

TOWN OF JENA, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018
AND FOR THE YEAR THEN ENDED
WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF JENA, LOUISIANA
 Annual Financial Statements
 As of and for the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

The Honorable LaDawn Edwards, Mayor
and Members of the Town Council
Town of Jena, Louisiana

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and budgetary comparison schedules, the schedule of the Town's proportionate share of the net pension liability and the schedule of the Town's contributions on pages 40 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2019, on our consideration of the Town'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 Town's internal control over financial reporting and compliance.

This report is intended for the information of the Mayor, Members of the Town Council, and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silas Simmons, CPA

Natchez, Mississippi
May 24, 2019

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

The management of Town of Jena, Louisiana (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2018. This Management's Discussion and Analysis (MD&A) is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of the Town's finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Town presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement 34. This reporting model changes the presentation of financial data, and also the manner in which the information is recorded. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

Overview of the Financial Statements

This section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" statement of net position and statement of activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private-sector businesses.

The statement of net position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the water, gas, and sewer departments.

TOWN OF JENA, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent year, the Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$9,937,711 (net position); this represents a decrease of \$264,293 from last year. Of this total net asset amount, (\$191,139) is unrestricted net deficit. The Town's net position is comprised of \$5,475,974 from governmental activities and \$4,461,737 from business-type activities.

The following is a condensed statement of the Town's net position as of December 31, 2018 and 2017:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 2,068,940	\$ 2,046,413	\$ 2,078,700	\$ 1,880,935	\$ 4,147,640	\$ 3,927,348
Capital assets (net)	5,834,575	6,021,723	2,552,570	2,844,013	8,387,145	8,865,736
Total assets	\$ 7,903,515	\$ 8,068,136	\$ 4,631,270	\$ 4,724,948	\$ 12,534,785	\$ 12,793,084
Deferred outflows of resources						
Deferred outflows	\$ 880,042	\$ 778,225	\$ -	\$ -	\$ 880,042	\$ 778,225
Total deferred outflows of resources	\$ 880,042	\$ 778,225	\$ -	\$ -	\$ 880,042	\$ 778,225
Liabilities						
Other liabilities	\$ 64,335	\$ 52,802	\$ 169,533	\$ 183,563	\$ 233,868	\$ 236,365
Net pension liability	2,945,446	2,973,201	-	-	2,945,446	2,973,201
Total liabilities	\$ 3,009,781	\$ 3,026,003	\$ 169,533	\$ 183,563	\$ 3,179,314	\$ 3,209,566
Deferred inflows of resources						
Deferred inflows	\$ 297,802	\$ 159,739	\$ -	\$ -	\$ 297,802	\$ 159,739
Total deferred inflows of resources	\$ 297,802	\$ 159,739	\$ -	\$ -	\$ 297,802	\$ 159,739
Net position						
Invested in capital assets, net	\$ 5,834,575	\$ 6,021,723	\$ 2,552,570	\$ 2,844,013	\$ 8,387,145	\$ 8,865,736
Restricted sales and use tax	1,741,695	1,728,359	-	-	1,741,695	1,728,359
Restricted for capital projects	10	10	-	-	10	10
Unrestricted	(2,100,306)	(2,089,473)	1,909,167	1,697,372	(191,139)	(392,101)
Total net position	\$ 5,475,974	\$ 5,660,619	\$ 4,461,737	\$ 4,541,385	\$ 9,937,711	\$ 10,202,004

By far the largest portion of the Town's net position (\$8,387,145 or 84%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Government-Wide Financial Analysis (continued)

The remaining balance is comprised of \$191,139 (or -2%) unrestricted net deficit, which may be used to meet the government's on-going obligations to citizens and creditors, \$1,741,695 (or 18%) restricted 1% sales and use tax proceeds, and \$10 (or less than 1%) restricted net position, which have been designated for capital projects.

Total liabilities of \$3,179,314 are equal to 32% of the total net position.

The Town's governmental activities decreased net position by \$184,645. The Town's business-type activities decreased net position by \$79,648. This decrease is primarily due to an operating loss in the sewer system services and transfers to other funds and recording additional pension expense in accordance with GASB Statement 68.

The following is a summary of the statement of activities for the years ended December 31, 2018 and 2017:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue						
Program revenue	\$ 511,974	\$ 562,361	\$ 1,935,664	\$ 1,850,794	\$ 2,447,638	\$ 2,413,155
General revenue and transfers	<u>1,452,313</u>	<u>1,620,361</u>	<u>(2,762)</u>	<u>(150,878)</u>	<u>1,449,551</u>	<u>1,469,483</u>
Total revenue and transfers	<u>\$ 1,964,287</u>	<u>\$ 2,182,722</u>	<u>\$ 1,932,902</u>	<u>\$ 1,699,916</u>	<u>\$ 3,897,189</u>	<u>\$ 3,882,638</u>
Expenses						
General and administrative	\$ 502,222	\$ 555,467	\$ -	\$ -	\$ 502,222	\$ 555,467
Public safety	790,887	880,109	-	-	790,887	880,109
Parks and streets	511,251	492,794	-	-	511,251	492,794
Sanitation	212,688	217,678	-	-	212,688	217,678
Recreation	131,884	159,264	-	-	131,884	159,264
Combined utilities	-	-	2,012,550	1,747,296	2,012,550	1,747,296
Total expenses	<u>\$ 2,148,932</u>	<u>\$ 2,305,312</u>	<u>\$ 2,012,550</u>	<u>\$ 1,747,296</u>	<u>\$ 4,161,482</u>	<u>\$ 4,052,608</u>
Change in net position	\$ (184,645)	\$ (122,590)	\$ (79,648)	\$ (47,380)	\$ (264,293)	\$ (169,970)
Net position, beginning	<u>5,660,619</u>	<u>5,783,209</u>	<u>4,541,385</u>	<u>4,588,765</u>	<u>10,202,004</u>	<u>10,371,974</u>
Net position, ending	<u>\$ 5,475,974</u>	<u>\$ 5,660,619</u>	<u>\$ 4,461,737</u>	<u>\$ 4,541,385</u>	<u>\$ 9,937,711</u>	<u>\$ 10,202,004</u>

Governmental Activities

The governmental activities of the Town include General Government, Public Safety, Public Works, Recreation, and Payment of Interest on Long-Term Debt. In that revenues normally associated with municipal operations (e.g., sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines, and operating grants) are insufficient for the funding of these activities, the Town relies on transfers of excess revenue from its special revenue fund and enterprise fund to cover the cost of all activities.

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Government-Wide Financial Analysis (continued)

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity, which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenues and expenses related to the provision of water, gas, and sewer services.

The following is a summary of the business-type activities of the Town:

	<u>Operating Revenues</u>			
	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Total</u>
Year ended December 31, 2017	\$ 734,778	\$ 753,039	\$ 362,977	\$ 1,850,794
Year ended December 31, 2018	<u>737,866</u>	<u>844,284</u>	<u>353,514</u>	<u>1,935,664</u>
Increase (decrease) between years	<u>\$ 3,088</u>	<u>\$ 91,245</u>	<u>\$ (9,463)</u>	<u>\$ 84,870</u>
	<u>Operating Expenses</u>			
	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Total</u>
Year ended December 31, 2017	\$ 570,262	\$ 626,241	\$ 550,793	\$ 1,747,296
Year ended December 31, 2018	<u>639,176</u>	<u>716,860</u>	<u>656,514</u>	<u>2,012,550</u>
Increase (decrease) between years	<u>\$ 68,914</u>	<u>\$ 90,619</u>	<u>\$ 105,721</u>	<u>\$ 265,254</u>
	<u>Operating Income (Loss)</u>			
	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Total</u>
Year ended December 31, 2017	\$ 164,516	\$ 126,798	\$ (187,816)	\$ 103,498
Year ended December 31, 2018	<u>98,690</u>	<u>127,424</u>	<u>(303,000)</u>	<u>(76,886)</u>
Increase (decrease) between years	<u>\$ (65,826)</u>	<u>\$ 626</u>	<u>\$ (115,184)</u>	<u>\$ (180,384)</u>

The reasons for the major fluctuations noted above are as follows:

Revenues increased by approximately 5% during the year primarily due to a large increase in sales in gas utility service. Expenses increased by approximately 15% during the year primarily due to increases in purchases across the utility services and an increase in pension expense.

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds, not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains three governmental fund types. They are the General, Special Revenue, and Capital Projects Fund. The Town also maintains two agency funds; they are the Payroll Clearing Fund and the Accounts Payable Clearing Fund. The General Fund and Special Revenue Fund are presented separately in the Governmental Funds Balance Sheet (Statement C) and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E) because they are considered to be major funds.

The Town adopts annual budgets for the General and the Special Revenue Funds. Statements of revenues, expenditures, and changes in fund balance are presented in the Required Supplementary Information (Part II), which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Town's Governmental Funds

The Town's governmental funds reported an ending fund balance of \$2,004,605, which is an increase of \$10,994. \$10 is reserved for capital projects, \$1,741,695 is restricted by the 1% sales and use tax, and the remaining fund balance of \$262,900 is unreserved.

