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# TOWN OF JENA

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JENA, LOUISIANA

DECEMBER 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 12 2000

**TOWN OF JENA, LOUISIANA**

**DECEMBER 31, 1999**

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**TOWN OF JENA, LOUISIANA**

**DECEMBER 31, 1999**

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Dale Willis, Mayor, and
Members of the Town Council
Town of Jena, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Jena, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Jena's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Jena, Louisiana, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2000, on our consideration of the Town of Jena's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

MARVIN A. JONEAU, C.P.A. ROBERT L. LITTON, C.P.A. REBECCA B. MORRIS, C.P.A.
H. FRED RANDOW, C.P.A. ROBERT W. DVORAK, C.P.A. MICHAEL A. JONEAU, C.P.A.
ERNEST F. SASSER, C.P.A. DALE P. DE SELLE, C.P.A. I. PAUL HODD, C.P.A.



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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Dale Willis, Mayor, and  
Members of the Town Council  
Town of Jena, Louisiana

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Jena, Louisiana, taken as a whole. The individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Jena, Louisiana. Such information, except for the schedule of insurance in force marked "unaudited", has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

*Payne, Moore & Herrington, LLP*  
Certified Public Accountants

May 23, 2000

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

The general purpose financial statements, which include all funds and account groups of the Town, are designed to provide an overview of the financial position and results of operations for the municipality as a whole. Additional information in the form of individual fund and account group statements and schedules is included elsewhere in this report, to the extent such presentation expands on the financial information presented in these general purpose financial statements.

TOWN OF JENA, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 1999

EXHIBIT A  
 (Continued)

ASSETS AND OTHER DEBITS	<u>GOVERNMENTAL FUND TYPES</u>				<u>PROPRIETARY</u>	<u>ACCOUNT GROUPS</u>			TOTALS (MEMORANDUM ONLY)
	<u>ASSETS</u>		<u>DEBT</u>	<u>CAPITAL</u>	<u>FUND TYPE</u>	<u>GENERAL</u>	<u>LONG-TERM</u>	<u>DEBT</u>	
	<u>GENERAL</u>	<u>REVENUE</u>	<u>SERVICE</u>	<u>PROJECTS</u>	<u>ENTERPRISE</u>	<u>FIXED</u>	<u>ASSETS</u>		
Cash	\$ 59,941	\$ 484,908	\$ 5,911	\$ 200,780	\$ 125,096	\$	\$	\$	\$ 876,636
Investments	37,302				969,807				1,007,109
Receivables (Net of allowance for doubtful accounts)									
Accounts	6,540				193,989				200,529
Taxes	13,749								13,749
Intergovernmental	42,914				4,216				47,130
Other	16,576				18,201				34,777
Due from other funds					84,044				84,044
Prepaid expenses					13,881				13,881
Inventory					83,287				83,287
Restricted assets					434,494				434,494
Fixed Assets (Net, where applicable, of accumulated depreciation)					6,076,360	1,861,490			7,937,850
OTHER DEBITS									
Amount available in debt service fund							5,911		5,911
Amount to be provided for retirement of general long-term debt							194,089		194,089
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 177,022</b>	<b>\$ 484,908</b>	<b>\$ 5,911</b>	<b>\$ 200,780</b>	<b>\$ 8,003,375</b>	<b>\$ 1,861,490</b>	<b>\$ 200,000</b>		<b>\$ 10,933,486</b>

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

TOWN OF JENA, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 1999

EXHIBIT A  
 (Concluded)

LIABILITIES, EQUITY, AND OTHER CREDITS	GOVERNMENTAL FUND TYPES				PROPRIETARY		ACCOUNT GROUPS			TOTALS (MEMORANDUM ONLY)
	FUND TYPE				FUND TYPE		GENERAL	GENERAL	LONG-TERM	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	ENTERPRISE	ASSETS	DEBT	DEBT	
Accounts and contracts payable	\$ 35,319	\$	\$	\$	\$ 75,259	\$	\$	\$	\$	\$ 110,578
Accrued expenses					12,694					12,694
Due to other funds		84,044								84,044
Liabilities payable from restricted assets					232,499					232,499
Certificate of indebtedness payable					1,925,000			200,000		200,000
Sales tax bond					2,245,452			200,000		1,925,000
Total Liabilities	35,319	84,044	-	-	2,245,452	-	-	200,000	200,000	2,564,815
Investment in general fixed assets						1,861,490				1,861,490
Contributed capital					3,114,337					3,114,337
Retained earnings										
Reserved										201,995
Unreserved										2,441,591
Fund balance										5,911
Reserved										
Unreserved										
Designated	37,302									37,302
Undesignated	104,401	400,864								706,045
Total Equity and Other Credits	141,703	400,864	5,911	200,780	5,757,923	1,861,490	-	-	-	8,368,671
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 177,022	\$ 484,908	\$ 5,911	\$ 200,780	\$ 8,003,375	\$ 1,861,490	\$ 200,000	\$ 200,000	\$ 200,000	\$ 10,933,486

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



TOWN OF JENA, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED DECEMBER 31, 1999

EXHIBIT B

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
<b>REVENUES</b>				
Taxes	\$ 133,016	\$ 496,751	\$	\$ 629,767
Licenses and permits	117,649			117,649
Intergovernmental	104,843		64,801	169,644
Charges for services	175,560			175,560
Fines and forfeitures	37,890			37,890
Interest	1,879	9,787	780	12,446
Other	<u>6,592</u>			<u>6,592</u>
Total Revenues	577,429	506,538	65,581	1,149,548
<b>EXPENDITURES</b>				
Current				
General government	164,691	83,414		248,105
Public safety	324,345			324,345
Public works	229,088			229,088
Capital outlay	<u>47,976</u>	<u>127,968</u>	<u>64,801</u>	<u>240,745</u>
Total Expenditures	766,100	211,382	64,801	1,042,283
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(188,671)	295,156	780	107,265
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	238,915			238,915
Operating transfers out	(5,910)	(248,913)	(100)	(254,923)
Proceeds of certificates of indebtedness	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Total Other Financing Sources (Uses)	233,005	(248,913)	199,900	183,992
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>				
	44,334	46,243	200,680	291,257
<b>FUND BALANCES, BEGINNING OF YEAR</b>				
	<u>97,369</u>	<u>354,621</u>	<u>100</u>	<u>452,090</u>
<b><u>FUND BALANCES, END OF YEAR</u></b>				
	<u>\$ 141,703</u>	<u>\$ 400,864</u>	<u>\$ 200,780</u>	<u>\$ 743,347</u>

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

TOWN OF JENA, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL AND SPECIAL REVENUE FUNDS  
 YEAR ENDED DECEMBER 31, 1999

