prepaid items	12,425	-	-	12,425
Total assets	\$ 480,168	\$ 220,968	\$ 1,027,618	\$ 1,728,754
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 41,855	\$ 402	\$ 7,918	\$ 50,175
Accrued liabilities	237	-	-	237
Due to other funds	115,956	801	115,885	232,642
Advance from other funds	120,000	-	-	120,000
Total liabilities	278,048	1,203	123,803	403,054
Fund balances:				
Nonspendable	12,425	-	-	12,425
Restricted	-	219,765	903,815	1,123,580
Unassigned (deficit)	189,695	-	-	189,695
Total fund balances (deficit)	202,120	219,765	903,815	1,325,700
Total liabilities and fund balances	\$ 480,168	\$ 220,968	\$ 1,027,618	\$ 1,728,754

(continued)

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

CITY OF JEANERETTE, LOUISIANA

**Balance Sheet (continued)
Governmental Funds
June 30, 2018**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

Total fund balances for governmental funds \$ 1,325,700

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

Deferred outflows of resources related to pensions are not reported in governmental funds 661,119

Deferred inflows of resources related to pensions are not reported in governmental funds (324,672)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	284,364	
Buildings, net of accumulated depreciation	1,155,248	
Improvements, net of accumulated depreciation	2,890,248	
Infrastructure, net of accumulated depreciation	<u>1,200,671</u>	
		5,530,531

The liability for pension expense is an actuarial calculation of future obligations related to retirement, survivor, disability, and termination benefits, and is not due and payable in the current period and, therefore, is not reported in the governmental funds (3,017,259)

Noncurrent liabilities, including bonds payable, not due and payable in the current period and therefore are not reported as liabilities in the funds:

Bonds payable	(1,568,065)	
Accrued interest payable	(67,118)	
Compensated absences	<u>(40,000)</u>	
		<u>(1,675,183)</u>

Total net position of governmental activities \$2,500,236

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

CITY OF JEANERETTE, LOUISIANA

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018**

	<u>General</u>	<u>1% Sales Tax</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues:				
Taxes	\$ 707,892	\$ 425,573	\$ 489,854	\$ 1,623,319
Licenses and permits	192,851	-	-	192,851
Intergovernmental	469,263	-	247,543	716,806
Fines and forfeits	7,480	-	-	7,480
Miscellaneous	372,680	107	1,116	373,903
Total revenues	<u>1,750,166</u>	<u>425,680</u>	<u>738,513</u>	<u>2,914,359</u>
Expenditures:				
Current -				
General government	1,277,075	48,000	280,489	1,605,564
Public safety:				
Police	693,308	-	-	693,308
Fire	80,111	-	-	80,111
Highways and streets	417,132	-	-	417,132
Capital outlay	14,096	-	-	14,096
Debt service -				
Principal retirement	-	-	31,364	31,364
Interest and fiscal charges	-	-	65,876	65,876
Total expenditures	<u>2,481,722</u>	<u>48,000</u>	<u>377,729</u>	<u>2,907,451</u>
Excess (Deficiency) of revenues over expenditures	<u>(731,556)</u>	<u>377,680</u>	<u>360,784</u>	<u>6,908</u>
Other financing sources (uses):				
Transfers in	871,267	-	26,937	898,204
Transfers out	(3,000)	(462,225)	(337,466)	(802,691)
Total other financing sources (uses)	<u>868,267</u>	<u>(462,225)</u>	<u>(310,529)</u>	<u>95,513</u>
Net changes in fund balances	136,711	(84,545)	50,255	102,421
Fund balances, beginning (restated)	<u>65,409</u>	<u>304,310</u>	<u>853,560</u>	<u>1,223,279</u>
Fund balances (deficit), ending	<u>\$ 202,120</u>	<u>\$ 219,765</u>	<u>\$ 903,815</u>	<u>\$ 1,325,700</u>

The accompanying notes are an integral part of these financial statements.

(continued)

CITY OF JEANERETTE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended June 30, 2018

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 102,421
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense for the year ended	\$ <u>(250,828)</u> (250,828)
Governmental funds report bonded debt repayments, including interest, as expenditures. However, principal repayments do not appear in the statement of activities since the payment is applied against the bond payable balance on the statement of net position.	31,364
The change in the liability for pension expense is an actuarial calculation of future obligations related to retirement, survivor, disability, and termination benefits, and is not due and payable in the current period and, therefore, is not reported in the governmental funds.	(113,874)
Some expenses reported in the statement of activities, such as compensated absences and accrued interest expense, do not require the use of current financial resources and are not reported as expenditures in governmental funds	<u>(40,000)</u>
Total changes in net position per Statement of Activities	<u>\$ (270,917)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JEANERETTE, LOUISIANA

**Statement of Net Position
Proprietary Fund
June 30, 2018**

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 206,586
Investments	310,735
Receivables, net	370,349
Due from other funds	<u>59,730</u>
Total current assets	<u>947,400</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	135,214
Capital assets, net of accumulated depreciation	<u>9,398,662</u>
Total noncurrent assets	<u>9,533,876</u>
Total assets	<u>10,481,276</u>
LIABILITIES	
Current liabilities:	
Accounts payable	133,231
Accrued liabilities	51,887
Revenue bonds	19,469
Due to other funds	<u>54,754</u>
Total current liabilities	<u>259,341</u>
Noncurrent liabilities:	
Advance from other funds	139,700
Bonds payable:	
Payable from restricted assets -	
Revenue bonds and notes payable	2,249,635
Customer deposits payable	<u>130,000</u>
Total noncurrent liabilities	<u>2,519,335</u>
Total liabilities	<u>2,778,676</u>
NET POSITION	
Net investment in capital assets	7,129,558
Unrestricted	<u>573,042</u>
Total net position	<u>\$ 7,702,600</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JEANERETTE, LOUISIANA

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2018**

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Water sales	\$ 610,760
Sewer service charges	389,242
Garbage revenue	282,256
Connections, installations, etc.	26,775
Penalties	43,493
Miscellaneous	<u>3,298</u>
Total operating revenues	<u>1,355,824</u>
 Operating expenses:	
Chemicals	77,652
Consulting and testing fees	43,398
Water certification fees	21,553
Depreciation expense	417,749
Equipment rental	1,527
Garbage service contract	239,294
Insurance	87,797
Miscellaneous	38,299
Office expense	10,114
Payroll taxes	2,789
Salaries and benefits	174,769
Professional fees	33,299
Supplies and repairs	191,789
Utilities and telephone	<u>194,259</u>
Total operating expenses	<u>1,534,288</u>
 Operating loss	 <u>\$ (178,464)</u>

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF JEANERETTE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position (continued)

Proprietary Fund

Year Ended June 30, 2018

	<u>Enterprise Fund</u>
Nonoperating revenues (expenses):	
Interest income	\$ 3,395
Loss before contributions and transfers	(175,069)
Transfers in	73,466
Transfers out	<u>(173,205)</u>
Change in net position	(274,808)
Net position, beginning (restated)	<u>7,977,408</u>
Net position, ending	<u>\$ 7,702,600</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JEANERETTE, LOUISIANA

**Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2018**

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 982,177
Payments to suppliers	(541,951)
Payments to employees	<u>(177,558)</u>
Net cash provided by operating activities	<u>262,668</u>
Cash flows from noncapital financing activities:	
Payments to other funds	<u>(99,739)</u>
Cash flows from capital and related financing activities:	
Payment on debt	<u>(38,853)</u>
Net cash used by capital and related financing activities	<u>(38,853)</u>
Cash flows from investing activities:	
Interest on investments	<u>3,395</u>
Net cash provided by investing activities	<u>3,395</u>
Net increase in cash and cash equivalents	127,471
Cash, cash equivalents, and restricted cash, beginning	<u>214,329</u>
Cash, cash equivalents, and restricted cash, ending	<u>\$ 341,800</u>

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF JEANERETTE, LOUISIANA

**Statement of Cash Flows (continued)
Proprietary Fund
Year Ended June 30, 2018**

	<u>Enterprise Fund</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (178,464)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	417,749
Changes in current assets and liabilities:	
(Increase) decrease in accounts receivable	(41,168)
Increase (decrease) in accounts payable	31,203
Increase (decrease) in accrued liabilities	<u>33,348</u>
Net cash provided by operating activities	<u>\$ 262,668</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 87,199
Cash - restricted	<u>127,130</u>
Total cash and cash equivalents	<u>214,329</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	206,586
Cash - restricted	<u>135,214</u>
Total cash and cash equivalents	<u>341,800</u>
Net increase in cash and cash equivalents	<u>\$ 127,471</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JEANERETTE, LOUISIANA

**Statement of Agency Assets and Liabilities
June 30, 2018**

	Agency Funds		Total Agency Funds
	Payroll	Disbursement	
ASSETS			
Cash	\$ -	\$ 3,604	\$ 3,604
Receivables:			
Other receivables	137,863	205,897	343,760
 Total assets	 \$ 137,863	 \$ 209,501	 \$ 347,364
LIABILITIES			
Accrued liabilities	\$ 137,863	\$ 209,501	\$ 347,364
 Total liabilities	 \$ 137,863	 \$ 209,501	 \$ 347,364

The accompanying notes are an integral part of these financial statements.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of Jeanerette (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Such accounting and reporting procedures also conform to the requirements of the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

Governmental Accounting Standards Board Statement 14, *The Financial Reporting Entity*, established criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the City to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature of significance of the relationship.

Based upon the application of the above criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

The following organizations are related organizations which have not been included in the reporting entity:

Jeanerette Volunteer Fire Department –

The Jeanerette Volunteer Fire Department is governed by a group of volunteer citizens. The Jeanerette Volunteer Fire Department is not fiscally dependent on the City; however, the City includes certain revenues received and expenditures paid for the Fire Department as part of its general fund.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

A. Financial Reporting Entity - continued

Jeanerette City Court –

The Jeanerette City Court is administered by an independently elected official. Although the City does provide facilities and some of its financing, no control is exercised over its operations.

Bicentennial Park and Museum Board –

The Mayor and Board of Alderman are responsible for appointing the members of the Board, but the City's accountability for this organization does not extend beyond making these appointments.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting 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 non-exchange 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 and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation - continued

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

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

Governmental funds are those through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The major funds of the City are described below:

General Fund

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

Special Revenue Funds

1% Sales Tax Fund –

The 1% Sales Tax Fund is used to account for the receipt and use of proceeds of the City's 1% sales and use tax.

CITY OF JEANERETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

B. Basis of Presentation - continued

Proprietary Fund

Enterprise Fund –

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

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds –

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

Debt Service Funds –

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

Capital Project Funds –

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

C. Measurement Focus/Basis of Accounting

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

CITY OF JEANERETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Measurement Focus/Basis of Accounting – continued

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 expendable financial resources during a given period. These funds use fund balance as their measure of available expendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net 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 statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

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

CITY OF JEANERETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities and Equity

Cash, interest-bearing deposits, and investments

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

Under state law, the City may invest in United States bonds, treasury notes, or certificates. Investments are stated at amortized cost.

For the purpose of the proprietary fund statement of cash flows, "cash, cash equivalents, and restricted cash," include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

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

Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Capital assets

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

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities and Equity - continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5-7 years
Utility system and improvements	25 years
Infrastructure	20-50 years

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

Restricted Assets

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

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Long-term debt consists primarily of compensated absences payable, rental deposits payable, bonds payable and utility meter deposits payable.