Fund Financial Statements - Proprietary Funds

The Town maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. The Town uses an enterprise fund (the first type of proprietary fund) to account for its combined water, gas, and sewer operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary fund showed a decrease in ending fund balance of \$79,648 and an operating loss in the municipal utilities system of \$76,886. The overall decrease in the municipal utilities system was the result of operating transfers to the general fund. The gas and water systems showed a positive operating income before transfers.

In that financial statements of enterprise funds are presented on the same basis of accounting as in both the government-wide financial statements and the individual fund statements, all comments and analysis made under business-type activities apply to these funds.

General Fund and Sales Tax Special Revenue Fund Budgetary Highlights

General Fund

Budgeted amounts were amended during the year. The General Fund has an overall negative variance of (\$86,007). This variance was primarily due to more than budgeted general government expenses. Overall revenues have a positive variance of \$7,891.

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Fund Financial Statements - Proprietary Funds (continued)

General Fund and Sales Tax Special Revenue Fund Budgetary Highlights (continued)

Sales Tax Special Revenue Fund

Sales tax revenues were higher than budgeted by \$18,795. General expenditures were more than budgeted by \$531. Operating transfers-out were less than budgeted by \$445,315. Overall, the Sales Tax Special Revenue Fund had a positive variance of \$465,936.

Capital Asset and Debt Administration

The total investment in net capital assets during the year ending December 31, 2018, was \$205,213. New major capital assets additions acquired, purchased, or constructed were as follows:

1. Improvements to buildings for \$3,005.
2. Purchase of zero-turn for \$12,264.
3. Finished customization of a specialty restroom trailer for \$21,557.
4. Improvements at the Police Building for \$3,495.
5. Purchase of computer for \$2,338.
6. Infrastructure improvements for \$4,560.
7. Research Survey for \$2,350.
8. Continued rehabilitation to Strand Theatre for \$135,073.
9. Improvements to street infrastructure for \$9,065.
10. Earnest money for 2240 E. Oak St. for \$1,000.
11. Miscellaneous maintenance equipment purchased for \$10,506.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Cory Floyd, Municipal Clerk, 2908 East Oak Street, Jena, Louisiana 71342.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF JENA, LOUISIANA

STATEMENT OF NET POSITION

December 31, 2018

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 518,470	\$ 717,783	\$ 1,236,253
Receivables (net of allowances for uncollectibles)	277,965	300,810	578,775
Internal balances	6,906	(6,906)	-
Other assets	-	209,065	209,065
Restricted assets	1,265,599	857,948	2,123,547
Capital assets (net)	5,834,575	2,552,570	8,387,145
Total assets	\$ 7,903,515	\$ 4,631,270	\$ 12,534,785
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows - municipal employees' pension	\$ 555,717	\$ -	\$ 555,717
Deferred outflows - municipal police employees' pension	63,868	-	63,868
Deferred outflows - firefighters' pension	260,457	-	260,457
Total deferred outflows of resources	\$ 880,042	\$ -	\$ 880,042
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 64,335	\$ 29,183	\$ 93,518
Payables from restricted assets	-	140,350	140,350
Net pension liability	2,945,446	-	2,945,446
Total liabilities	\$ 3,009,781	\$ 169,533	\$ 3,179,314
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows - municipal employees' pension	\$ 233,635	\$ -	\$ 233,635
Deferred inflows - municipal police employees' pension	44,723	-	44,723
Deferred inflows - firefighters' pension	19,444	-	19,444
Total deferred inflows of resources	\$ 297,802	\$ -	\$ 297,802
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	\$ 5,834,575	\$ 2,552,570	\$ 8,387,145
Restricted sales and use tax	1,741,695	-	1,741,695
Restricted for capital projects	10	-	10
Unrestricted	(2,100,306)	1,909,167	(191,139)
Total net position	\$ 5,475,974	\$ 4,461,737	\$ 9,937,711

The accompanying notes are an integral part of this financial statement.

TOWN OF JENA, LOUISIANA

STATEMENT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Expenses	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses), Revenues, and Changes		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	
Governmental Activities								
General government	\$ 502,222	\$ -	\$ 6,850	\$ -	\$ (495,372)	\$ (495,372)	\$ -	\$ (495,372)
Public safety	790,887	232,615	-	-	(558,272)	(558,272)	-	(558,272)
Parks and streets	511,251	9,257	-	-	(501,994)	(501,994)	-	(501,994)
Sanitation	212,688	176,300	-	-	(36,388)	(36,388)	-	(36,388)
Recreation	131,884	6,609	-	80,343	(44,932)	(44,932)	-	(44,932)
Total governmental activities	\$ 2,148,932	\$ 424,781	\$ 6,850	\$ 80,343	\$ (1,636,958)	\$ (1,636,958)	\$ -	\$ (1,636,958)
Business-Type Activities								
Water	\$ 639,176	\$ 737,866	\$ -	\$ -	\$ 98,690	\$ -	\$ 98,690	\$ 98,690
Gas	716,860	844,284	-	-	127,424	-	127,424	127,424
Sewer	656,514	353,514	-	-	(303,000)	-	(303,000)	(303,000)
Total business-type activities	\$ 2,012,550	\$ 1,935,664	\$ -	\$ -	\$ (76,886)	\$ -	\$ (76,886)	\$ (76,886)
Total	\$ 4,161,482	\$ 2,360,445	\$ 6,850	\$ 80,343	\$ (1,713,844)	\$ (1,636,958)	\$ (76,886)	\$ (1,713,844)
General Revenue								
Taxes						\$ 1,222,401	\$ -	\$ 1,222,401
Licenses and permits						200,377	-	200,377
Intergovernmental revenues						4,771	-	4,771
Investment earnings						5,591	4,448	10,039
Other general revenues						11,963	-	11,963
Transfers						7,210	(7,210)	-
Total general revenues and transfers						\$ 1,452,313	\$ (2,762)	\$ 1,449,551
Change in net position						\$ (184,645)	\$ (79,648)	\$ (264,293)
Net position - beginning						5,660,619	4,541,385	10,202,004
Net position - ending						\$ 5,475,974	\$ 4,461,737	\$ 9,937,711

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF JENA, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2018.

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Sales Tax Fund		
<u>ASSETS</u>				
Cash and cash equivalents	\$ 56,047	\$ 1,643,756	\$ 84,266	\$ 1,784,069
Receivables (net of allowances for uncollectibles)	180,026	97,939	-	277,965
Due from other funds	100,758	-	-	100,758
Total assets	<u>\$ 336,831</u>	<u>\$ 1,741,695</u>	<u>\$ 84,266</u>	<u>\$ 2,162,792</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 64,335	\$ -	\$ -	\$ 64,335
Due to other funds	9,596	-	84,256	93,852
Total liabilities	<u>\$ 73,931</u>	<u>\$ -</u>	<u>\$ 84,256</u>	<u>\$ 158,187</u>
Fund balances:				
Restricted for:				
Sales and use tax	\$ -	\$ 1,741,695	\$ -	\$ 1,741,695
Capital projects	-	-	10	10
Unassigned, reported in:				
General fund	262,900	-	-	262,900
Total fund balances	<u>\$ 262,900</u>	<u>\$ 1,741,695</u>	<u>\$ 10</u>	<u>\$ 2,004,605</u>
Total liabilities and fund balances	<u>\$ 336,831</u>	<u>\$ 1,741,695</u>	<u>\$ 84,266</u>	<u>\$ 2,162,792</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JENA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

DECEMBER 31, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)		\$	2,004,605
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			5,834,575
Deferred outflows and inflows are not financial resources or currently payable.			
Deferred outflows of resources	\$	880,042	
Deferred inflows of resources		<u>(297,802)</u>	582,240
Long-term net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			<u>(2,945,446)</u>
Net Position of Governmental Activities (Statement A)		\$	<u><u>5,475,974</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JENA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Sales Tax Fund		
REVENUES				
Taxes	\$ 218,606	\$ 1,003,795	\$ -	\$ 1,222,401
Licenses and permits	200,377	-	-	200,377
Intergovernmental revenues	33,295	-	-	33,295
Charges for services	303,964	-	-	303,964
Fines and forfeitures	92,293	-	-	92,293
Investment earnings	34	5,557	-	5,591
Grants and contributions	87,193	-	-	87,193
Other revenues	11,963	-	-	11,963
Total revenues	\$ 947,725	\$ 1,009,352	\$ -	\$ 1,957,077
EXPENDITURES				
General government	\$ 517,464	\$ 16,331	\$ -	\$ 533,795
Public safety	755,959	-	-	755,959
Parks and streets	432,172	-	-	432,172
Sanitation	172,632	-	-	172,632
Recreation	58,735	-	-	58,735
Total expenditures	\$ 1,936,962	\$ 16,331	\$ -	\$ 1,953,293
Excess (deficiency) of revenues over (under) expenditures	\$ (989,237)	\$ 993,021	\$ -	\$ 3,784
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ 986,895	\$ -	\$ -	\$ 986,895
Transfers - out	-	(979,685)	-	(979,685)
Total other financing sources (uses)	\$ 986,895	\$ (979,685)	\$ -	\$ 7,210
Net change in fund balance	\$ (2,342)	\$ 13,336	\$ -	\$ 10,994
Fund balances - beginning	265,242	1,728,359	10	1,993,611
Fund balances - ending	\$ 262,900	\$ 1,741,695	\$ 10	\$ 2,004,605

The accompanying notes are an integral part of this financial statement.