EXHIBIT C

	GENERAL FUND			SPECIAL REVENUE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>						
Taxes	\$ 126,700	\$ 133,016	\$ 6,316	\$ 465,000	\$ 496,751	\$ 31,751
Licenses and permits	115,250	117,649	2,399			
Intergovernmental	90,922	104,843	13,921			
Charges for services	166,100	175,560	9,460			
Fines and fees	40,000	37,890	(2,110)			
Interest		1,879	1,879	9,000	9,787	787
Other	3,000	6,592	3,592			
Total Revenues	<u>541,972</u>	<u>577,429</u>	<u>35,457</u>	<u>474,000</u>	<u>506,538</u>	<u>32,538</u>
<b>EXPENDITURES</b>						
Current						
General government	189,450	164,691	24,759	20,000	83,414	(63,414)
Public safety	330,695	324,345	6,350			
Public works	237,950	229,088	8,862			
Capital outlay	24,762	47,976	(23,214)	241,000	127,968	113,032
Total Expenditures	<u>782,857</u>	<u>766,100</u>	<u>16,757</u>	<u>261,000</u>	<u>211,382</u>	<u>49,618</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(240,885)	(188,671)	52,214	213,000	295,156	82,156
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	246,779	238,915	(7,864)			
Operating transfers out	(5,894)	(5,910)	(16)	(248,500)	(248,913)	(413)
Total Other Financing Sources (Uses)	<u>240,885</u>	<u>233,005</u>	<u>(7,880)</u>	<u>(248,500)</u>	<u>(248,913)</u>	<u>(413)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	-	44,334	44,334	(35,500)	46,243	81,743
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>97,369</u>	<u>97,369</u>	-	<u>354,621</u>	<u>354,621</u>	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 97,369</u>	<u>\$ 141,703</u>	<u>\$ 44,334</u>	<u>\$ 319,121</u>	<u>\$ 400,864</u>	<u>\$ 81,743</u>

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

TOWN OF JENA, LOUISIANA  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 YEAR ENDED DECEMBER 31, 1999

EXHIBIT D

OPERATING REVENUES	
Charges for services	
Water department	\$ 271,555
Gas department	671,856
Sewer department	184,110
Other	<u>57,476</u>
Total Operating Revenues	1,184,997
OPERATING EXPENSES	
Water department	222,500
Gas department	574,653
Sewer department	218,295
Depreciation	<u>253,014</u>
Total Operating Expenses	<u>1,268,462</u>
OPERATING LOSS	(83,465)
NONOPERATING REVENUES (EXPENSES)	
Interest income	60,696
Interest expense and fiscal charges	<u>(92,138)</u>
Total Nonoperating Revenues (Expenses)	<u>(31,442)</u>
LOSS BEFORE OPERATING TRANSFERS	(114,907)
OPERATING TRANSFERS IN (OUT)	
Operating transfers in	248,914
Operating transfers out	<u>(238,815)</u>
Total Operating Transfers In (Out)	<u>10,099</u>
NET LOSS	(104,808)
RETAINED EARNINGS, BEGINNING OF YEAR	<u>2,748,394</u>
<u>RETAINED EARNINGS, END OF YEAR</u>	<u>\$ 2,643,586</u>

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

TOWN OF JENA, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
YEAR ENDED DECEMBER 31, 1999

EXHIBIT E

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating loss	\$ (83,465)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	253,014
Bad debts	601
Changes in assets and liabilities	
Customer receivables	(28,306)
Intergovernmental receivables	(746)
Prepaid expenses	6,899
Due from other funds	(41,339)
Inventory	1,482
Accounts payable	(9,277)
Accrued expenses	(425)
Meter deposits	5,407
Net Cash Provided by Operating Activities	<u>103,845</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating transfers in	41,339
Operating transfers out	<u>(238,815)</u>
Net Cash Used in Noncapital Financing Activities	(197,476)
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Acquisition of property, plant, and equipment	(194,627)
Contributed capital - Federal Grant	64,201
Contributed capital - Sales tax	127,968
Operating transfer in - Sales Tax Special Revenue Fund for debt service	207,575
Payment of principal on long-term debt	(105,000)
Interest paid	<u>(93,713)</u>
Net Cash Provided by Capital Financing Activities	6,404
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Redemption of investments	100,000
Purchase of investments	(10,624)
Interest received	<u>63,043</u>
Net Cash Provided by Investing Activities	<u>152,419</u>
<b>INCREASE IN CASH</b>	65,192
<b>CASH, BEGINNING OF YEAR</b>	<u>282,274</u>
<b><u>CASH, END OF YEAR</u></b>	<b><u>\$ 347,466</u></b>
<b>CLASSIFIED AS</b>	
Current Assets	\$ 125,096
Restricted Assets	<u>222,370</u>
<b><u>TOTAL</u></b>	<b><u>\$ 347,466</u></b>

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

**TOWN OF JENA, LOUISIANA**  
**DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

**1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

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 a mayor-town council form of government.

The financial statements of the Town of Jena, Louisiana, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (*Statements and Interpretations*) constitutes GAAP for governmental units.

In defining the Town's reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic criteria for including a potential component unit within the reporting entity is whether the primary government is financially accountable for the potential component unit. A primary government is financially accountable if it appoints a voting majority of the organization's governing body and either (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing body, a governing board appointed by a higher level of government, or a jointly appointed board. An entity is fiscally dependent if it does not have the authority to do all of the following procedures:

1. Determine its budget without another government having the authority to approve and modify that budget.
2. Levy taxes or set rates or charges without approval from another government.
3. Issue bond debt without approval from another government.

This report includes all funds and account groups which meet the above criteria. No potential component units were excluded or included in the accompanying financial statements.

**TOWN OF JENA, LOUISIANA**  
**DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

The more significant of the Town's accounting policies are described below.

Fund Accounting

The Town uses funds and account groups to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

The General Fixed Assets Account Group is used to account for fixed assets other than those used in the proprietary funds.

The General Long-Term Debt Account Group is used to account for long-term debt not accounted for in other funds.

**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debts are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are ad valorem taxes, franchise taxes, special assessments, grants, interest revenue, and charges for services. Fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with GAAP which is also consistent with state law. Annual appropriated budgets are adopted for General and Special Revenue funds. All annual appropriations lapse at the end of the fiscal year. Budgeted amounts are as originally adopted, or as amended from time to time by the Town Council.

**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

The Town is required to follow these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town management prepares a proposed budget and submits it to the Mayor and the Town Council no later than fifteen days prior to the beginning of each fiscal year.
2. *A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, the date of a public hearing is published.*
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 fiscal year for which the budget is being adopted.
5. All budgets are controlled at the fund level. Budgetary amendments involving the transfers of funds from one fund or project to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Town Council.
6. Annual operating budget appropriations expire at the close of the fiscal year to the extent not expended.

Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Cash and Investments

Management considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments, which consist of certificates of deposit with a maturity of more than three months when purchased, are stated at cost.



**TOWN OF JENA, LOUISIANA**  
**DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

Accounts Receivable

Amounts due from utility customers and property taxes are recognized as bad debts with the establishment of an allowance for doubtful accounts. Minimum losses are sustained since the customer's meter deposit is applied to any unpaid balance.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid expenses.

Inventory

Inventory is valued at replacement cost, which approximates market, 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.

Restricted Assets

Certain proprietary fund assets are classified as restricted assets because their use is limited by applicable bond covenants. "Sewer sales tax bond sinking account and reserve account" segregate resources accumulated for debt service payments of the sewer revenue bonds. "Customers' deposit account" consists of funds received from customers for utility deposits.

**TOWN OF JENA, LOUISIANA**  
**DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. The Town has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads and sidewalks. Fixed assets are valued at historical cost.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment, and vehicles in the proprietary funds is computed using the straight-line method over the estimated useful life.

Compensated Absences

Vacation and sick leave not used within the year does not accrue; therefore, no liability for compensated absences is reflected in the general purpose financial statements.

Long-Term Obligations

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in that fund.

Fund Equity

Contributed capital is recorded in the proprietary fund that has received capital grants or contributions from developers, customers, or other funds. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use.

Retained Earnings - Reserved

Retained earnings - reserved, as reported on the balance sheet, represents certain restricted assets accumulated in accordance with the outstanding revenue bond indentures which are in excess of related current liabilities payable from restricted assets.

**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

Supplemental Wages

Certain employees of the police and fire departments receive supplemental wages from the State of Louisiana. These supplemental wages are recognized as intergovernmental revenue and public safety expenditures in the General Fund.