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

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities and Equity - continued

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation credits earned by employees range from 4 hours per month to 14 hours per month depending upon length of service. Two-thirds (2/3) of vacation credits earned during an employment year must be taken that year. Only one-third (1/3) of accumulated vacation time may be carried over to the following year. Employees may accumulate a maximum of 120 sick days, and any sick leave credit due an employee whose service with the City is terminated by reason of resignation or discharge is canceled.

Equity Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists 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 – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund financial statements

Proprietary fund equity is classified the same as in the government-wide statements. In the fund statements, governmental fund equity is classified as fund balance. Fund balance for the City’s governmental funds is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other government.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities and Equity - continued

- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Alderman. The Board is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the Board of Alderman may assign amounts for specific purposes.
- e. Unassigned – all other spendable amounts.

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 amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board members have provided otherwise in its commitment or assignment actions.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified by function and character in governmental funds and as operating or non-operating in proprietary funds.

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

Interfund Transfers

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

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Ad Valorem tax	See Note 8
Sales tax	See Note 9

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

G. Capitalization of Interest Expense

It is the policy of the City to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2018, there were no borrowings for assets under construction which resulted in the capitalization of interest expense.

H. Use of Estimates

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

(2) CASH, INTEREST-BEARING DEPOSITS AND INVESTMENTS

Cash and Interest-bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the City had cash and interest-bearing deposits (book balances) totaling \$1,458,081 as follows:

Demand deposits	\$ 1,373,636
Time deposits	84,445
Total	<u>\$ 1,458,081</u>

CITY OF JEANERETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

(2) CASH, INTEREST-BEARING DEPOSITS AND INVESTMENTS - continued

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the City or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2018 were secured as follows:

Bank balances	<u>\$ 1,645,323</u>
Federal deposit insurance	600,285
Uninsured and collateralized with securities	<u>910,984</u>
Total FDIC insurance and pledged securities	<u>\$ 1,511,269</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or the City will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The City does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At June 30, 2018, deposits in the amount of \$134,054 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the City's name.

Investments

At June 30, 2018, the City's investments totaled \$355,603 as follows:

Description	Approximate Fair Value
<u>Governmental Activities:</u>	
Louisiana Asset Management Pool (LAMP)	\$ 44,868
<u>Business-Type Activities:</u>	
Louisiana Asset Management Pool (LAMP)	<u>310,735</u>
	<u>\$ 355,603</u>

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statements No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for all public entity investments.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(2) CASH, INTEREST-BEARING DEPOSITS AND INVESTMENTS - continued

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk – LAMP is rated AAAM by Standard & Poor’s.

Custodial credit risk – LAMP participants’ investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity’s investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP’s total investments is 47 from LAMP’s monthly Portfolio Holdings as of June 30, 2018.

Foreign currency risk – not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

(3) RECEIVABLES

Receivables at June 30, 2018 consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Accounts	\$ -	\$ 489,327	\$ 343,760	\$ 833,087
Less: allowance for uncollectibles	-	<u>118,978</u>	-	<u>118,978</u>
Net receivables	<u>\$ -</u>	<u>\$ 370,349</u>	<u>\$ 343,760</u>	<u>\$ 714,109</u>

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(4) RESTRICTED ASSETS

Restricted assets consisted of the following at June 30, 2018:

	<u>Business-Type Activities</u>
Cash and interest bearing deposits	\$ <u>135,214</u>

(5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balance 07/01/17</u>	<u>Additions</u>	<u>Balance 06/30/18</u>
Governmental activities:			
Capital assets not being depreciated:			
Land	\$ 284,364	\$ -	\$ 284,364
Capital assets being depreciated:			
Buildings	12,234,800	-	12,234,800
Improvements, other than buildings	6,352,712	-	6,352,712
Equipment, furniture and fixtures	2,249,807	-	2,249,807
Infrastructure	1,381,521	-	1,381,521
Totals	<u>22,503,204</u>	<u>-</u>	<u>22,503,204</u>
Less: accumulated depreciation:			
Buildings	11,038,482	41,070	11,079,552
Improvements, other than buildings	3,289,564	172,900	3,462,464
Equipment, furniture and fixtures	2,245,742	4,065	2,249,807
Infrastructure	148,057	32,793	180,850
Total accumulated depreciation	<u>16,721,845</u>	<u>250,828</u>	<u>16,972,673</u>
Governmental activities, capital assets, net	<u>\$ 5,781,359</u>	<u>\$ 250,828</u>	<u>\$ 5,530,531</u>

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(5) CAPITAL ASSETS - continued

	<u>Balance</u> <u>07/01/17</u>	<u>Additions</u>	<u>Balance</u> <u>06/30/18</u>
Business-type activities:			
Capital assets not being depreciated:			
Land-sewer system	\$ 72,102	\$ -	\$ 72,102
Capital assets being depreciated:			
Water system	10,648,769	-	10,648,769
Sewer system	7,622,665	-	7,622,665
Machinery and equipment	346,033	-	346,033
Totals	<u>18,689,569</u>	<u>-</u>	<u>18,689,569</u>
Less: accumulated depreciation:			
Water system	4,794,683	210,736	5,005,419
Sewer system	5,000,992	186,336	5,187,328
Machinery and equipment	330,730	20,677	351,407
Total accumulated depreciation	<u>10,126,405</u>	<u>417,749</u>	<u>10,544,154</u>
Business-type activities, capital assets, net	<u>\$ 8,563,164</u>	<u>\$ 417,749</u>	<u>\$ 8,145,415</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	39,293
Public safety-		
Police		19,062
Fire		18,941
Highway and streets		173,532
Total depreciation expense – governmental activities	<u>\$</u>	<u>250,828</u>
Business-type activities:		
Water	\$	223,581
Sewer		194,168
Total depreciation expense-business-type activities	<u>\$</u>	<u>417,749</u>

(6) ACCOUNTS AND OTHER PAYABLES

The accounts and other payables consisted of the following at June 30, 2018:

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Fiduciary</u> <u>Funds</u>	<u>Total</u>
Accounts payable	\$ 117,530	\$ 185,118	\$ -	\$ 302,648
Accrued liabilities	<u>40,000</u>	<u>-</u>	<u>209,501</u>	<u>249,501</u>
Totals	<u>\$ 157,530</u>	<u>\$ 185,118</u>	<u>\$ 209,501</u>	<u>\$ 552,149</u>

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(7) LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of the City for the year ended June 30, 2018:

	<u>7/1/2017</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>6/30/2018</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 1,598,187	\$ -	\$ 30,122	\$ 1,568,065	\$ 31,364
Compensated absences	40,000	40,000	40,000	40,000	-
Total long-term liabilities	<u>\$ 1,638,187</u>	<u>\$ 40,000</u>	<u>\$ 70,122</u>	<u>\$ 1,608,065</u>	<u>\$ 31,364</u>
Business-type activities:					
Compensated absences	\$ 9,059	\$ -	\$ -	\$ 9,059	\$ -
Customer's deposits payable	127,988	2,012	-	130,000	-
USDA revenue bond	2,366,052	-	38,853	2,327,199	39,824
Total long-term liabilities	<u>\$ 2,503,099</u>	<u>\$ 2,012</u>	<u>\$ 38,853</u>	<u>\$ 2,466,258</u>	<u>\$ 39,824</u>

General obligation and general obligation refunding bonds issued for governmental activity purposes are liquidated by debt service funds.

Bond anticipation notes issued for governmental activity funded through interim financing provided by financial institutions with final funding provided by indebtedness through the USDA.

The liability for compensated absences is expected to be liquidated by the fund incurring the liability.

Long-term liabilities for business-type activities are satisfied by the City's enterprise fund (the utility fund).

General obligation, general obligation refunding bonds, and revenue bonds at June 30, 2018 are comprised of the following individual issues:

Governmental Activities:

General Obligation Bonds:

\$1,870,000 2005 General Obligation Bonds due in annual installments of \$20,000 to \$94,000 through 7/13/2045; interest at 4.125% payable from the levy of a specific ad valorem tax

\$ 1,568,065

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(7) LONG-TERM LIABILITIES - continued

Business-Type Activities:

USDA Revenue Bond

\$2,463,000 Revenue bond due in monthly installments of \$8,079 through 12/10/2055; interest at 2.375%; payable from sewer revenues

\$ 2,327,199

The annual requirements to amortize all long-term debt outstanding as of June 30, 2018, including interest payments, are as follows:

Year Ending	<u>Governmental</u> <u>Activities</u> General		<u>Business-Type Activities</u> USDA Revenue		<u>Total</u>	
	<u>Obligation Bonds</u>		<u>Bond</u>			
<u>June30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	31,364	65,876	39,824	57,124	71,188	123,000
2020-2024	177,328	308,872	214,555	270,185	391,883	579,057
2025-2029	217,046	269,154	242,741	241,999	459,787	511,153
2030-2034	265,660	220,540	274,632	210,108	540,292	430,648
2035-2039	325,163	161,037	310,712	174,028	635,875	335,065
2040-2044	397,994	88,206	351,529	133,211	749,523	221,417
2045-2049	153,510	11,350	397,712	87,029	551,222	98,379
2050-2054	-	-	449,960	34,780	449,960	34,780
2055	-	-	45,534	347	45,534	347
	<u>\$1,568,065</u>	<u>\$1,125,035</u>	<u>\$2,327,199</u>	<u>\$1,208,811</u>	<u>\$3,895,264</u>	<u>\$2,333,846</u>

In accordance with Louisiana Revised Statute 39:562 the City is legally restricted from incurring long-term bonded debt payable solely from ad valorem taxations in excess of 35% of the assessed value of taxable property. At June 30, 2018, the statutory limit is \$7,758,395 and the outstanding bonded debt funded by ad valorem taxes, including interest, total \$2,693,100.

(8) AD VALOREM TAXES

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

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Iberia Parish.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(8) AD VALOREM TAXES - continued

For the year ended June 30, 2018, taxes of 36.88 mills were levied on property with assessed valuations totaling \$22,166,843 and were dedicated as follows:

General corporate purposes	28.13 mills
Debt service:	
Water system improvements	5.00 mills
General obligation bonds	3.75 mills

Total taxes levied for the year ended June 30, 2018 were \$817,512.

(9) SALES AND USE TAX

A. Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the City (2018 collections, \$425,573; 2017 collections, \$442,789; and 2016 collections, \$432,885) dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating and/or maintaining drainage facilities, street lighting facilities, sidewalks, sewers and sewerage disposal works, recreational facilities, public buildings and/or fire department stations and equipment, including fire engines; purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements and facilities; and maintaining and operating the municipal police department and garbage collection and disposal facilities, including the purchase of equipment therefore, title to which improvements shall be in the public name; or for any one or more of said purposes; and such tax to be subject to findings funding into bonds by the City into the manner authorized by Louisiana Revised Statutes of 1950.

B. Sales and Use Tax (1973)

Proceeds of a sales and uses tax levied by the City beginning in 1973 (2018 collections, \$115,155; 2017 collections, \$110,697; and 2016 collections, \$108,222) are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal works and waterworks facilities, and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, improvements and facilities.