TOWN OF JENA, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2018

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$ 10,994
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. This is the amount by which depreciation exceeded capital outlays in the current period.	(149,156)
Loss on disposal of assets	(37,992)
Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the statement of activities, the net pension expense is reported according to estimates required by GASB 68. This is the amount that the pension estimate exceeds the pension expenses paid in the current year.	<u>(8,491)</u>
Change in Net Position of Governmental Activities (Statement B)	<u><u>\$ (184,645)</u></u>

The accompanying notes are an integral part of this financial statement.

PROPRIETARY FUNDS

TOWN OF JENA, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

DECEMBER 31, 2018

	<u>Enterprise Funds</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 717,783
Receivables (net of allowances for uncollectibles)	294,740
Due from other governments	4,941
Other receivables	1,129
Due from other funds	33,624
Prepaid expenses	97,654
Inventory	111,411
	<hr/>
Total current assets	\$ 1,261,282
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	\$ 857,948
Capital assets (net of accumulated depreciation)	2,552,570
	<hr/>
Total noncurrent assets	\$ 3,410,518
	<hr/>
Total assets	\$ 4,671,800
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 29,183
Due to other funds	40,530
	<hr/>
Total current liabilities	\$ 69,713
Current liabilities payable from restricted assets	
Consumer meter deposits	\$ 140,350
	<hr/>
Total current liabilities payable from restricted assets	\$ 140,350
	<hr/>
Total liabilities	\$ 210,063
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	\$ 2,552,570
Unrestricted	1,909,167
	<hr/>
Total net position	\$ 4,461,737
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

TOWN OF JENA, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Enterprise Funds</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Water sales	\$ 716,369
Gas sales	819,687
Sewer charges	343,215
Other operating revenue	<u>56,393</u>
Total operating revenues	<u>\$ 1,935,664</u>
<u>OPERATING EXPENSES</u>	
Personal services	\$ 808,171
Purchase of utilities provided	249,565
Materials and supplies	267,213
Repairs and maintenance	54,244
Depreciation	294,448
Utilities and telephone	96,076
Insurance	110,190
Bad debts/recoveries	(2,840)
Other operating expenses	<u>135,483</u>
Total operating expenses	<u>\$ 2,012,550</u>
Operating loss	<u>\$ (76,886)</u>
<u>Nonoperating Revenues</u>	
Interest earnings	<u>\$ 4,448</u>
Total nonoperating revenues	<u>\$ 4,448</u>
Loss before transfers	\$ (72,438)
Transfers - in	162,790
Transfers - out	<u>(170,000)</u>
Change in net position	\$ (79,648)
Total net position - beginning	<u>4,541,385</u>
Total net position - ending	<u>\$ 4,461,737</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JENA, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds
Cash flows from operating activities	
Cash received from customers	\$ 1,975,324
Payments to suppliers for goods and services	(935,451)
Payments to and on behalf of employees for services	(829,353)
Net cash provided by operating activities	<u>\$ 210,520</u>
Cash flows from noncapital financing activities	
Operating transfers from other funds	\$ 170,857
Operating transfers to other funds	(150,762)
Net cash provided by noncapital financing activities	<u>\$ 20,095</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	\$ (3,005)
Net cash used for capital and related financing activities	<u>\$ (3,005)</u>
Cash flows from investing activities	
Interest on temporary investments	\$ 4,448
Net cash provided by investing activities	<u>\$ 4,448</u>
Net increase in cash and cash equivalents	\$ 232,058
Cash and cash equivalents, beginning of year	1,343,673
Cash and cash equivalents, end of year	<u>\$ 1,575,731</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	<u>\$ (76,886)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	\$ 294,448
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable - customers	23,346
Intergovernmental receivables	939
Prepaid expenses	(19,777)
Inventory	2,481
Increase (decrease) in:	
Accounts payable and accrued liabilities	(32,246)
Customer deposits	18,215
Total adjustments	<u>\$ 287,406</u>
Net cash provided by operating activities	<u>\$ 210,520</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

TOWN OF JENA, LOUISIANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

INTRODUCTION

The Town of Jena, Louisiana (the Town) was incorporated by proclamation of the Governor in 1906, under the provisions of the Lawrason Act. The Town operates under the Mayor-Town Council form of government and provides the following services: public safety (police and fire), streets, sanitation, recreation, public improvements, planning and zoning, provision of gas and water utilities, sewer services, and general services.

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

GASB Statement 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the statement of net position, the difference between a government's assets and liabilities is recorded as net position. The three components of net position are as follows:

Invested in Capital Assets, Net of Related Debt – This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgage notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets.

Restricted – This category represents net position restricted for a specific future use because their use is limited.

Unrestricted – This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

In the Statement of net position, this report will often report a separate section for deferred outflows and/or deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 government considers revenues to be available if they are collected within 60 days of the end of the current period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Sales Tax Special Revenue Fund is used to account for revenues generated by the one percent (1%) sales and use tax. Proceeds are first dedicated to any debt service, if applicable.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The municipality reports the following major proprietary fund:

The Utility Fund is used to account for the provision of gas and water utilities, as well as sewer services, to residents of the Town and some residents of the Parish. 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Deposits and Investments

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities. The Town currently only invests in certificates of deposit.

D. Restricted Assets

Certain proprietary fund assets are classified as restricted assets because their use is limited. "Customers' deposit account" consists of funds received from customers for utility deposits.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized through the establishment of an allowance account at the time information becomes available which would indicate the uncollectible particular receivable.

The Town annually levies ad-valorem taxes in accordance with state statute for the year ended December 31. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of LaSalle Parish.

For the year ended December 31, 2018, taxes of 5.32 mills were levied on property with assessed valuations totaling \$26,382,090 after abatements and exemptions and were dedicated as follows:

General corporate purposes	Mills	5.32
Total taxes levied	\$	140,353

F. Inventories and Prepaid Items

Inventory is valued at cost using the first-in/first-out (FIFO) method. Inventory used for the maintenance of the utility system is accounted for in the Utility Fund as assets when purchased and recorded as expenses when consumed. Inventory for office use is accounted for in the General and Utility Funds as expenditures or expenses when purchased. Amounts of office inventory on hand are immaterial. Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid expenses in all funds.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$2,500 or more for capitalizing capital assets used in the governmental funds.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

TOWN OF JENA, LOUISIANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets (continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities:	
Land improvements	30 years
Buildings	40 years
Vehicles	5 - 15 years
Machinery and equipment	5 - 15 years
Business-type activities/Enterprise Fund:	
Buildings	25 years
Infrastructure	20 - 50 years
Machinery and equipment	10 - 20 years
Vehicles	5 years

H. Deferred Outflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The Town reports deferred outflows of resources related to the net pension liabilities. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

I. Compensated Absences

The liability for compensated absences has not been accrued because the amount is considered to be immaterial.

J. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until then. The Town reports deferred inflows of resources related to the net pension liabilities.

L. Fund Equity

The Town has implemented and follows GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; and
- Unassigned fund balance - amounts that are available for any purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The Town establishes fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Town through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes). In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies.

M. 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 financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF JENA, LOUISIANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows procedures established by Louisiana Revised Statute in the preparation and adoption of its annual operating budgets as follows:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Town Council no later than fifteen days prior to the beginning of each year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budget amounts are as originally adopted, or as amended from time to time by the Town Council.

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2018, the municipality had unrestricted cash and cash equivalents totaling \$1,236,253 and restricted cash and cash equivalents of \$2,123,547 as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Demand deposits	\$ 496,937	\$ 1,792,119	\$ 2,289,056
Time deposits	738,916	331,428	1,070,344
Cash on hand	<u>400</u>	<u>-</u>	<u>400</u>
Total	<u>\$ 1,236,253</u>	<u>\$ 2,123,547</u>	<u>\$ 3,359,800</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 3 - CASH AND CASH EQUIVALENTS (continued)

At December 31, 2018, the municipality had \$3,382,789 in deposits (collected bank balances). These deposits are secured from risk by \$886,742 of federal deposit insurance and \$2,720,132 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Collectively with the federal deposit insurance and pledged securities, the Town was over collateralized by \$474,085 as of December 31, 2018.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Taxes:				
Ad valorem	\$ 39,138	\$ -	\$ -	\$ 39,138
Sales	-	97,939	-	97,939
Intergovernmental				
State	5,315	-	-	5,315
Local	-	-	4,941	4,941
Accounts	56,948	-	420,095	477,043
Other	78,625	-	1,130	79,755
Allowance for uncollectibles	-	-	(125,356)	(125,356)
Total	<u>\$ 180,026</u>	<u>\$ 97,939</u>	<u>\$ 300,810</u>	<u>\$ 578,775</u>

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectible receivable.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of individual receivables and payables reflected as "due to/from other funds" as of December 31, 2018, follows:

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 100,758	\$ 9,596
Nonmajor governmental funds	-	84,256
Enterprise fund	<u>33,624</u>	<u>40,530</u>
Totals	<u>\$ 134,382</u>	<u>\$ 134,382</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

Interfund transfers during the year ended December 31, 2018, were as follows:

	Operating Transfers	
	In	Out
General fund	\$ 986,895	\$ -
Special revenue fund	-	979,685
Enterprise fund	162,790	170,000
Totals	\$ 1,149,685	\$ 1,149,685

Transfers are primarily used to move funds from:

1. The Sales Tax Special Revenue Fund to the General Fund to cover payroll expenditures and to the Utility Fund to cover certain expenses of the sewer and water systems.
2. The Utility Fund to the General Fund to cover payroll expenditures.