Interfund Transactions

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as operating transfers.

Estimates

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

Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. CASH AND INVESTMENTS**

Under state law, the Town may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

At December 31, 1999, the Town had cash as follows:

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Petty cash and change funds	\$ 150	\$	\$ 150
Demand deposits	<u>876,486</u>	<u>222,370</u>	<u>1,098,856</u>
Total	\$ 876,636	\$ 222,370	\$1,099,006

At December 31, 1999, the Town had investments consisting of certificates of deposit as follows:

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Time deposits	\$1,007,109	\$ 212,124	\$1,219,233

At year end, the carrying amount of the Town's deposits (demand deposits and time deposits) was \$2,318,089, and bank balances were \$2,345,154. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$ 417,482
Uncollateralized (In accordance with GAAP - See below)	<u>1,927,672</u>
	\$2,345,154

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.

The uncollateralized amount shown above is secured by pledged securities with a market value of \$2,712,634 held in the name of the pledging fiscal agent banks in holding or custodial banks. Even though the pledged securities are considered uncollateralized under GAAP, Louisiana Revised Statutes impose a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

**3. RECEIVABLES**

Receivables at December 31, 1999, consist of the following:

	<u>GOVERNMENTAL FUND TYPES</u>	<u>PROPRIETARY FUND TYPE</u>	<u>TOTALS</u>
Accounts			
Sanitation and fire protection	\$ 6,540	\$	\$ 6,540
Uncollected cycle billings		110,427	110,427
Estimated services between cycles		88,562	88,562
Interest		18,201	18,201
Taxes	14,627		14,627
Intergovernmental			
Local		4,216	4,216
State	42,914		42,914
Other	<u>16,576</u>		<u>16,576</u>
Gross receivables	80,657	221,406	302,063
Allowance for uncollectible	<u>(878)</u>	<u>(5,000)</u>	<u>(5,878)</u>
Net receivables	\$ 79,779	\$ 216,406	\$296,185

Receivables arising from utility services provided to customers consist of uncollected billings rendered to customers on monthly cycle billings and estimated services provided to customers between billing cycles. The allowance for uncollectible accounts of \$5,878 represents the projected uncollectible accounts at December 31, 1999, consisting of taxes of \$878 and utility accounts of \$5,000.

**4. DUE FROM/TO OTHER FUNDS**

Amounts due from and to other funds, at December 31, 1999, consisted of the following:

	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Sales Tax Special Revenue Fund	\$	\$ 84,044
Utility System Enterprise Fund	<u>84,044</u>	
	\$ 84,044	<u>\$ 84,044</u>

**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

**5. RESTRICTED ASSETS - PROPRIETARY FUND TYPE**

Restricted assets at December 31, 1999, consisted of the following accounts:

	<u>CASH</u>	<u>INVESTMENTS</u>	<u>TOTAL</u>
Meter deposit	\$ 97,049	\$	\$ 97,049
Sewer sales tax bond sinking account	123,364		123,364
Sewer sales tax bond reserve account	<u>1,957</u>	<u>212,124</u>	<u>214,081</u>
	\$ 222,370	\$ 212,124	\$434,494

**6. FIXED ASSETS**

The following is a summary of changes in fixed assets during the fiscal year.

	<u>BALANCE 01/01/99</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 12/31/99</u>
<b>GENERAL FIXED ASSETS</b>				
<b>ACCOUNT GROUP</b>				
Land	\$ 103,167	\$ 50,000	\$	\$ 153,167
Buildings	256,035			256,035
Equipment	373,503	8,650	(11,547)	370,606
Parks & playgrounds	153,692			153,692
Infrastructure	887,007			887,007
Construction in progress	<u>-0-</u>	<u>40,983</u>		<u>40,983</u>
<b><u>TOTAL GENERAL FIXED ASSETS</u></b>	<b><u>\$1,773,404</u></b>	<b><u>\$ 99,633</u></b>	<b><u>\$ (11,547)</u></b>	<b><u>\$ 1,861,490</u></b>
	<u>BALANCE 01/01/99</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 12/31/99</u>
<b>PROPRIETARY FUNDS</b>				
Land	\$ 28,250	\$ 2,299	\$	\$ 30,549
Sewer disposal system	4,064,151	306,736		4,370,887
Natural gas distribution system	2,568,359	103,178		2,671,537
Water plant & system	1,784,890	651,619		2,436,509
Service equipment	620,102	1,700		621,802
Construction in Progress	<u>870,905</u>		<u>(870,905)</u>	<u>-0-</u>
Total Proprietary Funds	<u>\$9,936,657</u>	<u>\$1,065,532</u>	<u>\$(870,905)</u>	\$10,131,284
Accumulated Depreciation				<u>(4,054,924)</u>
<b><u>NET FIXED ASSETS - PROPRIETARY FUNDS</u></b>				<b><u>\$ 6,076,360</u></b>

**TOWN OF JENA, LOUISIANA**  
**DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

In the enterprise funds, the following useful lives are used to compute depreciation on the straight-line method.

Utility production and distribution system	25-50 years
Buildings and improvements	10-25 years
Equipment	5-8 years
Vehicles	3-6 years

Depreciation expense recorded in the financial statements for the fiscal year ended December 31, 1999, amounted to \$253,014 for the Utility System Enterprise Fund.

**7. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Liabilities payable from restricted assets at December 31, 1999, consisted of the following:

Payable from the meter deposit account	
Meter deposits	\$ 97,049
Payable from the sewer sales tax bond sinking account	
Sewer sales tax bond (Note 8)	105,000
Accrued interest	<u>30,450</u>
	<b>\$232,499</b>

**8. LONG-TERM DEBT**

**GENERAL OBLIGATION DEBT**

General obligation liabilities are direct obligations and pledge the full faith and credit of the Town. The Town has incurred these certificates of indebtedness to provide funds for the acquisition of a fire truck and improvements. Certain fees received for fire protection charges have been specifically dedicated to repayment of this obligation. The general obligation debt consisted of Certificates of Indebtedness, Series 1999, issued October 28, 1999, in the amount of \$200,000 with annual interest of 4.95%.

**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

The annual requirements to amortize the debt outstanding as of December 31, 1999, including interest of \$52,297, are as follows:

<u>YEAR DECEMBER 31,</u>	<u>GENERAL</u>
2000	\$ 24,242
2001	25,118
2002	25,277
2003	25,385
2004	25,445
2005-2009	<u>126,830</u>
	\$ 252,297

**SEWER SALES TAX BOND**

The sewer sales tax bond reported in the enterprise fund is due to the Louisiana Department of Environmental Quality (DEQ). The bond had an original face value of \$2,595,132, and at December 31, 1999, consisted of the following:

	<u>INTEREST RATE</u>	<u>ADMINISTRATIVE FEE</u>	<u>AMOUNT</u>
Sales tax bond	4.0%	.5%	\$2,030,000
Current portion (Note 7)			<u>(105,000)</u>
Long-term portion			\$1,925,000

The annual requirements to amortize the debt outstanding as of December 31, 1999, including interest of \$704,926, are as follows:

<u>YEAR DECEMBER 31,</u>	<u>ENTERPRISE</u>
2000	\$ 193,987
2001	194,150
2002	194,088
2003	198,688
2004	197,950
2005-2013	<u>1,756,063</u>
	\$2,734,926



**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

Total interest and fiscal charges incurred by the Utility Fund amounted to \$92,138 for the current period.

During the year ended December 31, 1999, the following changes occurred in the Enterprise Fund long-term liabilities:

	<u>BALANCE</u> <u>01/01/99</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>12/31/99</u>
Enterprise Fund Debt				
Sales tax bond	\$2,135,000	\$ -0-	\$ 105,000	\$2,030,000

During the year ended December 31, 1999, the following changes occurred in general obligation long-term debt.