C. Sales and Use Tax (1985)

Proceeds of a 1/4% sales and use tax levied by the City (2018 collections, \$115,155; 2017 collections, \$110,697; and 2016 collections, \$108,222) beginning in April 1985 are dedicated to and may be used for any lawful corporate purpose.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(9) SALES AND USE TAX - continued

D. Sales and Use Tax (2004)

Proceeds of a 1/4% sales and use tax levied by the City (2018 collections, \$115,155; 2017 collections, \$110,697; and 2016 collections, \$108,222) beginning in April 2004 are dedicated to and may be used for any lawful corporate purpose.

(10) RETIREMENT

Eligible employees of the City participate in three multiple-employer public employee retirement systems (PERS) which are controlled and administered by separate boards of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Benefits under each system are established and amended by state statutes. Pertinent information for each system follows:

Municipal Employees' Retirement System

Plan Description

Substantially all employees of the City, other than police and firefighting employees, are members of the municipal Employees Retirement System of Louisiana, a multiple-employer, public employee retirement system (MERS) controlled and administered by a separate board of trustees. All permanent employees working at least 35 hours per week who are paid wholly from City funds are eligible to participate. Contributions of participating agencies are pooled within the System to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

The System is composed of two distinct plans – Plan A and Plan B – with separate assets and benefit provisions. All participants are members of Plan A. Under Plan A employees who retire at or after age 60 with at least 10 years of creditable service or at or any age with at least 25 years of creditable service are entitled to retirement benefits, payable monthly for life, equal to 3% of their final average salary in excess of \$100 for each year of creditable service. Furthermore, employees commencing at or after age 60, with the benefit reduced 3% for each year retirement precedes age 60. In any case, monthly retirement benefits paid under Plan A cannot exceed the lesser of 100% of final average salary or \$70 multiplied by total years of creditable service.

Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees to terminate with a least the amount of creditable service stated above and do not withdraw their contribution may retire at the ages specified above and do not withdraw their contribution may retire at the ages specified above and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. The same statute establishes these benefits.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(10) RETIREMENT - continued

Funding Policy - continued

Contributions to the System include ¼ of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge. These tax dollars are divided between Plans A and B, based proportionately on the salaries of the active members of each plan. State statutes require covered employees to contribute a percentage of their salaries to the System.

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 of the prior fiscal year. Plan members are required to contribute 9.5% of their annual covered salary to the system while the City is required to contribute at the statutory rate of 22.75% of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2018, 2017 and 2016 were \$125,051, \$139,492 and \$106,061 respectively, equal to the required contribution for each year.

Under present statutes, the City does not guarantee the benefits granted by the System.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employees' Retirement System, 79337 Office Park Blvd., Baton Rouge, LA 70809.

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

At June 30, 2018, the City reported a liability totaling \$2,207,792 for its proportionate share of the net pension liability for the Fund. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's proportion was 0.527748% for the Fund.

For the year ended June 30, 2018, the City recognized pension expense for the Fund totaling \$447,349. Deducted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions total \$61,772 for the Fund.

For the year ended June 30, 2018, the City recognized revenue from ad valorem taxes and revenue sharing funds received by the Fund. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$32,483.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(10) RETIREMENT - continued

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

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 67,240
Change in assumptions	36,916	-
Changes in proportion	-	90,711
Net difference between projected and actual earnings on pension plan investments	445,206	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,108	-
	\$ 515,230	\$ 157,951

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognize in pension expense as follows:

Year Ended June 30:

2018	\$	109,403
2019		131,313
2020		96,597
2021		19,966
	\$	357,279

CITY OF JEANERETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

(10) RETIREMENT - continued

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation for the Fund was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date: June 30, 2017

Actuarial Cost Method: Entry Age Normal Cost

Actuarial Assumptions:

Investment Rate of Return: 7.4% of net investment expense, including inflation

Salary increases, including
inflation and merit increases: 5.0%

Mortality Rates:

RP-2000 Employees Sex Distinct Table (set back 2 years
for both males and females)
RP-2000 Disabled Lives Mortality Tables (set back 5 years
for males and set back 3 years for females)
RP-2000 Healthy Annuitant Sex Distinct Mortality Tables
(set forward 2 years for males and 1 year for females)

Expected Remaining
Service Lives: 3 years

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

Discount Rate

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

CITY OF JEANERETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

(10) RETIREMENT - continued

Discount Rate - 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, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.3%
Public Fixed Income	35%	1.6%
Alternatives	15%	0.7%
Totals	<u>100%</u>	<u>4.6%</u>
Inflation		2.6%
Expected Arithmetic Nominal Return		7.2%

The discount rate used to measure the total pension liability was 7.40% for the year ended June 30, 2017. 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, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on these assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the Net Pension Liability using the discount rate of 7.40%, as well as what the City's proportionate share of the Net Pension Liability/(Asset) would be if it were calculated using a discounted rate that is one percentage point lower, or one percentage point higher than the current rate:

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
City's proportionate share of the Net Pension Liability/(Asset)	\$ 2,813,461	\$ 2,207,792	\$ 1,691,173

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(10) RETIREMENT - continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

Municipal Police Employees' Retirement System

Plan Description

All employees of the City's Police Department are members of the Municipal Police Employees Retirement System of Louisiana, a multiple-employer retirement system (MPERS) controlled and administered by a separate board of trustees. Membership is mandatory for any full-time police officer employed by a municipality 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, with contribution rates approved by the Louisiana Legislature.

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he or she 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 of creditable service and is age 55. A member is eligible for early retirement after he or she 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 (3 1/3%) of average final compensation (average monthly earnings during the highest 36 consecutive month 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 (40%-60%) of the members' average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent (10%) of the member's average final compensation or \$200 per month.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. The same statute establishes these benefits.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(10) RETIREMENT - continued

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 or she has been a member of 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 or she has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly 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 (25%-55%) of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent (10%) of average final compensation or \$200 per month, whichever is greater. If a deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Funding Policy

Contributions to the System include 1/4 of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge. State statutes require covered employees to contribute a percentage of their salaries to the System. 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. Plan members are required to contribute 10% of their annual covered salary to the system while the City is required to contribute at the statutory rate of 31% of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2018, 2017, and 2016 were \$89,143, \$106,651, and \$88,843, respectively, equal to the required contribution for each year. Under present statutes, the City does not guarantee the benefits granted by the System. A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employees' Retirement System, P. O. Box 94095, Baton Rouge, LA 70804-9095.

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

At June 30, 2018, the City reported a liability totaling \$809,467 for its proportionate share of the net pension liability for the Fund. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(10) RETIREMENT - continued

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

The City's proportion of the Net Pension was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the City's proportion was 0.092718% for the Fund.

For the year ended June 30, 2018, the City recognized pension expense for the Fund totaling \$150,567. Deducted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions total \$34,503 for the Fund.

For the year ended June 30, 2018, the City recognized revenue from ad valorem taxes and revenue sharing funds received by the Fund. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$17,700.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,300	\$ 6,222
Change in assumptions	57,598	-
Net difference between projected and actual earnings on pension plan investments	35,435	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,896	82,826
	\$ 144,229	\$ 89,048

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognize in pension expense as follows:

Year Ended June 30:

2018	\$ (32,865)
2019	63,833
2020	43,207
2021	(18,994)
	\$ 55,181

CITY OF JEANERETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

(10) RETIREMENT - continued

Valuation Date	June 30, 2017	
Actuarial Cost Method:	Entry Age Normal Cost	
Investment Rate of Return:	7.325% of net investment expense, including inflation	
Salary increases, including inflation and merit increases:	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%

Mortality Rates:

RP-2000 Combined healthy and Blue Collar Adjustment Sex distinct tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.
RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Expected Remaining Service Lives 4 years

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

Mortality Rate

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

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(10) RETIREMENT – 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, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	53.00%	3.66%
Fixed Income	21.00%	0.52%
Alternatives	20.00%	1.10%
Other	6.00%	0.16%
Totals	<u>100.00%</u>	<u>5.44%</u>
Inflation		2.75%
Expected Arithmetic Nominal Return		8.19%

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

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the Net Pension Liability using the discount rate of 7.325%, as well as what the City’s proportionate share of the Net Pension Liability/(Asset) would be if it were calculated using a discounted rate that is one percentage point lower, or one percentage point higher than the current rate:

	1% Decrease 6.325%	Current Discount Rate 7.325%	1% Increase 8.325%
City’s proportionate share of the Net Pension Liability/(Asset)	\$ 1,118,357	\$ 809,467	\$ 550,331

Detailed information about the pension plan’s fiduciary net position is available in the separately issued stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor’s website, www.lla.la.gov.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(10) RETIREMENT - continued

Firefighters' Retirement System

Plan Description

All employees of the City's Fire Department are members of the Firefighters' Retirement System of Louisiana, a multiple-employer retirement system (FRS) controlled and administered by a separate board of trustees. Membership is mandatory for any full-time firefighter who earns more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of Firefighters' Retirement System, providing he or she meets the statutory criteria, with contribution rates approved by the Louisiana Legislature.

Any person who becomes an employee as defined in the statutes on or after January 1, 1980 shall become a member as a condition of employment.

No person who has attained age fifty (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 fifty (50). No person who has not attained the age of eighteen (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.

Funding Policy

Contributions to the System include 1/4 of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge. State statutes require covered employees to contribute a percentage of their salaries to the System. 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. Plan members are required to contribute 10% of their annual covered salary to the system while the City is required to contribute at the statutory rate of 27.25% of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2018, 2017, and 2016 were \$ -, \$ -, and \$9,153, respectively, equal to the required contribution for each year. Under present statutes, the City does not guarantee the benefits granted by the System.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(10) RETIREMENT - continued

Firefighters' Retirement System

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

At June 30, 2018, the City reported a liability totaling \$ - for its proportionate share of the net pension liability for the Fund. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's proportion was 0.00000% for the Fund.

For the year ended June 30, 2018, the City recognized pension expense for the Fund totaling \$(13,392). Deducted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions total \$(13,392) for the Fund.

For the year ended June 30, 2018, the City recognized revenue from ad valorem taxes and revenue sharing funds received by the Fund. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$ -.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the Fund:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,660	77,673
	\$ 1,660	\$ 77,673

CITY OF JEANERETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

(10) RETIREMENT - continued

Firefighters' Retirement System

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognize in pension expense as follows:

Year Ended June 30:

2018	\$ (13,392)
2019	(13,392)
2020	(13,393)
2021	(13,095)
2022	(13,508)
2023	(9,233)
	<u>\$ (76,013)</u>

Actuarial Assumptions

Valuation Date	June 30, 2017
Actuarial Cost Method:	Entry Age Normal Cost
Investment Rate of Return:	7.4% per annum (net of fees)
Salary increases, including inflation and merit increases:	Varies from 15% in the first two years of service to 4.75% after 25 years
Mortality Rates:	RP-2000 Combined healthy and Blue Collar Adjustment Sex distinct tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.
Expected Remaining Service Lives:	7 years
Cost of Living Adjustments:	Only those previously granted were included.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(10) RETIREMENT - continued

Firefighters' Retirement System

Actuarial Assumptions - continued

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. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. 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, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 8.29% as of June 30, 2017.

Best estimates of arithmetic real rates of return for each major class includes in the System's target asset allocation as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Real Rate of Return</u>
Fixed Income	23%	2.04%
Equity	57%	6.82%
Alternatives	10%	6.68%
Other	10%	4.60%

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee 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.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(10) RETIREMENT - continued

Firefighters' Retirement System

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 6.40% or one percentage point higher 8.40% than the current rate as of June 30, 2017.