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 661,273	\$ 2,350	\$ -	\$ 663,623
Total capital assets, not being depreciated	\$ 661,273	\$ 2,350	\$ -	\$ 663,623
Capital assets being depreciated				
Buildings	\$ 1,246,589	\$ 3,495	\$ -	\$ 1,250,084
Other improvements	1,630,582	-	39,946	1,590,636
Equipment	1,614,159	67,654	259,308	1,422,505
Infrastructure	3,192,247	4,561	-	3,196,808
Construction in progress	950,897	124,148	-	1,075,045
Total capital assets being depreciated	\$ 8,634,474	\$ 199,858	\$ (299,254)	\$ 8,535,078
Less accumulated depreciation for:				
Buildings	\$ (339,875)	\$ (39,768)	\$ -	\$ 379,643
Other improvements	(537,689)	(88,208)	-	625,897
Equipment	(1,115,179)	(117,912)	229,704	1,003,387
Infrastructure	(1,281,281)	(105,476)	31,558	1,355,199
Total accumulated depreciation	\$ (3,274,024)	\$ (351,364)	\$ 261,262	\$ 3,364,126
Total capital assets being depreciated, net	\$ 5,360,450	\$ (151,506)	\$ (37,992)	\$ 5,170,952
Total capital assets, net	\$ 6,021,723	\$ (149,156)	\$ (37,992)	\$ 5,834,575

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 6 - CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated				
Land	\$ 30,549	\$ -	\$ -	\$ 30,549
Total capital assets not being depreciated	<u>\$ 30,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,549</u>
Capital assets being depreciated				
Sewer disposal system	\$ 4,610,911	\$ -	\$ -	\$ 4,610,911
Natural gas distribution system	2,718,110	-	-	2,718,110
Water plant and system	3,270,968	3,005	-	3,273,973
Service equipment	<u>1,099,200</u>	<u>-</u>	<u>(79,969)</u>	<u>1,019,231</u>
Total capital assets being depreciated	<u>\$ 11,699,189</u>	<u>\$ 3,005</u>	<u>\$ (79,969)</u>	<u>\$ 11,622,225</u>
Less accumulated depreciation for:				
Sewer disposal system	\$ (3,301,339)	\$ (121,283)	\$ -	\$ (3,422,622)
Natural gas distribution system	(2,648,563)	(73,049)	-	(2,721,612)
Water plant and system	(2,007,981)	(93,438)	-	(2,101,419)
Service equipment	<u>(927,842)</u>	<u>(6,678)</u>	<u>79,969</u>	<u>(854,551)</u>
Total accumulated depreciation	<u>\$ (8,885,725)</u>	<u>\$ (294,448)</u>	<u>\$ 79,969</u>	<u>\$ (9,100,204)</u>
Total capital assets being depreciated, net	<u>\$ 2,813,464</u>	<u>\$ (291,443)</u>	<u>\$ -</u>	<u>\$ 2,522,021</u>
Total capital assets, net	<u>\$ 2,844,013</u>	<u>\$ (291,443)</u>	<u>\$ -</u>	<u>\$ 2,552,570</u>

Depreciation expense of \$351,364 for the year ended December 31, 2018, was charged to the following governmental functions:

General government	\$ 39,226
Public safety:	
Police	37,125
Fire	29,565
Public works:	
Parks and streets	125,752
Sanitation	41,130
Recreation	<u>78,566</u>
Total	<u>\$ 351,364</u>

TOWN OF JENA, LOUISIANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 7 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

Payables at December 31, 2018, are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Payable from unrestricted assets:			
Accounts payable	\$ 64,335	\$ 29,183	\$ 93,518
Total payable from unrestricted assets	<u>\$ 64,335</u>	<u>\$ 29,183</u>	<u>\$ 93,518</u>
Payable from restricted assets:			
Meter deposits	\$ -	\$ 140,350	\$ 140,350
Total payable from restricted assets	<u>\$ -</u>	<u>\$ 140,350</u>	<u>\$ 140,350</u>

NOTE 8 - RETIREMENT PLAN DESCRIPTION AND BENEFITS

Substantially all employees of the Town are members of the Municipal Employees' Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows.

Municipal Employees' Retirement System of Louisiana

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All eligible employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who were hired before January 1, 2013, who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Under Plan A, employees who were hired after January 1, 2013, who retire at or after age 67 with at least 7 years of creditable service, at or after age 62 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service, or at any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 60 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 employee 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. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 - RETIREMENT PLAN DESCRIPTION AND BENEFITS (continued)

Municipal Employees' Retirement System of Louisiana (continued)

Funding Policy. Under Plan A, members are required by state statute to contribute 9.50% as of July 1, 2013, of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The Town's contribution rate was 24.75% from January 1, 2018 through June 30, 2018, and was 26% from July 1, 2018 through December 31, 2018. The Town's contribution rate was 22.75% from January 1, 2017 through June 30, 2017, and was 24.75% from July 1, 2017 through December 31, 2017. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 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 year. The Town's contributions to the System under Plan A for the years ending December 31, 2018, 2017, and 2016, were \$249,009, \$262,296, and \$240,733, respectively, equal to the required contributions for each year.

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

At December 31, 2018, the Town reported a liability of \$2,358,435 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating cities, actuarially determined. At June 30, 2018, the Town's proportion was 0.569577%.

For the year ended December 31, 2018, the Town recognized pension expense of \$368,899, less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$90,075). At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 83,852
Changes of assumptions	70,997	-
Net difference between projected and actual earnings on pension plan investments	361,415	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	149,783
Town contributions subsequent to the measurement date	<u>123,305</u>	<u>-</u>
Total	<u>\$ 555,717</u>	<u>\$ 233,635</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 - RETIREMENT PLAN DESCRIPTION AND BENEFITS (continued)

Municipal Employees' Retirement System of Louisiana (continued)

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

\$123,305 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	\$	108,901
2020		47,669
2021		31,877
2022		10,329
Thereafter		-

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry age normal cost
Actuarial Assumptions:	
Investment Rate of Return	7.275%, net of investment expense
Projected Salary Increases	5.0% (2.6% Inflation, 2.4% Merit)
Mortality Rates	RP-2000 Employee Table for Active Members RP-2000 Healthy Annuitant Table for Healthy Annuitants RP-2000 Disabled Lives Mortality Tables for Disabled Annuitants
Expected Remaining Services Lives	3 years for Plan A
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.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 - RETIREMENT PLAN DESCRIPTION AND BENEFITS (continued)

Municipal Employees' Retirement System of Louisiana (continued)

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

The long-term expected real 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 were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.60% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return was 7.20% as June 30, 2018. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.20%
Public Fixed Income	35%	1.50%
Alternatives	15%	0.60%
Totals	100%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

Discount Rate. The discount rate used to measure the total pension liability was 7.275%. 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 and non-employer entities will be made at the actuarially determined rates approved by the Board of Trustees and PRSAC, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.275%, 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 6.275% or one percentage point higher 8.275% than the current rate:

	Changes in Discount Rate 2018		
	1% Decrease 6.275%	Current Discount Rate 7.275%	1% Increase 8.275%
Net Pension Liability	\$ 3,029,625	\$ 2,358,435	\$ 1,785,551

TOWN OF JENA, LOUISIANA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 - RETIREMENT PLAN DESCRIPTION AND BENEFITS (continued)

Municipal Police Employees' Retirement System of Louisiana

Eligible employees of the Town participate in the Municipal Police Employees' Retirement System, which is a cost-sharing, multiple-employer defined-benefit public employee retirement system. The Plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3⅓% of their final-average salary for each year of creditable service. 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 employee 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. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809-7017.

Funding Policy. Plan members are required by state statute to contribute 9% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The Town's contribution rate was 30.75% from January 1, 2018 through June 30, 2018, and was 32.25% from July 1, 2018 through December 31, 2018. The Town's contribution rate was 31.75% from January 1, 2017 through June 30, 2017, and was 30.75% from July 1, 2017 through December 31, 2017. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions to the System for the years ending December 31, 2018, 2017, and 2016, were \$42,791, \$39,083, and \$33,307, respectively, equal to the required contributions for each year.

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

At December 31, 2018, the Town reported a liability of \$332,067 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating cities, actuarially determined. At June 30, 2018, the Town's proportion was 0.039279%.