	<u>BALANCE</u> <u>01/01/99</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>12/31/99</u>
Certificates of Indebtedness	\$ -0-	\$ 200,000	\$ -0-	\$ 200,000

Sewer System Sales Tax Bonds. The material provisions of the sewer system sales tax bond covenants are as follows:

1. The Town will irrevocably pledge and dedicate the proceeds of the one percent (1%) sales and use tax authorized at a special election to the payment of principal and interest on the bonds.
2. The Town will establish service fees and charges at such rates as will yield annual revenues sufficient in amount to pay the costs of operating and maintaining the sewer system and to provide for the renewal and replacement of the sewer system.
3. The Town will transfer monthly to a debt service sinking account accumulations for the payments of principal and interest due on the bond.
4. The Town will establish a reserve account equal to the maximum future principal and interest due in any future fiscal year. Monies in this fund may be used for principal and interest payments if necessary.
5. The Town may not create debt having priority over these bonds.

**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

After meeting the above provisions, any surplus in the Sales Tax Special Revenue Fund, may be used for any other purpose for which the sales tax was levied.

**9. CONTRIBUTED CAPITAL**

The following changes occurred in contributed capital of the enterprise fund during the year ended December 31, 1999:

Balance, January 1, 1999	\$2,922,168
Additions	
Service equipment	
Sales tax	1,700
Water plant and system	
Sales tax	126,268
Sewer disposal system; Water system; Gas system improvements	
Federal grant	<u>64,201</u>
Balance, December 31, 1999	\$3,114,337

**10. RESERVED AND DESIGNATED FUND EQUITY**

At December 31, 1999, reserved and designated fund equity consisted of the following:

	<u>GENERAL FUND</u>	<u>ENTERPRISE FUND</u>	<u>TOTAL</u>
Retained Earnings Reserved for Debt Service	\$	\$ 201,995	\$201,995
Fund Balance Designated for Fire Truck Acquisition/improvements	<u>37,302</u>	<u>          </u>	<u>37,302</u>
	\$ 37,302	\$ 201,995	\$239,297

**11. AD VALOREM TAXES**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town normally on November 15 and are due on December 1. Billed taxes become delinquent on January 1 of the following year. Revenue from ad valorem taxes are budgeted in the year billed. The Town contracts with the Parish assessor of LaSalle Parish to prepare annual notices based upon assessed values determined by the tax assessor. The Town collects its own ad valorem taxes.

**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 1999, taxes of 5.20 mills were levied on property with assessed values totaling \$11,293,584 and were dedicated for general fund purposes.

Total taxes levied were \$58,726. Taxes receivable at December 31, 1999, were \$14,627 and were considered collectible, except for a provision for doubtful accounts which was recorded in the amount of \$878.

**12. ENTERPRISE FUNDS - OPERATIONS**

The Town operates one enterprise fund which provides natural gas, sewer, and water services to the residents of the Town and certain adjacent areas. The following is a condensed summary of operations of the enterprise fund.

	<u>WATER</u>	<u>GAS</u>	<u>SEWER</u>	<u>TOTAL</u>
Operating revenues	\$ 310,388	\$ 686,489	\$ 188,120	\$ 1,184,997
Operating expenses				
Depreciation	(60,515)	(73,364)	(119,135)	(253,014)
Other	<u>(222,500)</u>	<u>(574,653)</u>	<u>(218,295)</u>	<u>(1,015,448)</u>
Operating income (loss)	\$ 27,373	\$ 38,472	\$(149,310)	\$ (83,465)
Nonoperating revenues				
(expenses)				
Interest revenue				60,696
Interest and fiscal charges				(92,138)
Operating transfers - net				<u>10,099</u>
Net loss				\$ (104,808)
Current capital contributions				\$ 192,169
Net working capital				1,404,568
Total assets				8,003,375
Sales tax bonds payable				<u>2,030,000</u>
Total equity				\$ 5,757,923

**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

**13. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, theft, or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town carries commercial insurance or participates in a statewide public entity risk pool as outlined in the following table. Settled claims did not exceed commercial coverage for any of the past three fiscal years.

	<u>LIMITS OF COVERAGE</u>
Public entity risk pool	
Workmen's compensation	Statutory
Auto liability	\$ 500,000
Commercial general liability	500,000
Law enforcement officers' liability (deductible \$1,000 per occurrence)	500,000
Public officials' errors and omissions (deductible \$1,000 per occurrence)	500,000
Commercial insurance	
Town-owned buildings - fire, lightning, and extended coverage	3,261,000

The Town pays an annual premium to the public entity risk pool. The risk pool is self-sustaining through member premiums.

The Town covers all other losses, claim settlements, and judgments from General Fund resources. The Town currently reports all of its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

**14. 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 the Town of Jena, Louisiana, for the fiscal year ending December 31, 1999.

TOWN OF JENA, LOUISIANA

DECEMBER 31, 1999

NOTES TO FINANCIAL STATEMENTS

Mayor Dale Willis	\$34,381
Town Council	
Gary Compton	4,200
Donnie Kendrick	4,200
Steve Sanders	4,200
Donnie Richardson	4,050
Donnie Cupples	4,200

**15. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Town contributes to one statewide multiple-employer public employee retirement system, the Municipal Employees' Retirement System of Louisiana (MERS).

MERS. Membership is mandatory for all full-time employees of the Town, provided they meet statutory criteria. Any employee meeting the statutory criteria is eligible to participate after one (1) year of employment. A member is eligible for normal retirement benefits if he has ten (10) years of creditable service and is age sixty (60), has twenty-five (25) years of creditable service and is age fifty-five (55), or has at least thirty (30) years of creditable service at any age. Benefit rates are three percent (3%) of the member's final compensation multiplied by his years of credited service, not to exceed one hundred percent (100%).

Members are currently required to contribute nine and one-half percent (9.5%) of their salary to the system. The Town's contribution was five and three-quarters percent (5.75%) for January 1, 1999 to December 31, 1999.

Benefit and contribution requirements are established by state law.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to 7937 Office Park Boulevard, Baton Rouge, LA 70809.

Required Contributions. The Town made the following required contributions to MERS:

<u>YEAR ENDING</u>	
12/31/99	\$40,751
12/31/98	40,030
12/31/97	38,901

**TOWN OF JENA, LOUISIANA  
DECEMBER 31, 1999**

**NOTES TO FINANCIAL STATEMENTS**

**16. SUPPLEMENTAL PAY**

Certain employees meeting statutory qualifications in the police and fire departments received supplemental pay directly from the State of Louisiana. This supplemental pay, in the amount of \$30,760, is recognized as revenue and expenditures in the General Fund as follows:

<u>GENERAL FUND</u>	
Police	\$17,600
Fire	<u>13,160</u>
	\$30,760

**17. CONTRACT AGREEMENTS**

On January 9, 1998, the Town entered into a contract with the State of Louisiana, Division of Administration, for Economic Development C.D.B.G. funds totaling \$996,390. The purpose of the funding was to provide gas, water, and sewer services to the Jena Juvenile Detention Facility.

At December 31, 1999, LCDBG funds totaling \$935,706 had been received and expended during project construction which was complete at year end.

**18. SUBSEQUENT EVENT**

Subsequent to year end, the Jena Juvenile Detention Facility ceased operations. Certain revenues such as sales tax and utility revenues will be affected by closure of the facility. The financial impact cannot be reasonably determined at this date.