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
City's proportionate share of the Net Pension Liability/(Asset)	\$ -	\$ -	\$ -

The City did not participate in this retirement fund for the prior two reporting periods due to the nature of the fire department workforce. Subsequent to year end, the fire department employee is participating again.

(11) OTHER POST EMPLOYMENT BENEFITS

The City does not offer any post-employment benefits to its employees upon retirement.

(12) CONTINGENCIES

Litigation and Claims

There are lawsuits presently pending against the City as of June 30, 2018. In the suits pending, legal counsel and elected officials are of the opinion that any unfavorable outcome in these cases would be within the limits of the City's insurance coverage.

Grant Audits

The City receives grants for specific purposes that are subject to review and audit by governmental agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the City, such allowances, if any, will not be significant.

CITY OF JEANERETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

(13) COMPENSATION OF CITY OFFICIALS

A detail of compensation paid to elected officials for the year ended June 30, 2018 follows:

	<u>Compensation</u>	<u>Term Expires</u>
Board of Alderman		
Butch Bourgeois	\$ 5,100	June 30, 2019
Charles Williams	\$ 5,100	June 30, 2019
Clarence Clark	\$ 5,100	June 30, 2019
Kenneth Kern	\$ 5,100	June 30, 2019
Christia Simmons	\$ 5,100	June 30, 2019

(14) RISK MANAGEMENT

The City is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. The City is insured up to policy limits for each of the above risks. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(15) INTERFUND TRANSACTIONS

Interfund balances

The composition of interfund balances at June 30, 2018 consisted of the following:

	<u>General</u>	<u>1% Sales Tax</u>	<u>Other Governmental</u>	<u>Total</u>
Due to:				
General	\$ -	\$ -	\$ 132,703	\$ 132,703
1% Sales Tax	-	-	100,293	100,293
Other Governmental	1,709	-	42,402	44,111
Utility Fund	59,730	-	-	59,730
Totals	<u>\$ 61,439</u>	<u>\$ -</u>	<u>\$ 275,398</u>	<u>\$ 336,837</u>

These receivables and payables reverse in the normal course of operations. All remaining balances resulted from time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between the funds are made.

CITY OF JEANERETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

(15) INTERFUND TRANSACTIONS - continued

Interfund transfers

<u>Transfers out:</u>	<u>Transfers in</u>			
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Utility</u>	<u>Total</u>
General Fund	-	\$ 3,000	-	3,000
1% Sales Tax	461,000	1,225	-	462,225
Nonmajor Governmental	370,267	22,712	73,465	466,444
Utility	40,000	-	-	40,000
Totals	<u>\$ 871,267</u>	<u>\$ 26,937</u>	<u>\$ 73,465</u>	<u>\$ 971,669</u>

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

(16) FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

<u>Fund Balances:</u>	<u>General</u>	<u>1% Sales Tax</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable -				
Prepaid items	\$ 12,425	\$ -	\$ -	\$ 12,425
Total fund balances- nonspendable	<u>12,425</u>	<u>-</u>	<u>-</u>	<u>12,425</u>
Restricted for -				
Special programs	-	-	903,815	903,815
Sales and use tax restrictions	-	219,765	-	219,765
Total fund balances - reserved	<u>-</u>	<u>219,765</u>	<u>903,815</u>	<u>1,123,580</u>
Unassigned	<u>189,695</u>	<u>-</u>	<u>-</u>	<u>189,695</u>
Total fund balances	<u>\$ 202,120</u>	<u>\$ 219,765</u>	<u>\$ 903,815</u>	<u>\$ 1,325,700</u>

CITY OF JEANERETTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

(17) FUND DEFICITS

The following individual fund deficits which are not apparent from the face of the combined financial statements require disclosure:

Special Revenue:
 Bicentennial Museum \$ 1,671

It is anticipated that the deficits will be funded by excess revenues in subsequent periods or by appropriations from the utility fund.

(18) PRIOR PERIOD ADJUSTMENTS

Due to the lack of accounting records, inaccurate or incomplete accounting records, the following adjustment is necessary to correct the net positions as of June 30, 2018:

	Government Activities	Business-Type Activities
As previously reported	\$ 2,667,307	\$ 7,560,743
Restatement:		
Correction of errors	103,846	416,665
Restated as of June 30, 2018	\$ 2,771,153	\$ 7,977,408

(19) SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO MAYOR

A detail of compensation, benefits, and other payments paid to the Mayor (Aprill Foulcard) for the year ended June 30, 2018:

<u>Purpose</u>	<u>Description</u>
Salary	\$ 45,144
Benefits – Retirement	11,060

(20) SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 15, 2019, the date which the financial statements were available to be issued.

On January 25, 2018, the Fiscal Review Committee for the State of Louisiana voted to appoint a Fiscal Administrator for the City based on the review of the financial stability of the City.

Subsequent to year end, the Louisiana Legislative Auditor’s office performed an investigation into allegations against the City for misappropriation of assets and other allegations. The results of this investigation were released by the Legislative Auditor’s Office in a report dated October 24, 2018. That report can be found at www.lla.la.gov.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF JEANERETTE, LOUISIANA
General Fund**

**Budgetary Comparison Schedule
Year Ended June 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 766,110	\$ 700,546	\$ 707,892	\$ 7,346
Licenses and permits	160,500	164,555	192,851	28,296
Intergovernmental	432,740	406,311	469,263	62,952
Fines and forfeits	7,700	7,700	7,480	(220)
Miscellaneous	298,450	313,068	372,680	59,612
Total revenues	<u>1,665,500</u>	<u>1,592,180</u>	<u>1,750,166</u>	<u>157,986</u>
Expenditures:				
General government	1,114,094	1,273,328	1,277,075	(3,747)
Public safety:				
Police	696,340	624,370	693,308	(68,938)
Fire	65,185	60,439	80,111	(19,672)
Highways and streets	396,440	432,907	417,132	15,775
Capital outlay	13,704	13,704	14,096	(392)
Total expenditures	<u>2,285,763</u>	<u>2,404,748</u>	<u>2,481,722</u>	<u>(76,974)</u>
Deficiency of revenues over expenditures	<u>(620,263)</u>	<u>(812,568)</u>	<u>(731,556)</u>	<u>81,012</u>
Other financing sources:				
Transfers in	610,000	685,773	871,267	185,494
Transfers out	-	-	(3,000)	(3,000)
Total other financing sources	<u>610,000</u>	<u>685,773</u>	<u>868,267</u>	<u>182,494</u>
Net changes in fund balances	(10,263)	(126,795)	136,711	263,506
Fund balance, beginning, as restated	<u>65,409</u>	<u>65,409</u>	<u>65,409</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 55,146</u>	<u>\$ (61,386)</u>	<u>\$ 202,120</u>	<u>\$ 263,506</u>

See accompanying notes to budgetary comparison schedules.

CITY OF JEANERETTE, LOUISIANA
Special Revenue Fund
1% Sales Tax Fund

Budgetary Comparison Schedule
Year Ended June 30, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 380,000	\$ 380,000	\$425,573	\$ 45,573
Miscellaneous - interest	60	60	107	47
Total revenues	380,060	380,060	425,680	45,620
Expenditures:				
General government	51,190	51,190	48,000	3,190
Total expenditures	51,190	51,190	48,000	3,190
Excess of revenues over expenditures	328,870	328,870	377,680	48,810
Other financing sources (uses):				
Transfers out	(300,000)	(300,000)	(462,225)	(162,225)
Total other financing sources (uses)	(300,000)	(300,000)	(462,225)	(162,225)
Net changes in fund balances	28,870	28,870	(84,545)	(113,415)
Fund balances, beginning, as restated	304,310	304,310	304,310	-
Fund balances, ending	\$ 333,180	\$ 333,180	\$219,765	\$ (113,415)

See accompanying notes to budgetary comparison schedules.

CITY OF JEANERETTE, LOUISIANA

**NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2018**

1) Basis of Accounting

The budgets for the General Fund and 1% Sales Tax Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the City.

2) Budget Adoption

The City follows these procedures in establishing the budgetary data reflected in the supplementary information:

1. The City Clerk prepares a proposed budget and submits it to the Mayor and Board for the fiscal year no later than 45 days prior to the beginning of each fiscal year.
2. 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.
3. A public hearing is held on the proposed budget at least 10 days after publication of the call for the hearing.
4. After holding 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.
5. Budgetary amendments involving the transfers 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 Board of Alderman.
6. All budgetary appropriations lapse at the end of each year, except for capital expenditures.
7. Budgetary control is exercised at the fund level.

3) Actual Expenditures in Excess of Budgeted Appropriations

Actual expenditures exceeded budgeted appropriations in the General Fund by \$81,012.

**CITY OF JEANERETTE, LOUISIANA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018**

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency/(Excess)	Board's covered employee payroll	Contributions as a percentage of covered-employee payroll
Municipal Employees' Retirement System of Louisiana										
2015	0.462025%	\$ 1,185,763	\$ 827,131	143.36%	73.99%	\$ 155,087	\$ 155,087	\$ -	\$ 827,131	18.75%
2016	0.537571%	\$ 1,920,288	\$ 1,049,325	183.00%	66.18%	\$ 181,207	\$ 181,207	\$ -	\$ 917,503	19.75%
2017	0.571040%	\$ 2,340,528	\$ 771,604	303.33%	62.11%	\$ 152,392	\$ 139,492	\$ 12,900	\$ 771,604	18.08%
2018	0.527700%	\$ 2,207,792	\$ 789,189	279.75%	62.49%	\$ 179,540	\$ 218,042	\$ (38,502)	\$ 789,189	27.63%
Municipal Police Employees' Retirement System of Louisiana										
2015	0.126979%	\$ 794,390	\$ 400,730	198.24%	75.11%	\$ 132,241	\$ 132,241	\$ -	\$ 394,749	33.50%
2016	0.084414%	\$ 661,295	\$ 429,074	154.12%	70.73%	\$ 71,127	\$ 71,127	\$ -	\$ 212,319	33.50%
2017	0.085210%	\$ 798,658	\$ 431,216	185.21%	66.04%	\$ 131,521	\$ 106,651	\$ 24,870	\$ 431,216	24.73%
2018	0.092720%	\$ 809,467	\$ 385,606	209.92%	70.08%	\$ 126,787	\$ 87,882	\$ 38,905	\$ 385,606	22.79%
Firefighters' Retirement System of Louisiana										
2015	0.178950%	\$ 79,633	\$ 49,911	159.55%	76.02%	\$ 14,100	\$ 14,100	\$ -	\$ 49,911	28.25%
2016	0.018481%	\$ 99,744	\$ 33,995	293.41%	72.45%	\$ 11,488	\$ 11,488	\$ -	\$ 39,275	29.25%
2017	0.012493%	\$ 81,716	\$ 32,755	249.48%	68.16%	\$ 9,253	\$ -	\$ 9,253	\$ 32,755	0.00%
2018	0.000000%	\$ -	\$ -	0.00%	-73.55%	\$ -	\$ -	\$ -	\$ -	0.00%

* Amounts presented were determined as of the measurement date (previous fiscal year-end)

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

See independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF JEANERETTE, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2018