For the year ended December 31, 2018, the Town recognized pension expense of \$52,065, plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$2,614. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 - RETIREMENT PLAN DESCRIPTION AND BENEFITS (continued)

Municipal Police Employees' Retirement System of Louisiana (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,497	\$ 16,969
Changes of assumptions	21,700	-
Net difference between projected and actual earnings on pension plan investments	15,919	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	27,754
Town contributions subsequent to the measurement date	<u>24,752</u>	<u>-</u>
Total	<u>\$ 63,868</u>	<u>\$ 44,723</u>

\$24,752 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 7,305
2020	(606)
2021	(12,884)
2022	578
Thereafter	-

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2018	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	7.20%, net of investment expense	
Mortality Rates	RP-2000 Employee Table for Active Members RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for Healthy Annuitants and Beneficiaries RP-2000 Disabled Lives Mortality Table for Disabled Annuitants	
Expected Remaining Service Lives	4 years	
Salary Increases, Including 2.70% Inflation	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 - RETIREMENT PLAN DESCRIPTION AND BENEFITS (continued)

Municipal Police Employees' Retirement System of Louisiana (continued)

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

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

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, 2018, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52%	3.58%
Fixed Income	22%	0.46%
Alternatives	20%	1.07%
Other	6%	0.17%
Totals	100%	5.28%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.03%

Discount Rate. The discount rate used to measure the total pension liability was 7.20%. 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 these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.20%, 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 6.20% or one percentage point higher 8.20% than the current rate.

	Changes in Discount Rate 2018		
	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
Net Pension Liability	\$ 466,646	\$ 332,067	\$ 219,160

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 – RETIREMENT PLAN DESCRIPTION AND BENEFITS (continued)

Firefighters' Retirement System of Louisiana

Eligible employees of the Town participate in the Firefighters' Retirement System, which is a cost-sharing, multiple-employer, defined-benefit public employee retirement system. The Plan is controlled and administered by a separate board of trustees. Pertinent information relative to the Plan follows:

Plan description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3½% of their final-average salary for each year of creditable service. 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 employee 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. Benefits are established or amended by state statute.

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

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The Town's contribution rate was 26.50% from January 1, 2018 through June 30, 2018, and was 26.50% from July 1, 2018 through December 31, 2018. The Town's contribution rate was 26.50% from July 1, 2017 through December 31, 2017. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions to the System for the years ending December 31, 2018 and 2017, was \$48,172 and \$10,423, respectively, equal to the required contributions for the year.

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

At December 31, 2018, the Town reported a liability of \$254,944 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating cities, actuarially determined. At June 30, 2018, the Town's proportion was 0.044322%.

For the year ended December 31, 2018, the Town recognized pension expense of \$77,450, plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$33,684. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 - RETIREMENT PLAN DESCRIPTION AND BENEFITS (continued)

Firefighters' Retirement System of Louisiana (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 19,404
Changes of assumptions	17,785	40
Net difference between projected and actual earnings on pension plan investments	16,578	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	202,109	-
Town contributions subsequent to the measurement date	23,985	-
Total	\$ 260,457	\$ 19,444

\$23,985 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 48,190
2020	38,494
2021	26,984
2022	35,177
2023	34,385
2024	33,798
Thereafter	-

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2018	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	7.30%, net of investment expense	
Mortality Rates	RP-2000 Employee Table for Active Members RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for Healthy Annuitants and Beneficiaries RP-2000 Disabled Lives Mortality Table for Disabled Annuitants	
Expected Remaining Service Lives	4 years	
Salary Increases, Including 2.70% Inflation	Years of Service	Salary Growth Rate
	1-2	15.00%
	3-14	5.75%
	15-24	5.25%
	Over 25	4.75%

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 - RETIREMENT PLAN DESCRIPTION AND BENEFITS (continued)

Firefighters' Retirement System of Louisiana (continued)

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

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

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, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	54%	2.89%
Fixed Income	26%	1.39%
Alternatives	10%	0.53%
Other	10%	0.53%
Totals	100%	5.34%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.09%

Discount Rate. The discount rate used to measure the total pension liability was 7.30%. 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 these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.30%, 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 6.30% or one percentage point higher 8.30% than the current rate.

	<u>Changes in Discount Rate 2018</u>		
	<u>1% Decrease 6.30%</u>	<u>Current Discount Rate 7.30%</u>	<u>1% Increase 8.30%</u>
Net Pension Liability	\$ 372,023	\$ 254,944	\$ 156,557

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 9 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 10 - SEGMENT INFORMATION FOR UTILITY FUND

The Enterprise Fund operated by the Town provides water, natural gas, and sewer utility services. The following is a summary of segment information for the Enterprise Fund:

	Water System	Gas System	Sewer System	Total
Operating revenue	\$ 737,866	\$ 844,284	\$ 353,514	\$ 1,935,664
Purchase of natural gas	-	(249,565)	-	(249,565)
Operating expense	(543,513)	(392,021)	(533,003)	(1,468,537)
Depreciation	(95,663)	(75,274)	(123,511)	(294,448)
Operating income (loss)	<u>\$ 98,690</u>	<u>\$ 127,424</u>	<u>\$ (303,000)</u>	\$ (76,886)
Nonoperating revenues (expenses)				
Interest income				4,448
Operating transfers - in				162,790
Operating transfers - out				<u>(170,000)</u>
Net decrease in net position				<u>\$ (79,648)</u>

NOTE 11 - COMPENSATION PAID TO MAYOR AND TOWN COUNCIL

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following reflects compensation paid to the Mayor and members of the Town Council of Town of Jena, Louisiana for the year ending December 31, 2018:

Mayor, LaDawn Edwards	\$ 51,750
Town Council:	
David Chapman	3,750
Donald G. Richardson	3,750
David Paul Jones	3,750
Tommy Sandifer	3,750
Bruce Wilson	<u>3,750</u>
Total	<u>\$ 70,500</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF JENA, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 212,502	\$ 212,502	\$ 218,606	\$ 6,104
Licenses and permits	194,225	194,225	200,377	6,152
Intergovernmental revenue	33,957	33,957	33,295	(662)
Charges for services	310,750	310,750	303,964	(6,786)
Fines and forfeitures	95,000	95,000	92,293	(2,707)
Grants and contributions	975,300	85,400	87,193	1,793
Other	8,000	8,000	11,997	3,997
Total revenues	<u>\$ 1,829,734</u>	<u>\$ 939,834</u>	<u>\$ 947,725</u>	<u>\$ 7,891</u>
Expenditures				
Current:				
General government	\$ 442,156	\$ 442,156	\$ 517,464	\$ (75,308)
Public safety:				
Police	500,800	500,800	494,448	6,352
Fire	271,525	271,525	261,511	10,014
Animal control	7,000	7,000	-	7,000
Public works:				
Parks and streets	1,713,788	390,788	432,172	(41,384)
Sanitation	176,800	176,800	172,632	4,168
Recreation	68,100	68,100	58,735	9,365
Total expenditures	<u>\$ 3,180,169</u>	<u>\$ 1,857,169</u>	<u>\$ 1,936,962</u>	<u>\$ (79,793)</u>
Deficiency of revenues before operating transfers	<u>\$ (1,350,435)</u>	<u>\$ (917,335)</u>	<u>\$ (989,237)</u>	<u>\$ (71,902)</u>
Other financing sources				
Operating transfers - in	\$ 1,351,000	\$ 1,001,000	\$ 986,895	\$ (14,105)
Total other financing sources	<u>\$ 1,351,000</u>	<u>\$ 1,001,000</u>	<u>\$ 986,895</u>	<u>\$ (14,105)</u>
Net change in fund balance	\$ 565	\$ 83,665	\$ (2,342)	\$ (86,007)
Fund balance - beginning of year	<u>265,242</u>	<u>265,242</u>	<u>265,242</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 265,807</u></u>	<u><u>\$ 348,907</u></u>	<u><u>\$ 262,900</u></u>	<u><u>\$ (86,007)</u></u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 985,000	\$ 985,000	\$ 1,003,795	\$ 18,795
Interest	3,200	3,200	5,557	2,357
Total revenues	<u>\$ 988,200</u>	<u>\$ 988,200</u>	<u>\$ 1,009,352</u>	<u>\$ 21,152</u>
Expenditures				
Current:				
General Government	\$ 15,800	\$ 15,800	16,331	\$ (531)
Total expenditures	<u>\$ 15,800</u>	<u>\$ 15,800</u>	<u>\$ 16,331</u>	<u>\$ (531)</u>
Excess of revenues before operating transfers	<u>\$ 972,400</u>	<u>\$ 972,400</u>	<u>\$ 993,021</u>	<u>\$ 20,621</u>
Other Financing Uses				
Operating transfers - out	\$ (1,425,000)	\$ (1,425,000)	\$ (979,685)	\$ 445,315
Total other financing uses	<u>\$ (1,425,000)</u>	<u>\$ (1,425,000)</u>	<u>\$ (979,685)</u>	<u>\$ 445,315</u>
Net change in fund balance	\$ (452,600)	\$ (452,600)	\$ 13,336	\$ 465,936
Fund balance - beginning of year	<u>1,728,359</u>	<u>1,728,359</u>	<u>1,728,359</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,275,759</u>	<u>\$ 1,275,759</u>	<u>\$ 1,741,695</u>	<u>\$ 465,936</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Town Council. Amendments can be made on the approval of the Town Council. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America.