**ADDITIONAL INFORMATION**

## **GENERAL FUND**

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



TOWN OF JENA, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1999

STATEMENT F-1

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES (STATEMENT F-2)</b>			
Taxes	\$ 126,700	\$ 133,016	\$ 6,316
Licenses and permits	115,250	117,649	2,399
Intergovernmental	90,922	104,843	13,921
Charges for services	166,100	175,560	9,460
Fines and forfeitures	40,000	37,890	(2,110)
Interest		1,879	1,879
Other	3,000	6,592	3,592
Total Revenues:	541,972	577,429	35,457
<b>EXPENDITURES (STATEMENT F-3)</b>			
General government			
Current	189,450	164,691	24,759
Capital outlay		1,100	(1,100)
Public safety			
Police			
Current	171,550	174,169	(2,619)
Capital outlay		165	(165)
Fire			
Current	142,360	136,615	5,745
Animal control			
Current	16,785	13,561	3,224
Public works			
Streets			
Current	62,000	58,731	3,269
Capital outlay		5,700	(5,700)
Sanitation			
Current	97,400	93,585	3,815
Recreation			
Current	78,550	76,772	1,778
Capital outlay	24,762	41,011	(16,249)
Total Expenditures	782,857	766,100	16,757
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(240,885)	(188,671)	52,214
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfer in (out)			
Utility System Enterprise Fund	246,779	238,815	(7,964)
Capital Projects Fund		100	100
Debt Service Fund	(5,894)	(5,910)	(16)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	240,885	233,005	(7,880)
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	-	44,334	44,334
<b>FUND BALANCE, BEGINNING OF YEAR</b>	97,369	97,369	-
<b><u>FUND BALANCE, END OF YEAR</u></b>	\$ 97,369	\$ 141,703	\$ 44,334

See independent auditor's report.

TOWN OF JENA, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUES -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1999

STATEMENT F-2

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Taxes			
Ad valorem taxes	\$ 43,200	\$ 57,999	\$ 14,799
Housing Authority in lieu of taxes	7,500	6,938	(562)
Franchise taxes	<u>76,000</u>	<u>68,079</u>	<u>(7,921)</u>
Totals	126,700	133,016	6,316
Licenses and permits			
Occupational licenses	115,000	117,414	2,414
Other	<u>250</u>	<u>235</u>	<u>(15)</u>
Totals	115,250	117,649	2,399
Intergovernmental			
Tobacco tax	13,500	13,318	(182)
Beer tax	3,000	4,992	1,992
State fire insurance rebate	10,000	10,940	940
State traffic light maintenance	8,000	8,000	-
Supplemental wages	31,660	30,760	(900)
State/federal grants	<u>24,762</u>	<u>36,833</u>	<u>12,071</u>
Totals	90,922	104,843	13,921
Charges for services			
Sanitation fees	90,000	93,254	3,254
Fire protection	67,000	71,904	4,904
Recreation	6,000	6,319	319
Other	<u>3,100</u>	<u>4,083</u>	<u>983</u>
Totals	166,100	175,560	9,460
Fines and forfeitures	40,000	37,890	(2,110)
Interest		1,879	1,879
Other	<u>3,000</u>	<u>6,592</u>	<u>3,592</u>
<b><u>TOTAL REVENUES</u></b>	<b><u>\$ 541,972</u></b>	<b><u>\$ 577,429</u></b>	<b><u>\$ 35,457</u></b>

See independent auditor's report.

TOWN OF JENA, LOUISIANA  
GENERAL FUND  
STATEMENT OF EXPENDITURES -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1999

STATEMENT F-3  
(Continued)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>GENERAL GOVERNMENT</b>			
Current			
Mayor's salary	\$ 34,500	\$ 34,381	\$ 119
Town Council salaries	22,500	20,850	1,650
Administrative salaries	33,700	33,061	639
Employee benefits	3,700	2,948	752
Payroll taxes	1,700	1,122	578
Town Council expenses	3,000	2,813	187
Mayor's expenses	5,600	5,628	(28)
Insurance	36,450	19,789	16,661
Legal and other professional	18,000	15,089	2,911
Dues and subscriptions	900	1,092	(192)
Senior citizen center	8,000	8,876	(876)
Collection fees	6,000	6,001	(1)
Economic development	300	218	82
Advertising	10,000	7,648	2,352
Training/consultant	900	926	(26)
Miscellaneous	4,200	3,282	918
Tax roll preparation		967	(967)
Capital outlay	-	1,100	(1,100)
Total General Government	189,450	165,791	23,659
<b>PUBLIC SAFETY</b>			
Police Department			
Current			
Salaries	102,000	109,397	(7,397)
Supplemental wages	17,900	17,600	300
Employee benefits	20,500	20,423	77
Payroll taxes		1,200	(1,200)
Gas and oil	6,000	4,550	1,450
Repairs and maintenance	4,000	4,606	(606)
Supplies	4,000	3,581	419
Telephone	900	752	148
Fines remitted to state	3,000	2,720	280
Uniforms	1,200	1,147	53
Insurance	11,200	7,400	3,800
Other	850	793	57
Capital outlay	-	165	(165)
Total Police Department	171,550	174,334	(2,784)

See independent auditor's report.

TOWN OF JENA, LOUISIANA  
GENERAL FUND  
STATEMENT OF EXPENDITURES -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1999

STATEMENT F-3  
(Continued)

VARIANCE  
FAVORABLE  
(UNFAVORABLE)

	<u>BUDGET</u>	<u>ACTUAL</u>	
Fire Department			
Current			
Salaries	\$ 76,700	\$ 74,959	\$ 1,741
Supplemental wages	13,760	13,160	600
Employee benefits	15,500	15,694	(194)
Payroll taxes		1,168	(1,168)
Gas and oil	1,200	801	399
Repairs and maintenance	2,500	1,747	753
Supplies	8,000	7,655	345
Telephone	2,000	1,832	168
Utilities	2,000	2,003	(3)
Volunteer fire department expenses	5,500	4,915	585
Casual labor	5,000	4,187	813
Uniforms	900	412	488
Training	1,500	1,347	153
Insurance	7,000	6,011	989
Other	800	724	76
Total Fire Department	142,360	136,615	5,745
Animal Control Department			
Current			
Salaries	12,375	9,688	2,687
Employee benefits	1,000	872	128
Payroll taxes		37	(37)
Gas and oil	800	780	20
Repairs and maintenance	500	331	169
Supplies	1,200	469	731
Utilities	400	335	65
Uniforms	360	361	(1)
Veterinary expenses		603	(603)
Insurance	150	85	65
Total Animal Control Department	16,785	13,561	3,224
Total Public Safety	\$ 330,695	\$ 324,510	\$ 6,185

See independent auditor's report.

TOWN OF JENA, LOUISIANA  
GENERAL FUND  
STATEMENT OF EXPENDITURES -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1999

STATEMENT F-3  
(Concluded)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>PUBLIC WORKS</b>			
Streets			
Current			
Gas and oil	\$ 800	\$ 759	\$ 41
Repairs and maintenance	9,000	7,520	1,480
Supplies	5,000	4,152	848
Utilities	46,000	45,423	577
Miscellaneous	1,200	877	323
Capital outlay	-	5,700	(5,700)
Total Streets	62,000	64,431	(2,431)
Sanitation			
Current			
Salaries	55,500	53,523	1,977
Employee benefits	12,200	11,445	755
Payroll taxes		547	(547)
Gas and oil	4,000	3,531	469
Repairs and maintenance	5,000	4,847	153
Supplies	1,300	997	303
Uniforms	1,200	1,008	192
Garbage bags	10,000	10,096	(96)
Insurance	8,100	7,234	866
Miscellaneous	100	357	(257)
Total Sanitation	97,400	93,585	3,815
Recreation			
Current			
Salaries	44,500	39,372	5,128
Employee benefits	5,000	9,474	(4,474)
Payroll taxes		2,177	(2,177)
Gas and oil	700	831	(131)
Repairs and maintenance	6,000	5,813	187
Supplies	6,000	6,565	(565)
Telephone	750	942	(192)
Utilities	9,000	7,656	1,344
Uniforms	400	336	64
Materials for resale	600	705	(105)
Insurance	4,600	1,936	2,664
Miscellaneous	1,000	965	35
Capital outlay	24,762	41,011	(16,249)
Total Recreation	103,312	117,783	(14,471)
Total Public Works	262,712	275,799	(13,087)
<b><u>TOTAL EXPENDITURES</u></b>	<b>\$ 782,857</b>	<b>\$ 766,100</b>	<b>\$ 16,757</b>

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 the debt service of the sales tax bond.