		Special Revenue Funds							
		1973 1/4%	1985 1/4%	2004 1/4%	Drainage- Mosquito Control	Section 8 Housing	Bicentennial Museum	Drug Interdiction	Commercial Revitalization
		Sales Tax	Sales Tax	Sales Tax					
ASSETS									
Cash	\$	-	-	-	\$ 123,837	\$ 59,025	\$ -	\$ 2,628	\$ -
Interest-bearing deposits		102,327	39,472	54,162	-	-	-	-	-
Investments		-	-	-	15,363	-	-	-	-
Receivables:									
Due from other funds		21,153	-	21,153	-	1,365	-	-	96
Other		-	-	-	259,700	-	-	-	-
Total assets		<u>\$ 123,480</u>	<u>\$ 39,472</u>	<u>\$ 75,315</u>	<u>\$ 398,900</u>	<u>\$ 60,390</u>	<u>\$ -</u>	<u>\$ 2,628</u>	<u>\$ 96</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable - other	\$	-	-	-	\$ 4,131	\$ 1,156	\$ -	\$ 334	\$ -
Due to other funds		-	-	-	89,236	11,405	1,671	-	-
Total liabilities		-	-	-	93,367	12,561	1,671	334	-
Fund balances -									
Restricted		123,480	39,472	75,315	305,533	47,829	(1,671)	2,294	96
Total fund balances		<u>123,480</u>	<u>39,472</u>	<u>75,315</u>	<u>305,533</u>	<u>47,829</u>	<u>(1,671)</u>	<u>2,294</u>	<u>96</u>
Total liabilities and fund balances		<u>\$ 123,480</u>	<u>\$ 39,472</u>	<u>\$ 75,315</u>	<u>\$ 398,900</u>	<u>\$ 60,390</u>	<u>\$ -</u>	<u>\$ 2,628</u>	<u>\$ 96</u>

(continued)

CITY OF JEANERETTE, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet - continued
June 30, 2018

	Debt Service Funds	Capital Project Funds				Total Nonmajor Governmental Funds
	2005 General Obligation Refunding Bonds	Water Plant Project	Street Improvement 2016	LCDBG	Canal Street Expansion	
				Sewer Treatment Plant Upgrade FY 2014-2015		
ASSETS						
Cash	\$ 151,634	\$ 85,642	\$ 67,034	140	\$ 20	\$ 489,960
Interest-bearing deposits	-	-	-	-	-	195,961
Investments	247	22,276	-	-	-	37,886
Receivables:						
Due from other funds	-	344	-	-	-	44,111
Other	-	-	-	-	-	259,700
Total assets	<u>\$ 151,881</u>	<u>\$ 108,262</u>	<u>\$ 67,034</u>	<u>\$ 140</u>	<u>\$ 20</u>	<u>\$ 1,027,618</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable - other	\$ -	\$ -	\$ 2,297	\$ -	\$ -	\$ 7,918
Due to other funds	-	-	1,340	12,233	-	115,885
Total liabilities	-	-	3,637	12,233	-	123,803
Fund balances -						
Restricted	151,881	108,262	63,397	(12,093)	20	903,815
Total fund balances	<u>151,881</u>	<u>108,262</u>	<u>63,397</u>	<u>(12,093)</u>	<u>20</u>	<u>903,815</u>
Total liabilities and fund balances	<u>\$ 151,881</u>	<u>\$ 108,262</u>	<u>\$ 67,034</u>	<u>\$ 140</u>	<u>\$ 20</u>	<u>\$ 1,027,618</u>

CITY OF JEANERETTE, LOUISIANA
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2018

	Special Revenue Funds							
	1973 1/4% Sales Tax	1985 1/4% Sales Tax	2004 1/4% Sales Tax	Drainage- Mosquito Control	Section 8 Housing	Bicentennial Museum	Drug Interdiction	Commercial Revitalization
Revenues:								
Taxes	\$ 115,155	\$ 115,155	\$ 115,155	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	100,382	147,161	-	-	-
Interest	151	46	46	162	113	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>115,306</u>	<u>115,201</u>	<u>115,201</u>	<u>100,544</u>	<u>147,274</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
General government	-	-	-	85,226	-	-	-	-
Urban development and housing	-	-	-	-	164,702	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,226</u>	<u>164,702</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>115,306</u>	<u>115,201</u>	<u>115,201</u>	<u>15,318</u>	<u>(17,428)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:								
Transfers in	-	-	15,000.00	6,000	-	-	-	-
Transfers out	(71,430)	(124,500)	(124,500)	(2,036)	-	-	-	-
Total other financing sources	<u>(71,430)</u>	<u>(124,500)</u>	<u>(109,500)</u>	<u>3,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	43,876	(9,299)	5,701	19,282	(17,428)	-	-	-
Fund balances, beginning (restated)	<u>79,604</u>	<u>48,771</u>	<u>69,614</u>	<u>286,251</u>	<u>65,257</u>	<u>(1,671)</u>	<u>2,294</u>	<u>96</u>
Fund balances (deficit), ending	<u>\$ 123,480</u>	<u>\$ 39,472</u>	<u>\$ 75,315</u>	<u>\$ 305,533</u>	<u>\$ 47,829</u>	<u>\$ (1,671)</u>	<u>\$ 2,294</u>	<u>\$ 96</u>

(continued)

**CITY OF JEANERETTE, LOUISIANA
Nonmajor Governmental Funds**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - continued
Year Ended June 30, 2018**

	Debt Service Funds		Capital Project Funds			Total Nonmajor Governmental Funds
	2005 General Obligation Refunding Bonds	Water Plant Project	Street Improvement 2016	LCDBG Sewer Treatment Plant Upgrade FY 2014-2015	Canal Street Expansion	
Revenues:						
Taxes	\$ 589	\$ 82,956	\$ 60,844	\$ -	\$ -	\$ 489,854
Intergovernmental	-	-	-	-	-	247,543
Interest	334	244	-	-	-	1,096
Miscellaneous	-	-	-	-	20	20
Total revenues	<u>923</u>	<u>83,200</u>	<u>60,844</u>	<u>-</u>	<u>20</u>	<u>738,513</u>
Expenditures:						
General government	-	-	30,561	-	-	115,787
Urban development and housing	-	-	-	-	-	164,702
Principal retirement	-	97,240	-	-	-	97,240
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>97,240</u>	<u>30,561</u>	<u>-</u>	<u>-</u>	<u>377,729</u>
Excess (deficiency) of revenues over expenditures	<u>923</u>	<u>(14,040)</u>	<u>30,283</u>	<u>-</u>	<u>20</u>	<u>360,784</u>
Other financing sources:						
Transfers in	-	-	-	5,937	-	26,937
Transfers out	(15,000)	-	-	-	-	(337,466)
Total other financing sources	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>5,937</u>	<u>-</u>	<u>(310,529)</u>
Net change in fund balance	(14,077)	(14,040)	30,283	5,937	20	50,255
Fund balances, beginning (restated)	<u>165,958</u>	<u>122,302</u>	<u>33,114</u>	<u>(18,030)</u>	<u>-</u>	<u>853,560</u>
Fund balances (deficit), ending	<u>\$ 151,881</u>	<u>\$ 108,262</u>	<u>\$ 63,397</u>	<u>\$ (12,093)</u>	<u>\$ 20</u>	<u>\$ 903,815</u>

CITY OF JEANERETTE, LOUISIANA

**Schedule of Net Position
June 30, 2018
With Comparative Totals as of June 30, 2017**

	Governmental Activities	Business-Type Activities	Total	
			2018	2017
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 1,116,281	\$ 206,586	\$ 1,322,867	\$ 1,224,455
Investments	44,868	310,735	355,603	351,869
Receivables, net	-	370,349	370,349	329,181
Other receivables	278,073	-	278,073	260,862
Interfund balances	44,465	4,976	49,441	337
Prepaid items	12,425	-	12,425	32,036
Total current assets	<u>1,496,112</u>	<u>892,646</u>	<u>2,388,758</u>	<u>2,198,740</u>
Noncurrent assets:				
Restricted assets	-	135,214	135,214	127,130
Deferred outflows of resources - pensions	661,119	-	661,119	1,050,075
Capital assets not being depreciated	284,364	72,102	356,466	356,466
Capital assets net of accumulated depreciation	5,246,167	9,326,560	14,572,727	14,823,555
Interfund advances	(120,000)	(139,700)	(259,700)	(259,700)
Total noncurrent assets	<u>6,071,650</u>	<u>9,394,176</u>	<u>15,465,826</u>	<u>16,097,526</u>
Total assets	<u>7,567,762</u>	<u>10,286,822</u>	<u>17,854,584</u>	<u>18,296,266</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	117,530	185,118	302,648	396,299
Deferred revenue	-	-	-	24,377
Bonds payable	31,364	19,469	50,833	49,591
Total current liabilities	<u>148,894</u>	<u>204,587</u>	<u>353,481</u>	<u>470,267</u>
Noncurrent liabilities:				
Accrued liabilities	40,000	-	40,000	47,174
Net pension liability	3,017,259	-	3,220,902	3,220,902
Deferred inflows of resources - pensions	324,672	-	324,672	282,498
Customers' deposits payable	-	130,000	130,000	127,988
Bonds payable	1,536,701	2,249,635	3,786,336	3,914,648
Total noncurrent liabilities	<u>4,918,632</u>	<u>2,379,635</u>	<u>7,501,910</u>	<u>7,593,210</u>
Total liabilities	<u>5,067,526</u>	<u>2,584,222</u>	<u>7,651,748</u>	<u>8,063,477</u>
NET POSITION				
Net investment in capital assets	3,962,466	7,129,558	11,092,024	11,215,782
Restricted for:				
Capital projects	108,262	-	108,262	104,272
Debt service	151,881	-	151,881	165,958
Other purposes	812,113	130,000	942,113	855,519
Unrestricted (deficit)	(2,534,486)	443,042	(2,091,444)	(2,113,481)
Total net position	<u>\$ 2,500,236</u>	<u>\$ 7,702,600</u>	<u>\$10,202,836</u>	<u>\$ 10,228,050</u>

CITY OF JEANERETTE, LOUISIANA

**Schedule of Activities
Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017**

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		Total	
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2018	2017
Governmental activities:								
General government	\$1,802,808	\$ 875,768	\$ 609,793	\$ -	\$ (317,247)	\$ -	\$ (317,247)	\$ (664,570)
Public safety:								
Police	801,418	31,713	-	-	(769,705)	-	(769,705)	(847,094)
Fire	176,725	-	102,447	-	(74,278)	-	(74,278)	(322,245)
Highways and streets	590,664	-	49,435	-	(541,229)	-	(541,229)	(32,612)
Interest on debt	65,876	-	-	-	(65,876)	-	(65,876)	(68,312)
Total governmental activities	3,437,491	907,481	761,675	-	(1,768,335)	-	(1,768,335)	(1,934,833)
Business-type activities:								
Garbage, water, and sewer	1,534,288	1,355,824	-	-	-	(178,464)	(178,464)	(82,895)
Total	<u>\$4,971,779</u>	<u>\$ 2,263,305</u>	<u>\$ 761,675</u>	<u>\$ -</u>	<u>(1,768,335)</u>	<u>(178,464)</u>	<u>(1,946,799)</u>	<u>(2,017,728)</u>
General revenues:								
Taxes -								
Property taxes					549,276	-	549,276	551,162
Sales and use taxes					788,254	-	788,254	839,244
Grants and contributions not restricted to specific programs -								
State sources					5,642	-	5,642	5,011
Interest and investment earnings					5,772	3,395	9,167	6,490
Miscellaneous					52,961	-	52,961	87,573
Transfers					95,513	(99,739)	(4,226)	(10)
Total general revenues and transfers					<u>1,497,418</u>	<u>(96,344)</u>	<u>1,401,074</u>	<u>1,489,470</u>
Change in net position					(270,917)	(274,808)	(545,725)	(528,258)
Net position - beginning (restated)					<u>2,771,153</u>	<u>7,977,408</u>	<u>10,748,561</u>	<u>10,756,308</u>
Net position - ending					<u>\$ 2,500,236</u>	<u>\$ 7,702,600</u>	<u>\$10,202,836</u>	<u>\$10,228,050</u>