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

LOUISIANA MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.57%	0.62%	0.65%	0.65%
Town's proportionate share of the net pension liability (asset)	\$ 2,358,435	\$ 2,612,923	\$ 2,658,547	\$ 2,326,363
Town's covered-employee payroll	\$ 1,097,693	\$ 1,095,538	\$ 1,132,010	\$ 1,046,194
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	214.85%	238.51%	234.85%	222.36%
Plan fiduciary net position as a percentage of the total pension liability	63.94%	62.49%	62.11%	68.71%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

LOUISIANA MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>
Town's proportion of the net pension liability (asset)	0.39%		0.41%		0.46%		0.46%
Town's proportionate share of the net pension liability (asset)	\$ 332,067	\$	360,278	\$	426,173	\$	357,040
Town's covered-employee payroll	\$ 135,414	\$	124,898	\$	109,020	\$	144,768
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	245.22%		288.46%		390.91%		246.63%
Plan fiduciary net position as a percentage of the total pension liability	71.87%		70.08%		66.04%		70.73%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

LOUISIANA FIREFIGHTERS' RETIREMENT SYSTEM

	<u>2018</u>
Town's proportion of the net pension liability (asset)	0.57%
Town's proportionate share of the net pension liability (asset)	\$ 254,944
Town's covered-employee payroll	\$ 48,172
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	529.24%
Plan fiduciary net position as a percentage of the total pension liability	74.76%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
 SCHEDULE OF THE TOWN'S CONTRIBUTIONS
 LOUISIANA MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 257,372	\$ 258,053	\$ 228,839	\$ 219,526
Contributions in relation to the contractually required contribution	\$ (249,009)	\$ (259,871)	\$ (240,733)	\$ (226,576)
Contribution deficiency (excess)	\$ 8,363	\$ (1,818)	\$ (11,894)	\$ (7,050)
Town's covered-employee payroll	\$ 1,097,693	\$ 1,095,538	\$ 1,132,010	\$ 1,046,194
Contributions as a percentage of covered-employee payroll	22.68%	23.72%	21.27%	21.66%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
 SCHEDULE OF THE TOWN'S CONTRIBUTIONS
 LOUISIANA MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 35,645	\$ 39,114	\$ 37,574	\$ 38,402
Contributions in relation to the contractually required contribution	\$ (42,791)	\$ (39,083)	\$ (33,307)	\$ (44,132)
Contribution deficiency (excess)	\$ (7,146)	\$ 31	\$ 4,267	\$ (5,730)
Town's covered-employee payroll	\$ 135,414	\$ 124,898	\$ 109,020	\$ 144,768
Contributions as a percentage of covered-employee payroll	31.60%	31.29%	30.55%	30.48%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
 SCHEDULE OF THE TOWN'S CONTRIBUTIONS
 LOUISIANA FIREFIGHTERS' RETIREMENT SYSTEM

	<u>2018</u>
Contractually required contribution	\$ 27,964
Contributions in relation to the contractually required contribution	\$ 48,172
Contribution deficiency (excess)	\$ (20,208)
Town's covered-employee payroll	\$ 48,172
Contributions as a percentage of covered-employee payroll	100%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF JENA, LOUISIANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Capital Projects Fund	Fiduciary Funds		Total	Total Nonmajor Governmental Funds
		Accounts Payable Clearing Fund	Payroll Clearing Fund		
Assets					
Cash and cash equivalents	\$ 10	\$ 44,608	\$ 39,648	\$ 84,256	\$ 84,266
Total assets	<u>\$ 10</u>	<u>\$ 44,608</u>	<u>\$ 39,648</u>	<u>\$ 84,256</u>	<u>\$ 84,266</u>
Liabilities and Fund Balances					
Liabilities:					
Due to other funds	\$ -	\$ 44,608	\$ 39,648	\$ 84,256	\$ 84,256
Total liabilities	<u>\$ -</u>	<u>\$ 44,608</u>	<u>\$ 39,648</u>	<u>\$ 84,256</u>	<u>\$ 84,256</u>
Fund balances:					
Reserved for capital projects	\$ 10	\$ -	\$ -	\$ -	\$ 10
Total fund balances	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>
Total liabilities and fund balances	<u>\$ 10</u>	<u>\$ 44,608</u>	<u>\$ 39,648</u>	<u>\$ 84,256</u>	<u>\$ 84,266</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>REVENUES</u>		
Grants	\$ -	\$ -
Total revenues	\$ -	\$ -
<u>EXPENDITURES</u>		
Capital expenditures	\$ -	\$ -
Total expenditures	\$ -	\$ -
Revenues under expenditures	\$ -	\$ -
<u>OTHER FINANCING SOURCES</u>		
Operating transfer to general fund	\$ -	\$ -
Total other financial sources	\$ -	\$ -
Excess of expenditures over revenues and other financing sources	\$ -	\$ -
Fund balance - beginning of year	10	10
Fund balance - end of year	\$ 10	\$ 10

See Independent Auditor's Report.

COMPARATIVE/COMBINING FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

This is the general operating fund of the Town and is used to account for resources traditionally associated with governments, which are not required to be accounted for in another fund.

TOWN OF JENA, LOUISIANA
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
Cash and cash equivalents	\$ 56,047	\$ 56,456
Receivables (net of allowance for doubtful accounts):		
Accounts	60,019	53,878
Taxes	39,138	41,252
Governmental	1,237	5,315
Other	79,632	79,514
Due from other funds	100,758	91,210
Total assets	\$ 336,831	\$ 327,625
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 64,335	\$ 52,802
Due to other funds	9,596	9,581
Total liabilities	\$ 73,931	\$ 62,383
FUND BALANCE		
Unassigned fund balance	\$ 262,900	\$ 265,242
Total fund balance	\$ 262,900	\$ 265,242
Total liabilities and fund balance	\$ 336,831	\$ 327,625

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017

	2018	2017
<u>REVENUES</u>		
Taxes	\$ 218,606	\$ 219,191
Licenses and permits	200,377	224,325
Intergovernmental	33,295	34,757
Charges for services	303,964	310,050
Fines and forfeitures	92,293	116,761
Grants and contributions	87,193	105,595
Other revenues	11,997	27,255
	<hr/>	<hr/>
Total revenues	\$ 947,725	\$ 1,037,934
<u>EXPENDITURES</u>		
General government	\$ 517,464	\$ 1,459,234
Public safety:		
Police	494,448	535,868
Fire	261,511	259,596
Animal control	-	5,637
Public works:		
Parks and streets	432,172	433,602
Sanitation	172,632	170,391
Recreation	58,735	100,637
	<hr/>	<hr/>
Total expenditures	\$ 1,936,962	\$ 2,964,965
Revenues under expenditures	\$ (989,237)	\$ (1,927,031)
<u>OTHER FINANCING SOURCES</u>		
Operating transfers - in	\$ 986,895	\$ 1,318,665
	<hr/>	<hr/>
Total other financing sources	\$ 986,895	\$ 1,318,665
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ (2,342)	\$ (608,366)
Fund balance - beginning of year	265,242	873,608
	<hr/>	<hr/>
Fund balance - end of year	\$ 262,900	\$ 265,242
	<hr/>	<hr/>

See Independent Auditor's Report.

SALES TAX SPECIAL REVENUE FUND

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

Sales tax special revenue fund is used to account for revenues generated by the one percent (1%) sales and use tax. Proceeds are first dedicated to any debt service, if applicable.

TOWN OF JENA, LOUISIANA
SALES TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 1,265,598	\$ 1,258,723
Temporary investments (at cost)	378,158	373,944
Accounts receivable - sales tax	97,939	95,692
	<u>1,741,695</u>	<u>1,728,359</u>
Total assets	<u>\$ 1,741,695</u>	<u>\$ 1,728,359</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balance		
Restricted fund balance	<u>\$ 1,741,695</u>	<u>\$ 1,728,359</u>
Total fund balances	<u>\$ 1,741,695</u>	<u>\$ 1,728,359</u>
Total liabilities and fund balance	<u>\$ 1,741,695</u>	<u>\$ 1,728,359</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

SALES TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2018

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2017

	<u>2018</u>	<u>2017</u>
<u>REVENUES</u>		
Taxes	\$ 1,003,795	\$ 962,200
Interest	5,557	2,679
Total revenues	<u>\$ 1,009,352</u>	<u>\$ 964,879</u>
<u>EXPENDITURES</u>		
Current - general government		
Operating expense	\$ 7,129	\$ 6,205
Collection expense	9,202	9,202
Total expenditures	<u>\$ 16,331</u>	<u>\$ 15,407</u>
Excess of revenues over expenditures	<u>\$ 993,021</u>	<u>\$ 949,472</u>
<u>OTHER FINANCING USES</u>		
Operating transfers - out	<u>\$ (979,685)</u>	<u>\$ (1,138,759)</u>
Total other financing uses	<u>\$ (979,685)</u>	<u>\$ (1,138,759)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	\$ 13,336	\$ (189,287)
Fund balances - beginning of year	<u>1,728,359</u>	<u>1,917,646</u>
Fund balances - end of year	<u>\$ 1,741,695</u>	<u>\$ 1,728,359</u>

See Independent Auditor's Report.