TOWN OF JENA, LOUISIANA  
 SALES TAX SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 1999

STATEMENT G-1

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Taxes	\$ 465,000	\$ 496,751	\$ 31,751
Interest	9,000	9,787	787
Total Revenues	<u>474,000</u>	<u>506,538</u>	<u>32,538</u>
<b>EXPENDITURES</b>			
Current - General Government			
Operating expense	10,000	76,814	(66,814)
Collection expense	10,000	6,600	3,400
Capital outlay	241,000	127,968	113,032
Total Expenditures	<u>261,000</u>	<u>211,382</u>	<u>49,618</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>213,000</b>	<b>295,156</b>	<b>82,156</b>
<b>OTHER FINANCING USES</b>			
Operating transfers out			
Utility System Enterprise Fund for:			
Operations	(40,000)	(41,338)	(1,338)
Sewer sales tax bond sinking account	(198,000)	(197,138)	862
Sewer sales tax bond contingency account	(10,500)	(10,437)	63
Total Other Financing Uses	<u>(248,500)</u>	<u>(248,913)</u>	<u>(413)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(35,500)</b>	<b>46,243</b>	<b>81,743</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>354,621</u>	<u>354,621</u>	<u>-</u>
<b><u>FUND BALANCE, END OF YEAR</u></b>	<b><u>\$ 319,121</u></b>	<b><u>\$ 400,864</u></b>	<b><u>\$ 81,743</u></b>

See independent auditor's report.

### **CAPITAL PROJECTS FUNDS**

LCDBG Grant Capital Projects Fund is used to account for the proceeds of a LCDBG grant to provide gas, water, and sewer services to the Jena Juvenile Detention Facility. Fire Protection Improvements Capital Project Fund is used to account for proceeds of certificates of indebtedness issued for the purpose of acquisition of fire truck and other improvements.



TOWN OF JENA, LOUISIANA  
 CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 YEAR ENDED DECEMBER 31, 1999

STATEMENT H-1

	<u>LCDBG GRANT</u>	<u>FIRE PROTECTION IMPROVEMENTS</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Federal grant	\$ 64,801	\$	\$ 64,801
Interest income		780	780
Total Revenues	64,801	780	65,581
<b>EXPENDITURES</b>			
Capital Outlay			
Consultant services	3,500		3,500
Legal services	2,101		2,101
Engineering fees	5,464		5,464
Construction	53,736		53,736
Total Expenditures	64,801	-	64,801
EXCESS OF REVENUES OVER EXPENDITURES	-	780	780
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers to General Fund	(100)		(100)
Proceeds of certificates of indebtedness		200,000	200,000
Total Other Financing Sources (Uses)	(100)	200,000	199,900
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(100)	200,780	200,680
FUND BALANCE, BEGINNING OF YEAR	100	-	100
<u>FUND BALANCE, END OF YEAR</u>	\$ -	\$ 200,780	\$ 200,780

See independent auditor's report.

### **UTILITY SYSTEM ENTERPRISE FUND**

Enterprise funds are used to account 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 the 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  
 UTILITY SYSTEM ENTERPRISE FUND  
 BALANCE SHEET  
 DECEMBER 31, 1999

STATEMENT I-1  
 (Continued)

ASSETS

CURRENT ASSETS

Cash	\$ 125,096
Investments - Certificates of deposit, at cost	969,807
Receivables	
Accounts (Net of allowance for doubtful accounts)	193,989
Intergovernmental	4,216
Other	18,201
Due from other funds	84,044
Prepaid expenses	13,881
Inventory	83,287
Total Current Assets	1,492,521

RESTRICTED ASSETS

Meter deposit account	97,049
Sewer sales tax bond sinking account-cash	123,364
Sewer sales tax bond reserve account-cash	1,957
Sewer sales tax bond reserve account-certificate of deposit	212,124
Total Restricted Assets	434,494

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment	10,131,284
Accumulated depreciation	(4,054,924)
Net Property, Plant, and Equipment	6,076,360

TOTAL ASSETS

\$ 8,003,375

See independent auditor's report.

TOWN OF JENA, LOUISIANA  
UTILITY SYSTEM ENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 1999

STATEMENT I-1  
(Concluded)

LIABILITIES AND EQUITY	
<b>CURRENT LIABILITIES (Payable from Current Assets)</b>	
Accounts payable	\$ 75,259
Accrued expenses/other current liabilities	
Accrued wages	10,189
Sales taxes payable	2,505
Total	<u>87,953</u>
<b>CURRENT LIABILITIES (Payable from Restricted Assets)</b>	
Payable from meter deposit account	
Meter deposits	97,049
Payable from sewer sales tax bond sinking account	
Sewer sales tax bond	105,000
Accrued interest	30,450
Total	<u>232,499</u>
Total Current Liabilities	<u>320,452</u>
<b>NONCURRENT LIABILITIES</b>	
Sales tax bonds	<u>1,925,000</u>
Total Liabilities	<u>2,245,452</u>
<b>EQUITY</b>	
Contributed capital	3,114,337
Retained earnings	
Reserved for	
Debt service	201,995
Unreserved	<u>2,441,591</u>
Total Retained Earnings	<u>2,643,586</u>
Total Equity	<u>5,757,923</u>
<b><u>TOTAL LIABILITIES AND EQUITY</u></b>	<b><u>\$ 8,003,375</u></b>

See independent auditor's report.