CITY OF JEANERETTE, LOUISIANA

**Balance Sheet
Governmental Funds
Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017**

	General	1% Sales Tax	Other Governmental Funds	Total Governmental Funds	
				2018	2017
ASSETS					
Cash	\$ 44,731	\$ -	\$ 489,960	\$ 534,691	\$ 578,770
Interest-bearing deposits	264,954	120,675	195,961	581,590	558,486
Investments	6,982	-	37,886	44,868	44,414
Receivables:					
Due from other funds	132,703	100,293	44,111	277,107	388,487
Other	18,373	-	259,700	278,073	260,862
Prepaid taxes	12,425	-	-	12,425	32,036
Total assets	<u>\$ 480,168</u>	<u>\$ 220,968</u>	<u>\$ 1,027,618</u>	<u>\$ 1,728,754</u>	<u>\$ 1,863,055</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 41,855	\$ 402	\$ 7,918	\$ 50,175	\$ 197,384
Accrued liabilities	237	-	-	237	65,225
Due to other funds	115,956	801	115,885	232,642	408,637
Deferred revenue	-	-	-	-	24,377
Notes payable	-	-	-	-	4,739
Advance from other funds	120,000	-	-	120,000	120,000
Total liabilities	<u>278,048</u>	<u>1,203</u>	<u>123,803</u>	<u>403,054</u>	<u>820,362</u>
Fund balances:					
Nonspendable	12,425	-	-	12,425	32,036
Restricted	-	219,765	903,815	1,123,580	1,030,875
Unassigned (deficit)	189,695	-	-	189,695	(20,218)
Total fund balances (deficit)	<u>202,120</u>	<u>219,765</u>	<u>903,815</u>	<u>1,325,700</u>	<u>1,042,693</u>
Total liabilities and fund balances	<u>\$ 480,168</u>	<u>\$ 220,968</u>	<u>\$ 1,027,618</u>	<u>\$ 1,728,754</u>	<u>\$ 1,863,055</u>

CITY OF JEANERETTE, LOUISIANA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	General	1% Sales Tax	Other Governmental Funds	Total Governmental Funds	
				2018	2017
Revenues:					
Taxes	\$ 707,892	\$ 425,573	\$ 489,854	\$ 1,623,319	\$ 1,620,603
Licenses and permits	192,851	-	-	192,851	200,479
Intergovernmental	469,263	-	247,543	716,806	883,817
Fines and forfeits	7,480	-	-	7,480	10,636
Miscellaneous	372,680	107	1,116	373,903	376,240
Total revenues	<u>1,750,166</u>	<u>425,680</u>	<u>738,513</u>	<u>2,914,359</u>	<u>3,091,775</u>
Expenditures:					
Current -					
General government	1,277,075	48,000	280,489	1,605,564	1,808,200
Public safety:					
Police	693,308	-	-	693,308	767,589
Fire	80,111	-	-	80,111	118,606
Highways and streets	417,132	-	-	417,132	272,548
Capital outlay	14,096	-	-	14,096	191,334
Debt service -					
Principal retirement	-	-	97,240	97,240	28,928
Interest and fiscal charges	-	-	-	-	68,312
Total expenditures	<u>2,481,722</u>	<u>48,000</u>	<u>377,729</u>	<u>2,907,451</u>	<u>3,255,517</u>
Excess (deficiency) of revenues over expenditures	<u>(731,556)</u>	<u>377,680</u>	<u>360,784</u>	<u>6,908</u>	<u>(163,742)</u>
Other financing sources (uses):					
Transfers in	871,267	-	26,937	898,204	695,175
Transfers out	(3,000)	(462,225)	(337,466)	(802,691)	(549,836)
Total other financing sources (uses)	<u>868,267</u>	<u>(462,225)</u>	<u>(310,529)</u>	<u>95,513</u>	<u>145,339</u>
Net changes in fund balances	136,711	(84,545)	50,255	102,421	(18,403)
Fund balances, beginning (restated)	<u>65,409</u>	<u>304,310</u>	<u>853,560</u>	<u>1,223,279</u>	<u>1,061,096</u>
Fund balances (deficit), ending	<u>\$ 202,120</u>	<u>\$ 219,765</u>	<u>\$ 903,815</u>	<u>\$ 1,325,700</u>	<u>\$ 1,042,693</u>

CITY OF JEANERETTE, LOUISIANA

**Schedule of Net Position
Proprietary Fund
Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017**

	Enterprise Fund	
	2018	2017
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 206,586	\$ 87,199
Investments	310,735	307,455
Receivables, net	370,349	329,181
Due from other funds	59,730	65,745
Total current assets	947,400	789,580
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	135,214	127,130
Capital assets, net of accumulated depreciation	9,398,662	9,398,662
Total noncurrent assets	9,533,876	9,525,792
Total assets	10,481,276	10,315,372
LIABILITIES		
Current liabilities:		
Accounts payable	133,231	48,033
Accrued liabilities	51,887	18,539
Revenue bonds payable	19,469	19,469
Due to other funds	54,754	45,258
Total current liabilities	259,341	131,299
Noncurrent liabilities:		
Accrued liabilities	-	9,059
Advance from other funds	139,700	139,700
Payable from restricted assets -		
Revenue bonds payable	2,249,635	2,346,583
Customers' deposits payable	130,000	127,988
Total noncurrent liabilities	2,519,335	2,623,330
Total liabilities	2,778,676	2,754,629
NET POSITION		
Net investment in capital assets	7,129,558	9,398,662
Unrestricted	573,042	(1,837,919)
Total net position	\$ 7,702,600	\$ 7,560,743

CITY OF JEANERETTE, LOUISIANA

**Schedule of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund**

Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

	Enterprise Fund	
	2018	2017
Operating revenues:		
Charges for services -		
Water sales	\$ 610,760	\$ 657,698
Sewer service charges	389,242	422,511
Garbage revenue	282,256	267,320
Connections, installations, etc.	26,775	16,212
Penalties	43,493	44,918
Miscellaneous	3,298	4,824
Total operating revenues	1,355,824	1,413,483
Operating expenses:		
Chemicals	77,652	30,382
Consulting and testing fees	43,398	38,483
Water certification fees	21,553	-
Depreciation expense	417,749	417,749
Equipment rental	1,527	1,104
Garbage service contract	239,294	302,338
Insurance	87,797	101,217
Miscellaneous	38,299	9,880
Office expense	10,114	11,426
Payroll taxes	2,789	4,294
Salaries and benefits	174,769	258,615
Professional fees	33,299	4,129
Supplies and repairs	191,789	132,673
Utilities and telephone	194,259	184,088
Total operating expenses	1,534,288	1,496,378
Operating loss	(178,464)	(82,895)

(continued)

CITY OF JEANERETTE, LOUISIANA

Schedule of Revenues, Expenses, and Changes in Fund Net Position - continued
Proprietary Fund
Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	Enterprise Fund	
	2018	2017
Nonoperating revenues (expenses):		
Interest income	\$ 3,395	\$ 2,162
Net nonoperating revenues	3,395	2,162
Loss before contributions and transfers	(175,069)	(80,733)
Transfers in	73,466	94,558
Transfers out	(173,205)	(239,907)
Total other financing sources	(99,739)	(145,349)
Change in net position	(274,808)	(226,082)
Net position, beginning; as restated	7,977,408	7,786,825
Net position, ending	\$ 7,702,600	\$ 7,560,743

CITY OF JEANERETTE, LOUISIANA

**Schedule of Cash Flows
Proprietary Fund
Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017**

	Enterprise Fund	
	2018	2017
Cash flows from operating activities:		
Receipts from customers	\$ 982,177	\$ 1,261,819
Payments to suppliers	(541,951)	(815,720)
Payments to employees	(177,558)	(262,909)
Net cash provided by operating activities	262,668	183,190
Cash flows from noncapital financing activities:		
Payments to other funds	(99,739)	(145,349)
Net cash used by noncapital financing activities	(99,739)	(145,349)
Cash flows from capital and related financing activities:		
Payment on debt	(38,853)	(52,049)
Net cash used by capital and related financing activities	(38,853)	(52,049)
Cash flows from investing activities:		
Interest on investments	3,395	2,162
Net cash provided by investing activities	3,395	2,162
Net increase (decrease) in cash and cash equivalents	127,471	(12,046)
Cash, cash equivalents, and restricted cash, beginning	214,329	226,375
Cash, cash equivalents, and restricted cash, ending	\$ 341,800	\$ 214,329

(continued)

CITY OF JEANERETTE, LOUISIANA

Schedule of Cash Flows - continued

Proprietary Fund

Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

	<u>Enterprise Fund</u>	
	<u>2018</u>	<u>2017</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (178,464)	\$ (82,895)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	417,749	417,749
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(41,168)	(139,489)
(Increase) decrease in prepaid items	-	5,922
Increase (decrease) in accounts payable	31,203	(25,295)
Increase (decrease) in accrued liabilities	<u>33,348</u>	<u>(5,025)</u>
Net cash provided by operating activities	<u>\$ 262,668</u>	<u>\$ 170,967</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash (overdraft) - unrestricted	\$ 87,199	\$ 12,474
Cash - restricted	<u>127,130</u>	<u>213,901</u>
Total cash and cash equivalents	<u>214,329</u>	<u>226,375</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	206,586	87,199
Cash - restricted	<u>135,214</u>	<u>127,130</u>
Total cash and cash equivalents	<u>341,800</u>	<u>214,329</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 127,471</u>	<u>\$ (12,046)</u>

CITY OF JEANERETTE, LOUISIANA

**Schedule of Number of Utility Customers
June 30, 2018**

Records maintained by the City indicated the number of customers being served during the month of June 2018 were as follows:

<u>Department</u>	<u>Residential</u>	<u>Commercial</u>
Water (metered)	1,926	139
Sewerage	1,814	110
Sanitation	1,767 *	-

* Breakdown between residential and commercial sanitation customers was not available.