CAPITAL PROJECTS FUND**LCDBG Public Facilities Program**

This fund accounts for the financing and construction of street improvements in the Town; financing to be provided by general revenues, excess sales tax revenues, and by a federal grant.

TOWN OF JENA, LOUISIANA
 CAPITAL PROJECTS FUND
 LCDBG PUBLIC FACILITIES PROGRAM
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
Cash	\$ 10	\$ 10
Total assets	\$ 10	\$ 10
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ -	\$ -
Restricted fund balance	\$ 10	\$ 10
Total liabilities and fund balance	\$ 10	\$ 10

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
 CAPITAL PROJECTS FUND
 LCDBG PUBLIC FACILITIES PROGRAM

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<u>REVENUES</u>		
Capital grants	\$ -	\$ -
Total revenues	\$ -	\$ -
<u>EXPENDITURES</u>		
Capital expenditures	\$ -	\$ -
Total expenditures	\$ -	\$ -
Revenues under expenditures	\$ -	\$ -
<u>OTHER FINANCING SOURCES</u>		
Total other financing sources	\$ -	\$ -
Excess of revenues and other financing sources over expenditures	\$ -	\$ -
Fund balance - beginning of year	10	10
Fund balance - end of year	\$ 10	\$ 10

See Independent Auditor's Report.

UTILITY SYSTEM ENTERPRISE FUND

Enterprise funds are used for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Utility system enterprise fund is used to account for operations of the natural gas distribution system, water distribution system, and sewer services provided to the residents of the Town and to certain surrounding areas. 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, billing, and collection.

TOWN OF JENA, LOUISIANA
 ENTERPRISE FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
Current assets		
Cash	\$ 717,784	\$ 528,610
Receivables:		
Accounts (net of allowance for doubtful accounts)	294,739	318,086
Intergovernmental	4,941	5,880
Other	1,129	1,129
Due from other funds	33,624	41,691
Prepaid expenses	97,654	77,877
Inventory	111,411	113,892
	<u>\$ 1,261,282</u>	<u>\$ 1,087,165</u>
Total current assets		
Noncurrent assets		
Restricted assets		
Meter deposit account	\$ 151,909	\$ 132,698
Temporary investments (at cost)	360,305	358,283
Utility system improvement deposit accounts	345,734	324,082
	<u>\$ 857,948</u>	<u>\$ 815,063</u>
Total restricted assets		
Fixed assets		
Property, plant, and equipment	\$ 11,652,774	\$ 11,729,738
Accumulated depreciation	(9,100,204)	(8,885,725)
	<u>\$ 2,552,570</u>	<u>\$ 2,844,013</u>
Fixed assets (net of accumulated depreciaton)		
	<u>\$ 4,671,800</u>	<u>\$ 4,746,241</u>
Total assets		

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
 ENTERPRISE FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2018 AND 2017

	2018	2017
<u>LIABILITIES</u>		
Current liabilities (payable from current assets)		
Accounts payable and accrued wages	\$ 29,183	\$ 61,428
Due to other funds	40,530	21,293
Total current liabilities (payable from current assets)	\$ 69,713	\$ 82,721
Current liabilities (payable from restricted assets)		
Payable from meter deposit account		
Meter deposits	\$ 140,350	\$ 122,135
Total current liabilities (payable from restricted assets)	\$ 140,350	\$ 122,135
Total current liabilities	\$ 210,063	\$ 204,856
Total liabilities	\$ 210,063	\$ 204,856
<u>NET POSITION</u>		
Investment in capital assets, net of related debt	\$ 2,552,570	\$ 2,844,013
Unrestricted	1,909,167	1,697,372
Total net position	\$ 4,461,737	\$ 4,541,385
Total liabilities and net position	\$ 4,671,800	\$ 4,746,241

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
 ENTERPRISE FUND
 MUNICIPAL UTILITIES SYSTEM

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
 ALL DEPARTMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 1,879,271	\$ 1,797,271
Other operating revenue	56,393	53,523
	\$ 1,935,664	\$ 1,850,794
<u>OPERATING EXPENSES</u>		
Natural gas purchases	\$ 249,565	\$ 228,170
Salaries	544,979	555,492
Employee benefits	255,583	133,676
Payroll taxes	7,609	8,029
Operating supplies	267,213	225,346
Gas and oil	32,031	20,539
Utilities	80,915	79,864
Telephone	15,162	14,312
Repairs and maintenance	54,244	65,254
Depreciation	294,448	213,948
Travel	-	11
Training	9,959	7,825
Uniform rental	10,773	13,867
Professional fees	24,038	18,357
Office expense	4,162	1,694
Insurance	110,190	113,616
Dues and subscriptions	1,713	721
Lab reports and surveys	36,362	27,537
Drug testing	1,210	1,872
Bad debts/recoveries	(2,840)	4,513
Miscellaneous	15,234	12,651
	\$ 2,012,550	\$ 1,747,291
Total operating expenses	\$ 2,012,550	\$ 1,747,291
Operating income (loss)	\$ (76,886)	\$ 103,503

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
 ENTERPRISE FUND
 MUNICIPAL UTILITIES SYSTEM

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
 WATER SYSTEM

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 716,369	\$ 713,529
Other operating revenue	21,497	21,249
	<u>\$ 737,866</u>	<u>\$ 734,778</u>
<u>OPERATING EXPENSES</u>		
Salaries	\$ 200,704	\$ 212,446
Employee benefits	92,299	45,997
Payroll taxes	2,806	3,071
Operating supplies	107,072	105,182
Gas and oil	2,276	1,860
Utilities	31,611	31,545
Telephone	7,078	6,781
Repairs and maintenance	24,788	19,527
Depreciation	95,663	74,175
Travel	-	-
Training	-	450
Uniform rental	611	1,743
Professional fees	8,529	6,119
Office expense	3,235	1,560
Insurance	37,280	37,551
Dues and subscriptions	1,375	321
Lab reports and surveys	17,847	13,327
Bad debts/recoveries	(895)	1,473
Miscellaneous	6,897	7,134
	<u>\$ 639,176</u>	<u>\$ 570,262</u>
Total operating expenses	<u>\$ 639,176</u>	<u>\$ 570,262</u>
Operating income	<u>\$ 98,690</u>	<u>\$ 164,516</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
 ENTERPRISE FUND
 MUNICIPAL UTILITIES SYSTEM

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
 NATURAL GAS SYSTEM

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 819,687	\$ 731,262
Other operating revenue	24,597	21,777
	\$ 844,284	\$ 753,039
<u>OPERATING EXPENSES</u>		
Natural gas purchases	\$ 249,565	\$ 228,170
Salaries	123,301	120,564
Employee benefits	91,156	64,644
Payroll taxes	1,725	1,749
Operating supplies	41,762	39,710
Gas and oil	27,105	16,732
Utilities	5,709	5,714
Telephone	6,345	6,649
Repairs and maintenance	16,455	23,345
Depreciation	75,274	44,735
Travel	-	11
Training	9,959	7,375
Uniform rental	8,616	10,471
Professional fees	8,529	6,119
Office expense	190	29
Insurance	30,566	32,498
Dues and subscriptions	249	300
Lab reports and surveys	12,797	9,704
Drug testing	1,210	1,872
Bad debts/recoveries	(1,034)	1,617
Miscellaneous	7,381	4,233
	\$ 716,860	\$ 626,241
Total operating expenses	\$ 716,860	\$ 626,241
Operating income	\$ 127,424	\$ 126,798

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
 ENTERPRISE FUND
 MUNICIPAL UTILITIES SYSTEM

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
 SEWER SYSTEM

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 343,215	\$ 352,480
Other operating revenue	10,299	10,497
	\$ 353,514	\$ 362,977
<u>OPERATING EXPENSES</u>		
Salaries	\$ 220,974	\$ 222,482
Employee benefits	72,128	23,035
Payroll taxes	3,078	3,208
Operating supplies	118,379	80,455
Gas and oil	2,651	1,948
Utilities	43,594	42,606
Telephone	1,739	881
Repairs and maintenance	13,001	22,382
Depreciation	123,511	95,037
Uniform rental	1,546	1,653
Professional fees	6,979	6,119
Office expense	737	105
Insurance	42,344	43,567
Dues and subscriptions	90	100
Lab reports and surveys	5,718	4,506
Bad debts/recoveries	(911)	1,423
Miscellaneous	956	1,286
	\$ 656,514	\$ 550,793
Total operating expenses	\$ 656,514	\$ 550,793
Operating loss	\$ (303,000)	\$ (187,816)

See Independent Auditor's Report.

**FIDUCIARY FUNDS
(AGENCY)**

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Funds

Accounts Payable Clearing Fund - to account for the collection and payment of purchases from vendors and suppliers.

Payroll Clearing Fund - to account for the collection and payment of employee compensation and payroll deductions to the appropriate agencies.