TOWN OF JENA, LOUISIANA  
UTILITY SYSTEM ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED DECEMBER 31, 1999

STATEMENT I-2

	<u>TOTAL</u>	<u>WATER SYSTEM</u>	<u>NATURAL GAS SYSTEM</u>	<u>SEWER SYSTEM</u>
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 1,127,521	\$ 271,555	\$ 671,856	\$ 184,110
Other	<u>57,476</u>	<u>38,833</u>	<u>14,633</u>	<u>4,010</u>
Total Operating Revenues	1,184,997	310,388	686,489	188,120
<b>OPERATING EXPENSES</b>				
Natural gas purchases	254,556		254,556	
Salaries	349,655	75,270	203,469	70,916
Employee benefits	62,640	14,303	35,982	12,355
Payroll taxes	8,759	1,650	6,109	1,000
Bad debts	601	145	358	98
Operating supplies	120,872	61,152	18,737	40,983
Gas and oil	8,709	1,942	5,400	1,367
Utilities	69,522	24,873	3,679	40,970
Telephone	5,670	4,082	944	644
Repairs and maintenance	26,293	10,353	10,816	5,124
Depreciation	253,014	60,515	73,364	119,135
Travel	590	511	18	61
Training	560	235	25	300
Uniform rental	4,432	343	3,060	1,029
Professional fees	16,583	5,461	5,661	5,461
Office expense	6,717	3,468	3,249	
Insurance	60,205	16,125	18,012	26,068
Dues and subscriptions	1,551	190	946	415
Lab reports	10,206			10,206
Drug testing	1,076		1,076	
Miscellaneous	<u>6,251</u>	<u>2,397</u>	<u>2,556</u>	<u>1,298</u>
Total Operating Expenses	<u>1,268,462</u>	<u>283,015</u>	<u>648,017</u>	<u>337,430</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(83,465)</u>	<u>\$ 27,373</u>	<u>\$ 38,472</u>	<u>\$ (149,310)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	60,696			
Interest expense and fiscal charges	<u>(92,138)</u>			
Total Nonoperating Revenues (Expenses)	<u>(31,442)</u>			
<b>LOSS BEFORE OPERATING TRANSFERS</b>	(114,907)			
<b>OPERATING TRANSFERS IN (OUT)</b>				
Sales Tax Special Revenue Fund for:				
Sewer system operations	41,339			
Sewer sales tax bond indenture requirements	207,575			
General Fund	<u>(238,815)</u>			
Total Operating Transfers In (Out)	<u>10,099</u>			
<b>NET LOSS</b>	(104,808)			
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<u>2,748,394</u>			
<b><u>RETAINED EARNINGS, END OF YEAR</u></b>	<u>\$ 2,643,586</u>			

See independent auditor's report.

**GENERAL FIXED ASSETS ACCOUNT GROUP**

This group of accounts is used to account for fixed assets other than those used in the proprietary fund.

TOWN OF JENA, LOUISIANA  
STATEMENT OF GENERAL FIXED ASSETS  
DECEMBER 31, 1999

STATEMENT J-1

GENERAL FIXED ASSETS	
Land	\$ 153,167
Buildings	256,035
Equipment	370,606
Parks and playgrounds	153,692
Infrastructure	887,007
Construction in progress	<u>40,983</u>
<b><u>TOTAL GENERAL FIXED ASSETS</u></b>	<b><u>\$ 1,861,490</u></b>
INVESTMENT IN GENERAL FIXED ASSETS	
General obligation bonds	444,193
General fund revenues	1,236,888
Federal revenue sharing	95,659
Grant revenues	34,750
Contributed assets	<u>50,000</u>
<b><u>TOTAL INVESTMENT IN GENERAL FIXED ASSETS</u></b>	<b><u>\$ 1,861,490</u></b>

See independent auditor's report.

TOWN OF JENA, LOUISIANA  
 STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
 YEAR ENDED DECEMBER 31, 1999

STATEMENT J-2

	<u>LAND</u>	<u>BUILDINGS</u>	<u>EQUIPMENT</u>	<u>PARKS AND PLAYGROUNDS</u>	<u>INFRASTRUCTURE</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTAL</u>
GENERAL FIXED ASSETS, BEGINNING OF YEAR	\$ 103,167	\$ 256,035	\$ 373,503	\$ 153,692	\$ 887,007	\$	\$ 1,773,404
ADDITIONS			8,650			6,233	14,883
General Fund revenues						34,750	34,750
Grant Revenues							50,000
Contributed assets	50,000						
RETIREMENTS			(11,547)				(11,547)
General Fund revenues							
GENERAL FIXED ASSETS, <u>END OF YEAR</u>	<u>\$ 153,167</u>	<u>\$ 256,035</u>	<u>\$ 370,606</u>	<u>\$ 153,692</u>	<u>\$ 887,007</u>	<u>\$ 40,983</u>	<u>\$ 1,861,490</u>

See independent auditor's report.



**UNAUDITED SCHEDULE OF INSURANCE IN FORCE**

TOWN OF JENA, LOUISIANA  
 UNAUDITED SCHEDULE OF INSURANCE IN FORCE  
 DECEMBER 31, 1999

SCHEDULE 1

<u>INSURER</u>	<u>EXPIRATION DATE</u>	<u>COVERAGE</u>	<u>PROPERTY COVERED</u>	<u>LIMITS</u>
Louisiana Municipal Risk Management Agency	02/18/00	Automobile Liability	Owned, hired, non-owned	\$500,000 CSL BI & PD
	05/01/00	Commercial General Liability	Premiums/Operations Products/Completed Operations	500,000 per occurrence Occurrence: included Aggregate: 500,000 CSL BI & PD
	05/01/00	Law Enforcement Officers' Comprehensive Liability	Medical Payments	1,000 per person
	05/01/00	Public Officials' Errors & Omissions Liability	Fire legal liability	10,000 per accident
			Police Liability	50,000 per occurrence
			Wrongful acts of the Public Entity	500,000 CSL Personal Injury & PD
Employers Fire Insurance Company	11/01/00	Fire Insurance	All buildings and personal property	3,261,000 1,000 deductible 90% co-insurance
Louisiana Municipal Risk Management Agency	01/01/00	Worker's Compensation		Statutory
Economy Fire	02/15/00	Automobile	1986 Ford Fire Truck	100,000 each accident Deductibles: 500 comprehensive 1,000 collision
Fidelity & Deposit Company of Maryland	07/01/00	Public Officials Clerk Bond	Mayor and Town Clerk Town Clerk	10,000 each official
		Position Fidelity Bond	Form FHA 440-24	
Audubon E & S	01/20/00	Commercial Automobile	All Automobiles	ACV

See independent auditor's report.

**OTHER REPORT AND INFORMATION REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND LOUISIANA GOVERNMENTAL AUDIT GUIDE**

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



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Dale Willis, Mayor, and Members of the Town Council Town of Jena, Louisiana

We have audited the general purpose financial statements of the Town of Jena, Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated May 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Jena's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

MARVIN A. JUNEAD, C.P.A.
H. FRED RANDOW, C.P.A.
ERNEST F. SASSER, C.P.A.

ROBERT L. LITTON, C.P.A.
ROBERT W. DYORAK, C.P.A.
DALE P. DE SELLE, C.P.A.

REBECCA B. MORRIS, C.P.A.
MICHAEL A. JUNEAD, C.P.A.
I. PAUL HOOD, C.P.A.



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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Dale Willis, Mayor, and  
Members of the Town Council  
Town of Jena, Louisiana

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Jena's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Jena's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as findings 99-1, 99-2 and 99-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described, we consider finding 99-1 to be a material weakness.

This report is intended for the information of the Mayor, members of the City Council, management of the Town of Jena, Louisiana, and 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.

  
Certified Public Accountants

May 23, 2000

**TOWN OF JENA, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 1999**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting: Material weakness identified?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reportable conditions(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

*Management's Corrective Action Plan* See Attached

*Management's Summary Schedule of Prior Audit Findings* See Attached

Federal Awards Not applicable

**TOWN OF JENA, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 1999**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**FINDING 99-1: RECONCILIATION OF ACCOUNTS RECEIVABLE**

Criteria: The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Condition: During the year ended December 31, 1999, the accounts receivable subsidiary for utility customer accounts were not routinely reconciled to the related general ledger control account.

Cause: Inadequate training was received in implementation of the new utility billing program. Several posting errors were made and without knowledge of correct procedures to review and monitor the accounts, a proper reconciliation was not performed.

Recommendation: We recommend additional training and effort be directed to fully implement the Town's new utility billing software. Because of the automatic interface capability between the utility billing software and the general ledger, once procedures are established and in place, accounts receivable subsidiary listings can be reconciled monthly to the related general ledger control account.

Management's response: See management's corrective action plan.

**FINDING 99-2: RECONCILIATION OF UTILITY DEPOSITS**

Criteria: The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Condition: During the year ended December 31, 1999, the subsidiary records for customer utility deposits were not periodically reconciled to the general ledger control account.