CITY OF JEANERETTE, LOUISIANA

**Schedule of Insurance in Force
June 30, 2018**

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's compensation - Employer's liability	\$ 500,000
Surety Bonds - Mayor, Town Clerk, Billing Clerk and Treasurer	\$ 200,000
Employee theft	\$ 100,000
Forgery or alteration	\$ 50,000
Public officials errors and omissions	\$ 500,000
Comprehensive general liability, bodily injury, and property damage	\$ 1,000,000
Comprehensive automobile liability	\$ 1,000,000
Fire, lightning, and extended coverage - Buildings and contents, all risks except flood and earthquake	\$ 5,957,699

CITY OF JEANERETTE, LOUISIANA

**Schedule of Aged Accounts
June 30, 2018**

Under 30 days	\$ 131,745
31 to 60 days	6,865
Over 60 days	<u>231,739</u>
Total receivables	<u>\$ 370,349</u>

CITY OF JEANERETTE, LOUISIANA

**Schedule of Water Rates
June 30, 2018**

Water Rates

Residential (inside corporate limits):

\$10.00 per month for the first 2,000 gallons

\$ 2.20 per thousand or part thereof over 2,000 gallons

All users outside corporate limits shall pay as stated above plus \$6.50 per month

Commercial or industrial users (inside corporate limits):

\$13.00 per month for the first 2,000 gallons

\$ 3.00 per thousand or part thereof over 2,000 gallons

All users outside corporate limits shall pay as stated above plus \$6.50 per month

CITY OF JEANERETTE, LOUISIANA

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Program:				
Section 8 Housing Choice Vouchers	14.871	LA168	\$ 147,161	\$ 147,161
Total U. S. Department of Housing and Urban Development			<u>147,161</u>	<u>-</u>
DEPARTMENT OF AGRICULTURE				
Direct Programs:				
ARRA - Water and Waste Disposal Systems for Rural Communities	10.781	LA-91-03	<u>2,463,000</u>	<u>-</u>
Total Department of Agriculture			<u>2,463,000</u>	<u>-</u>
Totals			<u>\$ 2,610,161</u>	<u>\$ 147,161</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF JEANERETTE, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

- (1) **General**

When applicable, the Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Jeanerette (the City). The City reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2018. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies.
- (2) **Basis of Accounting**

When applicable, the schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
- (3) **Loan Guarantee**

The City was awarded a \$2,463,000 grant from the U. S. Department of Agriculture, Office of Rural Development (USDA) in 2012 to pay costs of constructing and acquiring improvements, renovations and replacements to the waterworks system. The City expended \$ - during the fiscal year ended June 30, 2018. The unpaid balance on the bonds at June 30, 2018 is \$2,327,199. In addition, the USDA is the guarantor of \$1,870,000 General Obligation Bonds, Series 2005, the proceeds of which were received and expended in the fiscal year ended June 30, 2006. The unpaid balance on the bonds at June 30, 2018 is \$1,568,065.
- (4) **Subrecipients**

The City did not pass through any of its federal awards to a subrecipient during the fiscal year ended June 30, 2018.
- (5) **Non-Cash Assistance**

No federal awards were expended in the form of non-cash assistance during the fiscal year ended June 30, 2018.
- (6) **Indirect Cost Rate**

The City has elected to use the 10 percent de minimis indirect cost rate allowed under the *Uniform Guidance*.
- (7) **Relationship to Financial Statements**

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

INTERNAL CONTROL, COMPLIANCE, AND OTHER INFORMATION

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

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

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STEPHANIE L. WEST, CPA, MBA

The Honorable Aprill Foulcard, Mayor
and Members of the Board of Aldermen
City of Jeanerette, Louisiana

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jeanerette, Louisiana, (hereinafter "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 15, 2019. Our report disclaims an opinion on such financial statements because we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Internal Control over Financial Reporting

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

We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency 2018-001.

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. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and which are described in the accompanying schedule of findings and questioned costs as item 2018-002.

Compliance and Other Matters

In connection with our engagement to audit the financial statements of the City, 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 2018-001 and 2018-002. Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, instances of noncompliance with Louisiana Revised Statutes was noted and is described in the accompanying schedule of findings and questioned costs as items 2018-003, 2018-004 and 2018-005.

City's Response to Findings

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

Purpose of this Report

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

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone else other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
(Certified Public Accountants)

Lafayette, Louisiana
March 15, 2019

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

JOHN W. WRIGHT, CPA *

JAMES H. DUPUIS, CPA, CFP *

JAN H. COWEN, CPA *

LANCE E. CRAPPELL, CPA, CGMA *

MICAH R. VIDRINE, CPA *

TRAVIS M. BRINSKO, CPA *

RICK L. STUTES, CPA, CVA/ABV,
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CHRISTINE R. DUNN, CPA**

DAMIAN H. SPIESS, CPA, CFP **

JOAN MARTIN, CPA, CVA, CFF, FABFA**

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY



ANDRE' D. BROUSSARD, CPA

DANIELLE M. CASTILLE, CPA

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STEPHANIE A. RAWLINSON, CPA

KEITH SIBILLE, CPA

ROBIN G. STOCKTON, CPA

TINA B. VIATOR, CPA

STEPHANIE L. WEST, CPA, MBA

The Honorable Aprill Foulcard, Mayor
and Members of the Board of Aldermen
City of Jeanerette, Louisiana

Report on Compliance for Each Major Federal Program

We were engaged to audit the City of Jeanerette, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Jeanerette, Louisiana's major federal programs for the year ended June 30, 2018. The City of Jeanerette's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

We were engaged to express an opinion on compliance for each of the City's major federal programs based on our engagement to audit the types of compliance requirements referred to above. We were engaged to audit the types of compliance requirements in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because of the matters described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis to express an opinion on compliance for each of the City's major federal programs.

Basis for Disclaimer of Opinion

The supporting documentation of the City was not in existence or in an appropriate manner that we were unable to satisfy ourselves by the other auditing procedures concerning the types of compliance requirements for the year ended June 30, 2018.

As a result of this matter, we were unable to determine whether the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance, as describe in the accompanying schedule of findings and questioned costs as item 2018-002 that we consider to be a material weakness.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6. Accordingly, this report is not suitable for any other purpose.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

Lafayette, Louisiana
March 15, 2019

**CITY OF JEANERETTE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

YEAR ENDED JUNE 30, 2018

Reference Number	Fiscal Year Finding Initially Occurred	Description	Corrective Action Taken (Yes, No, Partially)
2017-001	2017	Preparation of Financial Statements - the City does not have an individual with qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transaction or preparing its financial statements, including the related notes.	No, repeated as finding 2018-001.
2017-002	2015	Accounting Process - the City failed to take all steps necessary to ensure that an effective structure of internal control was in place and functioning as designed in order to prevent, or detect and correct material misstatements on a timely basis.	No, repeated as finding 2018-002.
2017-003	2015	Budget Variance - budget variance in excess of 5% incurred in the General Fund.	No, repeated as finding 2018-003
2017-004	2015	Late Audit Submission - the audit was not submitted to the Office of the Legislative Auditor or the USDA within six months of the year end.	No, repeated as finding 2018-004.
2017-005	2015	2005 GO Bond Requirements - the City may have over collected ad valorem taxes necessary to repay its general obligation debt.	No, repeated as finding 2018-005.
2017-006	2015	Late Audit Submission - the City's audit report was not completed and submitted to the Federal Audit Clearinghouse within nine months of year end.	Yes, the audit report will be submitted within the nine month deadline.

**CITY OF JEANERETTE, LOUISIANA
SUMMARY OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2018

We were engaged to audit the financial statements of the City of Jeanerette, Louisiana as of and for the year ended June 30, 2018, and have issued our report thereon dated March 15, 2019. We were engaged to conduct 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 Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Our engagement to audit the financial statements as of June 30, 2018 resulted in a disclaimer of opinion.

Section I - Summary of Auditors' Reports

FINANCIAL STATEMENTS

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

Internal Control

Material Weaknesses	<u> X </u> Yes	___ No
Significant Deficiencies	<u> X </u> Yes	___ No

Compliance

Compliance Material to Financial Statements	<u> X </u> Yes	___ No
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FEDERAL AWARDS

Major Program Identification

No major programs were tested as a disclaimer of opinion was issued in connection with the engagement to audit the basic financial statements.

Low-Risk Auditee

The City of Jeanerette, Louisiana is not considered a low-risk auditee for the year ended June 30, 2018.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$750,000 for the year ended June 30, 2018.

Auditors' Report – Major Program

A disclaimer of opinion has been issued on the City of Jeanerette's compliance for each major program as of and for the year ended June 30, 2018.

Deficiencies in Internal Control - Major Program

Material weaknesses in internal control over the major federal program were reported.

**CITY OF JEANERETTE, LOUISIANA
SUMMARY OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2018

Section II - Financial Statement Findings

Finding No. 2018-001 – Preparation of Financial Statements

Statement of Condition:

The City does not have any employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Criteria:

Government Auditing Standards, issued by Comptroller General of the United States requires governmental units to have employees or engage a third party who has the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Effect of Condition:

The lack of ability to generate GAAP basis financial statements on the part of the City resulted in the auditor assisting in the preparation of the financial statements.

Cause of Condition:

Management did not engage a third party capable of producing GAAP basis financial statements.

Recommendation:

The City should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Finding No. 2018-002 – Accounting Process

Statement of Condition:

The City failed to take all steps necessary to ensure that an effective structure of internal control was in place and functioning as designed in order to prevent, or detect and correct material misstatements on a timely basis.

Criteria:

Government Auditing Standards, issued by Comptroller General of the United States requires that an adequate system of internal control be in place in order to safeguard assets and assure proper recording of transactions.

Effect of Condition:

The lack of adequate controls allowed misappropriation of assets to occur and not be detected in a timely manner and accounting records that were not able to be audited due to their incomplete/inaccurate/unreliable state.

Cause of Condition:

The cause relates to inadequate controls over the entire accounting process including but not limited to reconciliations, postings, verification and oversight.

**CITY OF JEANERETTE, LOUISIANA
SUMMARY OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2018

Section II - Financial Statement Findings - continued

Finding No. 2018-002 – Accounting Process - continued

Recommendation:

The City should enhance the control procedures over the accounting process to insure that the necessary items are posted to the general ledger and supporting records for transactions are reconciled to the general ledger.

Finding No. 2018-003 – Budget Variance

Statement of Condition:

Budget variances in excess of 5% were incurred in the General Fund.

Criteria:

RS 39:1311 et seq, Budgetary Authority and Control, provides the following:

“A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation as provided in RS 39:1307 shall advise the governing authority or independently elected official in writing when:

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.”

Effect of Condition:

The City may not prevent and/or detect compliance violations due to over expenditure of the appropriated budget, and/or errors or irregularities on a timely basis. Also, the mayor may be subject to penalty provision of LSA-RA14:134.

Cause of Condition:

The condition results from a failure to properly monitor the revenues and expenditures of the General Fund.

Recommendation:

We recommend more oversight of budget and actual comparisons and amending the budget accordingly.

**CITY OF JEANERETTE, LOUISIANA
SUMMARY OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings - continued

Finding No. 2018-004 – Late Submission

Statement of Condition:

The City did not submit audited financial statements in a timely manner, as required by Louisiana Revised Statutes.

Criteria:

Agencies that must report to the Louisiana Legislative Auditor must comply with Louisiana State Statutes and submit their audited financial statements within six months after the fiscal year end.

Effect of Condition:

The delay in the audit submission caused the entity to be out of compliance with Louisiana Revised Statutes.

Cause of Condition:

The City's accounting records are incomplete/inaccurate resulting in significant time trying to obtain and correct accounting schedules.

Recommendation:

Management should implement procedures to ensure that all required filing deadlines are met.

Finding No. 2018-005 – 2005 GO Bond Requirements

Statement of Condition:

The City may have over collected ad valorem taxes necessary to repay its general obligation debt.