TOWN OF JENA, LOUISIANA
 FIDUCIARY FUNDS
 COMBINING BALANCE SHEETS
 DECEMBER 31, 2018

WITH COMPARATIVE TOTAL FOR DECEMBER 31, 2017

	Agency Funds		Totals	
	Accounts Payable Clearing Fund	Payroll Clearing Fund	2018	2017
<u>ASSETS</u>				
Cash	\$ 44,608	\$ 39,648	\$ 84,256	\$ 102,027
Total assets	<u>\$ 44,608</u>	<u>\$ 39,648</u>	<u>\$ 84,256</u>	<u>\$ 102,027</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Due to other funds	\$ 44,608	\$ 39,648	\$ 84,256	\$ 102,027
Total liabilities	<u>\$ 44,608</u>	<u>\$ 39,648</u>	<u>\$ 84,256</u>	<u>\$ 102,027</u>
Fund balance				
Unreserved, undesignated	\$ -	\$ -	\$ -	\$ -
Total fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 44,608</u>	<u>\$ 39,648</u>	<u>\$ 84,256</u>	<u>\$ 102,027</u>

See Independent Auditor's Report.

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD**

TOWN OF JENA, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS, AND
 OTHER PAYMENTS TO AGENCY HEAD
 FOR THE YEAR ENDED DECEMBER 31, 2018

Agency Head: The Honorable LaDawn Edwards, Mayor

Purpose	Amount
Salary	\$ 51,750
Benefits - health insurance	7,868
Benefits - workmen's compensation insurance	558
Benefits - retirement	12,935
Vehicle allowance	8,400
Travel - general	3,313
Total	\$ 84,824

See Independent Auditor's Report.

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL AND COMPLIANCE**



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

The Honorable LaDawn Edwards, Mayor
 and Members of the Town Council
 Town of Jena, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Jena, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Town of Jena, Louisiana's basic financial statements, and have issued our report thereon dated May 24, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Jena, Louisiana'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*.

Purpose of this Report

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

Silas Simmons, LLP

Natchez, Mississippi
May 24, 2019

TOWN OF JENA, LOUISIANA
 SCHEDULE OF FINDINGS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Section I: Summary of Auditor's Reports

A. Financial Statements:

1. Type of auditor's report issued on the financial statements Unqualified

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

1. Internal control over financial reporting:

a. Material weakness(es) identified? No

b. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

2. Compliance:

a. Material noncompliance relating to the financial statements? No

TOWN OF JENA, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Reference No.</u>	<u>Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Action/Partial Corrective Action Taken</u>
Section I - Internal Control and Compliance Material to the Financial Statements:				
	None			
Section II - Internal Control and Compliance Material to Federal Awards:				
	None			
Section III - Management Letter:				
	None			

TOWN OF JENA, LOUISIANA

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLANNED

FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Reference No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Section I - Internal Control and Compliance Material to the Financial Statements:				
	None			
Section II - Internal Control and Compliance Material to Federal Awards:				
	None			
Section III - Management Letter:				
	None			

AGREED-UPON PROCEDURES REPORT



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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Town of Jena, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures in the attached supplement below, which were agreed to by the Town of Jena, Louisiana (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those control and compliance areas identified in the SAUPs.

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

Our procedures and findings are included in the supplement to this report.

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

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

A handwritten signature in black ink that reads 'Silas Simmons, LLP'.

Natchez, Mississippi
May 24, 2019

THE TOWN OF JENA, LOUISIANA
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
 - b) *Purchasing*, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) *Disbursements*, including processing, reviewing, and approving.
 - d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: We reviewed the written policies and procedures for the related functions listed above in the procedures.

Through our review, we were able to verify that the Town has appropriate written policies and procedures for the related topics with the exception of contracting, debt service, and ethics.

Board or Finance Committee

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

Findings: We obtained a copy of the Town's minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the board's enabling legislation, charter, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly budget-to-actual comparisons. We obtained a copy of the prior year audit report and observed the unrestricted fund balance in the general fund as being positive.

No exceptions were noted during the above procedures.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: We obtained a listing of bank accounts from the list management gave for bank confirmations and had management identify the main operating bank account. We selected the main operating bank account and randomly selected four additional bank accounts. We obtained the related bank statements and randomly selected one month from the fiscal period to review whether bank reconciliations had been prepared within two months of the related statement closing date, included evidence of a member of management unrelated to the cash collection/disbursement processes had reviewed each bank reconciliation, and included documentation that management has researched reconciling items that have been outstanding for more than 12 months from that statement closing date.

No exceptions were noted during the above procedures.

Collections

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

Findings: We reviewed a listing of deposit sites for the fiscal period and management's representation that the listing is complete. The Town has only one deposit site.

No exceptions were noted during the above procedures.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings: We obtained a listing of collection locations and management's representation that the listing is complete. The Town has only one collection location at the one deposit site. We obtained written policies and procedures and inquired of management and employees to determine whether employees who are responsible for cash collections do not share cash drawers/registers, do not prepare/make bank deposits, and are not responsible for posting collection entries to the general ledger or subsidiary ledgers, and employees responsible for reconciling cash collections to the general ledger or subsidiary ledger(s) are not responsible for collecting cash.

Through our review, we noted that the cash registers are shared amongst employees because there are more employees who can collect cash at one time than cash registers, in case an employee has to perform another duty.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Findings: We inquired of management to determine if they are covered by a bond or insurance policy for theft to determine that there is a blanket policy covering theft.

No exceptions were noted during the above procedures.

7. Randomly select two deposit dates for each of the five bank accounts selected for Procedure 3 under "Bank Reconciliations" (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Findings: We randomly selected two deposit dates for each of the five bank accounts selected under Procedure 3 and performed the procedures above by observing that receipts are sequentially pre-numbered and traced to collection documentation and the bank statements. We observed that deposits were made within one business day of receipt and that the deposits were traced from the bank statement to the general ledger.

No exceptions were noted during the above procedures.

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

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

Findings: We obtained a listing of locations that process payments and management's representation that the listing is complete. The Town has one location for processing payments.

No exceptions were noted during the above procedures.

9. For each location selected under Procedure 8, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties) and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Findings: Using the Town's only location, we inquired of employees involved with non-payroll purchasing and payment functions and obtained written policies and procedures.

No exceptions were noted during the above procedures.

10. For each location selected under Procedure 8, obtain the entity's nonpayroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/ date, electronic logging) of segregation of duties tested under Procedure 9, as applicable.

Findings: For each location from Procedure 8, we obtained the nonpayroll disbursement transaction population and management's representation that the population is complete. We randomly selected five disbursements and obtained the documentation that the disbursement matched the related original invoice and that the related documentation included evidence of segregation of duties tested under Procedure 9.

No exceptions were noted during the above procedures.

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

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

Findings: We obtained a listing of all active cards from management and management's representation that the listing was complete. The Town has six accounts for cards.

No exceptions were noted during the above procedures.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings: We selected the monthly statements for the five accounts for one month randomly selected and observed that the statements were reviewed and approved.

No exceptions were noted during the above procedures.

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

Findings: For four of the statements, 10 transactions (or all transactions if less than 10) were selected and supporting documentation was obtained. Each transaction was supported by an original itemized receipt that identified what was purchased, written documentation of the business/public purpose, and documentation of individuals in meals for meal charges. One statement was excluded due to being for the Town's fuel cards.

No exceptions were noted during the above procedures.

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

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

Findings: We obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and obtained management's representation that the listing is complete. We randomly selected five reimbursements and obtained the supporting documentation to observe how the reimbursement was determined, what the purpose was, and if the reimbursement was approved appropriately.

No exceptions were noted during the above procedures.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

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

The above procedures were not performed due to no exceptions in prior year testing.

Payroll and Personnel

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

The above procedures were not performed due to no exceptions in prior year testing.

17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under Procedure 16, obtain attendance records and leave documentation for the pay period and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

The above procedures were not performed due to no exceptions in prior year testing.

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

The above procedures were not performed due to no exceptions in prior year testing.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

The above procedures were not performed due to no exceptions in prior year testing.

Ethics

20. Using the five randomly selected employees/officials from Procedure 16 under "Payroll and Personnel," obtain ethics documentation from management and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Findings: For the five employees selected from Procedure 16, we observed documentation that demonstrates each employee completed one hour of ethics training during the fiscal period and documentation that demonstrates each employee attested through signature verification that he or she has read the entity's policy during the fiscal period.

No exceptions were noted during the above procedures.

Debt Service

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

The above procedures were not performed due to no exceptions in prior year testing.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balance and payments to those required by debt covenants.

The above procedures were not performed due to no exceptions in prior year testing.

Other

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

No exceptions were noted during the above procedures.

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

No exceptions were noted during the above procedures.

TOWN OF JENA, LOUISIANA
SCHEDULE OF EXCEPTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Reference No.</u>	<u>Description of Exception</u>
<u>Written Policies and Procedures</u>	
Procedure 1	There were not appropriate written policies for contracting, debt service, and ethics.
<u>Collections</u>	
Procedure 5a	The cash registers are shared amongst employees because there are more employees who can collect cash at one time than cash registers, in case an employee has to perform another duty.