Cause: Reliance continues to be placed on the individual hand kept ledger cards by customer rather than updating such information on the new utility billing software.



**TOWN OF JENA, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 1999**

Recommendation: We recommend that the subsidiary records for customer utility deposits be posted to the data fields included in the new utility billing software and periodically reconciled to the general ledger.

Management's response: See management's corrective action plan.

**FINDING 99-3: RECONCILIATION OF ACCOUNTS PAYABLE**

Criteria: The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Condition: During the year ended December 31, 1999, the subsidiary records for accounts payable were not periodically reconciled to the general ledger control account. In addition, the accounts payable posting routine has not been established to properly interface with the general ledger.

Cause: In the new accounting software, funds are treated as divisions rather than independent self-balancing groups of accounts. The system will allow a debit in one fund and the offset credit to be posted to a separate fund. Overall, total debits and credits for all funds equal, but as of the year end individual fund trial balances were out of balance.

Recommendation: We recommend that the subsidiary records for accounts payable be periodically reconciled to the general ledger. In order to accomplish this task, additional effort must be directed to the initial set-up of the accounts payable module.

Management's response: See management's corrective action plan.

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None reported.

**TOWN OF JENA, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 1999**

Town of Jena, Louisiana, respectfully submits the following corrective action plan for the year ended December 31, 1999.

Independent Public Accounting Firm:

Payne, Moore & Herrington, LLP  
P.O. Box 13200  
Alexandria, LA 71315-3200

Audit period: January 1, 1999 to December 31, 1999

The findings from the December 31, 1999, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the report.

**MATERIAL WEAKNESS**

**FINDING 99-1: RECONCILIATION OF ACCOUNTS RECEIVABLE**

During the year ended December 31, 1999, the accounts receivable subsidiaries for utility customer accounts were not routinely reconciled to the related general ledger control account due to the utility billing program's lack of interface with the general ledger program.

Recommendation: The new utility billing software should be implemented so that accounts receivable subsidiary listings can be reconciled to the related general ledger control account.

Action taken: An accountant from auditing firm has worked extra days with Town Clerk to explain steps to reconcile accounts receivable to the general ledger control account. Reconciliation will be made on a monthly basis.

**REPORTABLE CONDITION**

**FINDING 99-2: RECONCILIATION OF UTILITY DEPOSITS**

During the year ended December 31, 1999, the subsidiary records for customer utility deposits were not periodically reconciled to the general ledger control account.

**TOWN OF JENA, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 1999**

Recommendation: The subsidiary records for customer utility deposits be periodically reconciled to the general ledger.

Action Taken: Customer meter deposits have been entered into the computer, meter deposit refunds are processed through the computer beginning June, 2000. Utility deposits will be reconciled to the general ledger account.

**FINDING 99-3: RECONCILIATION OF ACCOUNTS PAYABLE**

During the year ended December 31, 1999, the subsidiary records for accounts payable were not periodically reconciled to the general ledger control account. In addition, the accounts payable posting routine has not been established to properly interface with the general ledger.

Recommendation: The subsidiary records for accounts payable should be reconciled monthly to the general ledger control accounts. Additional effort must be directed to the initial set-up of the accounts payable module.

Action Taken: An accountant from auditing firm has worked with Town Clerk to explain steps to reconcile accounts payable to the general ledger control account. Reconciliation will be done on a monthly basis.

**TOWN OF JENA, LOUISIANA  
MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 1999**

**FINDING 98-1: RECONCILIATION OF ACCOUNTS RECEIVABLE**

Condition: This finding was a material weakness stating that the accounts receivable subsidiaries for utility customer accounts were not routinely reconciled to the related general ledger control account due to the utility billing program's lack of interface with the general ledger program.

Recommendation: It was recommended that the existing utility billing software be upgraded or replaced so that accounts receivable subsidiary listings could be reconciled to the related general ledger control account.

Current status: The Town purchased new utility billing software; however, it was not fully implemented during the year ended December 31, 1999. The condition is partially resolved for the year ended December 31, 1999. See FINDING 99-1.

**FINDING 98-2: RECONCILIATION OF UTILITY DEPOSITS**

Condition: This finding was a reportable condition stating that the subsidiary records for customer utility deposits were not periodically reconciled to the general ledger control account.

Recommendation: It was recommended that the subsidiary records for customer utility deposits be periodically reconciled to the general ledger.

Current status: The condition remains partially resolved for the year ended December 31, 1999. See FINDING 99-2.

**FINDING 98-3: POLICE TICKET CHANGES**

Condition: This finding was a compliance finding relative to nonauthorized changes (reductions to a lesser offense) on certain violations issued during the year.

Recommendation: It was recommended that all tickets be properly disposed through the Municipal Court with any violation changes authorized by the judicial branch of government.

Current status: The condition is resolved as of the year ended December 31, 1999.

**TOWN OF JENA, LOUISIANA  
MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 1999**

**FINDING 98-4: FREE SEWER SERVICE PROVIDED TO MUNICIPAL FACILITIES**

Condition: This finding was included in other comment and recommendations stating the Town did not fully comply with certain loan agreements by providing free sewer services to municipal facilities.

Recommendation: It was recommended that all municipal facilities be charged for sewer services in order to be in compliance with the agreement.

Current status: This condition is resolved for the year ended December 31, 1999.

**FINDING 98-5: UTILITY BILLING SOFTWARE**

Condition: This finding was an other comment stating the following areas of concern or deficiencies with the Town's utility billing software:

1. Inability to correct customer accounts with credit balances.
2. Lack of support from the vendor.
3. No recap of utility sales, which are not subject to sales tax, is provided.
4. Lack of subsidiary by fund for billed accounts.
5. Difficulty in verifying meter readers cards to the system due to lack of ease in identifying accounts.
6. Lack of interface with the general ledger.
7. Customer deposits are maintained on a manual index card system.

Recommendation: It was recommended that the Town upgrade or replace the existing utility billing software to better meet their needs.

Current status: The Town purchased new utility billing software; which was implemented during the year ended December 31, 1999. The condition remains partially resolved for the year ended December 31, 1999. See Findings 99-1.

**TOWN OF JENA, LOUISIANA  
MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 1999**

**FINDING 98-6: INSUFFICIENT METER DEPOSIT**

Condition: This finding was included in other comment and recommendations indicating that a utility customer account was established with no water deposit.

Recommendation: It was recommended that deposits be obtained on all accounts.

Current status: This condition is resolved for the year ended December 31, 1999.

**FINDING 98-7: INVOICE PROCESSING**

Condition: This finding was included in other comment and recommendations indicating that two paid invoices were located which did not total to the amount paid.

Recommendation: It was recommended that control procedures be established to monitor the payment of invoices to prevent this situation.

Current status: This condition is resolved for the year ended December 31, 1999.

**FINDING 98-8: TRAVEL ADVANCES/REIMBURSEMENTS**

Condition: This finding was included in other comment and recommendations indicating that four travel advances/reimbursements did not have proper supporting documentation.

Recommendation: It was recommended that control procedures and guidelines be established to provide for proper documentation and/or accounting for unused advances.

Current status: This condition is resolved for the year ended December 31, 1999.

**FINDING 98-9: BUDGET VARIANCE REPORTING**

Condition: This finding was included in other comment and recommendations reporting that incorrect budget amounts were recorded in the Town's accounting records of the General Fund and Sewer Sales Tax Fund.

Recommendation: It was recommended that control procedures and guidelines be established to ensure accurate reporting of the original budget and all approved amendments.

Current status: This condition is resolved for the year ended December 31, 1999.