Criteria:

Article VI, Section 33 of the 1974 Louisiana State Constitution states: "The full faith and credit of a political subdivision is hereby pledged to the payment of general obligation bonds issued by it under this constitution or the statute or proceedings pursuant to which they are issued. The governing authority of the issuing political subdivision shall levy and collect or cause to be levied and collected on all taxable property in the political subdivision ad valorem taxes sufficient to pay principal and interest and redemption premiums, if any, on such bonds as they mature".

Effect of Condition:

The City may be liable to refund to taxpayers any over collection of taxes.

Cause of Condition:

The condition results from a failure to review and monitor outstanding amounts due and payable on general obligation bonds and related cash balances and assessing or adjusting tax millages accordingly.

Recommendation:

We recommend contacting your bond counsel to obtain an update on this matter.

**SCHEDULE OF FINDINGS OF STATE REGULATORY AGENCIES
FOR INVESTIGATIVE AUDIT ISSUED OCTOBER 24, 2018,
INVESTIGATIVE AUDIT ISSUED MAY 17, 2018
AND COMPLIANCE AUDIT ISSUED MARCH 4, 2014**

CITY OF JEANERETTE, LOUISIANA
INVESTIGATIVE AUDIT
FINDINGS AND RECOMMENDATIONS
OCTOBER 24, 2018

On October 24, 2018, the Louisiana Legislative Auditor issued an investigative report conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the validity of the complaints received. The report contained three (3) material weaknesses which are summarized as follows:

CONDITION: City records indicate that City Employees received \$33,772 in utility payments between June 16, 2018 and January 19, 2018, that was not deposited into the City's bank account. If City employees failed to make deposits and retained City funds for themselves, they may have violated state law. In addition, the City's utility clerks did not make daily deposits of utility collections as required by state law.

STATUS: Per inquiry of the City's Fiscal Administrator, policies and procedure have been developed and implemented to address these issues.

CONDITION: City records indicate the City failed to pay federal and state government payroll taxes, totaling \$182, 308, and file required reports from October 2015 to March 2018. By failing to correct this problem and comply with federal and state payroll tax regulations, the Mayor and the City's payroll clerk may have violated state law.

STATUS: Per inquiry of the City's Fiscal Administrator, policies and procedures have been put in place to insure accurate and timely filing of payroll tax payments and a payment plan has been developed with the taxing authorities to remit those delinquent withholdings as quickly as possible. In addition, all past due filing have been made.

CONDITION: City records indicate that the City received at least \$18,850 in witness fees from December 2016 to April 2018, payable to off-duty City police officers and deputy marshals for court appearances. State law requires the witness fees be paid to these law enforcement officers within 30 days, but the City's records show that \$8,300 of witness fees were not reimbursed.

STATUS: Per inquiry of the City's Fiscal Administrator, policies and procedures have been put in place to insure witness fees are paid in accordance with state law.

A complete copy of the report is available on the Louisiana Legislative Auditor's website, www.la.state.la.us.

CITY OF JEANERETTE, LOUISIANA
INVESTIGATIVE AUDIT
FINDINGS AND RECOMMENDATIONS
MAY 17, 2018

On May 17, 2018, the Louisiana Legislative Auditor issued an investigative report conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the validity of the complaints received regarding the improper management of the water system. The conclusion derived was that the City did not manage the utility system properly, which contributed to the financial information being incomplete, inaccurate, and unreliable. The report contained four (4) material weaknesses which are summarized as follows:

CONDITION: The City did not manage the oversight of the meter readings. This resulted in improper water usage of the City's customers. There were three factors that led to the improper management: a) intentional underreporting of water usage; b) inadequate oversight over meter readings; and c) faulty equipment.

STATUS: Per inquiry of City personnel, policies and procedure are currently under review to address these issues.

CONDITION: The City did not properly manage customer accounts. This resulted in unapproved customer billing adjustments, conflicting records for customers with high bills; inconsistent treatment of customer payables; and inadequate oversight over all past due accounts.

STATUS: Per inquiry of City personnel, policies and procedures are currently under review to address these issues.

CONDITION: The City failed to reconcile customer meter deposits. The City could not provide documentation indicating which customer meter deposits were in the meter deposit bank account. By not having accurate and complete record of all meter deposits, the City cannot reconcile its meter deposit bank account to the customer meter deposits on record.

STATUS: Per inquiry of City personnel, policies and procedures are currently under review to address this issue.

CONDITION: The City failed to monitor the utility system's financial stability. The utility system did not generate enough revenue to pay its residential solid waste (garbage) contractor. Records and statements from City employees further indicated that a dispute with the contractor and a failure to appropriately increase the garbage rate contributed to the City's inability to pay.

STATUS: Per inquiry of City personnel, policies and procedures are currently under review to address this issue and the City is seeking appropriate course of action to receive reimbursement from the contractor for overpayment of solid waste services.

A complete copy of the report is available on the Louisiana Legislative Auditor's website, www.la.state.la.us.

CITY OF JEANERETTE, LOUISIANA
COMPLIANCE AUDIT
FINDINGS AND RECOMMENDATIONS
MARCH 5, 2014

On March 5, 2014, the Louisiana Legislative Auditor issued a compliance audit report conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the propriety of certain financial transactions of the City. The report contained fifteen (15) findings which are summarized as follows:

CONDITION: The City's written policies and procedures did not cover all critical business/financial operations of the City (e.g., budgeting; public bid law; nature, extent, and frequency of financial reporting; ethics requirements).

STATUS: Per inquiry of City personnel, written policies and procedures are currently under review to address these issues.

CONDITION: Accounting duties were not adequately segregated between employees (e.g., payroll clerk was also reconciling payroll bank statements).

STATUS: Unresolved, see schedule of findings and questioned costs, item 2018-002.

CONDITION: The City's bank statements had not been reconciled in well over a year (since June 30, 2012).

STATUS: Unresolved, see schedule of findings and questioned costs, item 2018-002.

CONDITION: A log book of accounts receivable (e.g., franchise fees and sales tax) was not being maintained as required by policy. Consequently, the City did not have an accounts receivable log book available to reconcile monthly to the general ledger.

STATUS: Unresolved, see schedule of findings and questioned costs, item 2018-002.

CONDITION: Certain online payments made to vendors were not recorded in the general ledger. Also, the City was not reconciling its accounts payable listing to the general ledger on a monthly basis.

STATUS: Unresolved, see schedule of findings and questioned costs, item 2018-002.

CONDITION: Customer meter deposits recorded in the Utility billing system were not being reconciled monthly to the respective general ledger balance and to the meter deposit bank account.

STATUS: Unresolved, see schedule of findings and questioned costs, item 2018-002.

CONDITION: In 2013, the City was delinquent in filing its 3rd quarter payroll report (Form 941) with the Internal Revenue Service.

STATUS: Per inquiry of City personnel, this issue was resolved. Liabilities for the 4th Quarter 2016 through all of 2018 were not filed and/or completely paid. See Legislative Auditor's investigative report dated October 24, 2018.

CITY OF JEANERETTE, LOUISIANA
COMPLIANCE AUDIT
FINDINGS AND RECOMMENDATIONS
MARCH 5, 2014

CONDITION: Contrary to state law [La. R.S. 39:1305 (C)], the General Fund budget (as adopted by ordinance) for the 2013-2014 fiscal year was not balanced. The budget reflected deficit spending and it did not include all elements required by the Local Government Budget Act (La. R.S. 39: 1305).

STATUS: Status could not be determined in current year based on lack of records.

CONDITION: The City had not implemented adequate controls to ensure that its fixed assets (e.g., equipment) were properly accounted for and safeguarded (e.g., assets not tagged and not reconciled with accounting records).

STATUS: Unresolved, see schedule of findings and questioned costs, item 2018-002.

CONDITION: The City had not implemented adequate controls over fuel (e.g., no formal review and monitoring of usage).

STATUS: Per inquiry of City personnel, a fuel man card services is used for gasoline for City vehicles, and the only bulk fuel is a diesel tank at the City Barn. Controls to monitor fuel usage are currently under review by the City's administration. This could not be confirmed in current audit.

CONDITION: The City did not require all employees to complete and submit time sheets to document their attendance.

STATUS: Per inquiry of City personnel, all employees, including the police chief and fire chief, are now filling out time sheets to document their attendance. This could not be confirmed during current audit.

CONDITION: The City's office staff had difficulty locating certain records for our review in a timely manner.

STATUS: Unresolved, see schedule of findings and questioned costs, item 2018-002.

CONDITION: The City did not have a records retention schedule approved by the Secretary of State's office as required by law (La. R.S. 44:411).

STATUS: Per inquiry of City personnel, the records retention schedule is complete and has been forwarded to the Secretary of State for review and approval.

CONDITION: The City's lease agreement for the use of the former Fruit of the Loom Plant contained lease dates that were different from the dates shown in the City's ordinance.

STATUS: Per inquiry of City personnel, this issue has been resolved.

CONDITION: The City was not performing a review to ensure that all new employees were added to the City's health plan and that all premiums were being paid timely.

STATUS: Per inquiry of City personnel, this issue has been resolved.

A complete copy of the report is available on the Louisiana Legislative Auditor's website, www.la.state.la.us.

CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

CORRECTIVE ACTION PLAN

JUNE 30, 2018

Louisiana Legislative Auditor

The City of Jeanerette, Louisiana respectfully submits the following corrective action plan for the year ended June 30, 2018.

Finding No. 2018-001 – Preparation of Financial Statements

Recommendation:

The City should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Management's Response:

Management has evaluated the cost vs. benefit of outsourcing this task. The City has engaged an outside CPA firm to provide accounting services including reconciliation of accounts.

Finding No. 2018-002 – Accounting Process

Recommendation:

The City should enhance the control procedures over the accounting process to ensure that the necessary items are posted to the general ledger and supporting records for transactions are reconciled to the general ledger.

Management's Response:

The City is now under Fiscal Administration and as part of this process, we have hired a new city clerk and a new city treasurer who have the education, qualifications and experience to perform their duties effectively.

Finding No. 2018-003 – Budget Variance

Recommendation:

We recommend more oversight of budget and actual comparisons and amending the budget accordingly.

Management's Response:

We are in agreement with this finding and have started the necessary measures to correct.

Finding No. 2018-004 – Late Submission

Recommendation:

Management should implement procedures to ensure that all required filing deadlines are met.

Management's Response:

We are in agreement with the finding and have taken steps to correct the issue.

CORRECTIVE ACTION PLAN

JUNE 30, 2018

Finding No. 2018-005 – 2005 GO Bond Requirements

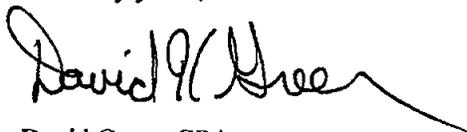
Recommendation:

We recommend contacting your bond counsel to obtain an update on this matter.

Management's Response:

We contacted bond counsel, Foley and Judell, to discuss this issue. We were informed that the ad-valorem collections are to be used only for general obligation debt. Current millage rates for the 2005 General Obligation Bonds do not provide sufficient revenue to make the annual bond payment. Therefore, instead of increasing millages, the city is using approximately \$15,000 per year of amounts previously collected for GO bond debt to pay the debt service of current general obligation bonds. This will delay an increase in the millage rate for GO debt service for approximately 10 years.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David Greer", with a long, sweeping underline that extends to the right.

David Greer, CPA
Fiscal Administrator