

2271  
2271

OFFICE  
OF THE  
Clerk of Court



# TOWN OF JENA, LOUISIANA

Jena, Louisiana

December 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, orally 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: JAN 20 1997



**PAYNE, MOORE & HERRINGTON, LLP**  
Certified Public Accountants  
Alexandria, Louisiana

TOWN OF JENA, LOUISIANA

DECEMBER 31, 1994

TABLE OF CONTENTS  
Continued

	<u>SERIAL</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT . . . . .		i-7
GENERAL PURPOSE FINANCIAL STATEMENTS . . . . .		3
Combined Balance Sheet - all Fund Types and Account Group . . . . .	A	4-5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances . . . . .	B	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual . . . . .	C	7
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type - Enterprise Fund . . . . .	D	8
Statement of Cash Flows - Proprietary Fund Type - Enterprise Fund . . . . .	E	9
Notes to Financial Statements . . . . .		10-25
	<u>STATEMENT</u>	
ADDITIONAL INFORMATION . . . . .		26
General Fund . . . . .		27
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual . . . . .	F-1	28
Statement of Revenues - Budget and Actual . . . . .	F-2	29
Statement of Expenditures - Budget and Actual . . . . .	F-3	30-32
Water Tax Special Revenue Fund . . . . .		33
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual . . . . .	G-1	34
Utility System Enterprise Fund . . . . .		35
Balance Sheet . . . . .	H-1	34-37
Statement of Revenues, Expenses, and Changes in Retained Earnings . . . . .	H-2	38
General Fixed Assets Account Group . . . . .		39
Statement of General Fixed Assets . . . . .	I-1	40
Statement of Changes in General Fixed Assets . . . . .	I-2	41

BOARD OF JEMA, LOUISIANA

DECEMBER 31, 1996

TABLE OF CONTENTS  
Continued

	SCHEDULE	PAGE
Insulated Schedule of DISBURSEMENT TO FIDUCIARY	3	43-51
<u>OTHER REPORTS REQUIRED BY GOVERNMENT ACCOUNTING STANDARDS</u>		51
Independent Auditor's Report on Internal Control Structure Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards . . . . .		43-47
Independent Auditor's Report on Compliance Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards . . . . .		48-51
REMARKS OF OTHER COMMISSION AND RECOMMENDATIONS . . . . .		54-57



PAYNE, MICHAEL & HERRINGTON, LLP

CITY OF JENA ACCOUNTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Herman Welch, Mayor, and Members of the Board of Aldermen 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, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Jena, Louisiana, 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 Government Auditing Standards, issued by the Comptroller General of the United States. These 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 in the first paragraph present fairly, in all material respects, the financial position of the Town of Jena, Louisiana, as of December 31, 1998, 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements 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



WAYNE MOORE & HERRINGTON, LLP

The Honorable Mayor and Board of Aldermen  
Town of Jena, Louisiana

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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated May 6, 1997, on our consideration of the Town of Jena's internal control structure, and a report dated May 6, 1997, on its compliance with laws and regulations.

*Wayne Moore & Herrington, LLP*  
*certified public accountants*

May 6, 1997

#### **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 JEFF, MISSISSIPPI  
COMBINED BALANCE SHEET - ALL FUNDS THIRD AND ACCOUNT GROUP  
DECEMBER 31, 1999

EXHIBIT A  
(Cont. Lasted)

		PROPERTY TAX TOTAL	ACCOUNT SERIAL FUND	TOTAL
ASSETS	GENERAL	SPECIAL ACCOUNTS	FUND	TOTAL
Cash and cash equivalents	\$ 43,438	\$118,400		\$ 161,838
Investments				
Receivables (net of allowances for doubtful accounts)				
Accounts Payable	11,182			11,182
Trans- actions	17,534			17,534
Other	2,139			2,139
Due from other funds				
prepaid expenses				
Investments				
restricted assets				
Fund Assets (Net, where applicable, of accumulated depreciation)				
	\$ 78,165	\$118,400	\$ 1,827,893	\$ 2,034,458
			\$ 1,827,893	\$ 2,034,458

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

TOWN OF JENKINS, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP  
 DECEMBER 31, 1984

EXHIBIT A  
 (Continued)

	NON-CURRENT ASSETS		PROPERTY TAXES		ACCOUNTS RECEIVABLE		TOTALS	
	GENERAL	SPECIAL ACCOUNTS	PROPERTY TAXES	PROPERTY TAXES	GENERAL	SPECIAL ACCOUNTS	GENERAL	SPECIAL ACCOUNTS
LIABILITIES AND EQUITY								
LIABILITIES								
Accounts payable	\$ 17,443	\$	\$	\$ 83,344	\$	\$	\$	\$ 101,188
Accrued interest	14,218			26,892				41,110
Due to other funds		18,143						18,143
Liabilities payable from restricted assets								
Retain tax bond								
Total Liabilities	<u>31,661</u>	<u>18,143</u>	<u>311,890</u>	<u>2,225,828</u>	<u>3,427,694</u>	<u>—</u>	<u>—</u>	<u>3,427,694</u>
EQUITY								
Investments in general fund assets								
Contributed capital								
Retained earnings								
Reserves								
Unreserved								
Total								
Total Equity	<u>31,661</u>	<u>18,143</u>	<u>311,890</u>	<u>2,225,828</u>	<u>3,427,694</u>	<u>—</u>	<u>—</u>	<u>3,427,694</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$18,213</b>	<b>\$18,143</b>	<b>\$1,811,382</b>	<b>\$1,811,382</b>	<b>\$1,811,382</b>	<b>\$1,811,382</b>	<b>\$1,811,382</b>	<b>\$1,811,382</b>

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



**STATE OF LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**YEAR ENDED DECEMBER 31, 1994**

EXHIBIT B

	GENERAL	SPECIAL	TOTALS (REVENUES AND OTHER)
<b>REVENUES</b>			
Taxes	\$ 128,585	\$ 823,308	\$ 951,893
Licenses and permits	315,748		315,748
Intergovernmental	70,886		70,886
Charges for services	188,188		188,188
Fines and fees	39,889		39,889
Interest	185	7,248	7,433
Other	<u>7,481</u>		<u>7,481</u>
total revenues	534,982	830,556	965,538
<b>EXPENDITURES</b>			
Current			
General government	588,420	8,428	596,848
Public safety	332,287		332,287
Public works	<u>335,820</u>		<u>335,820</u>
total expenditures	1,256,527	8,428	1,264,955
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(721,545)	421,128	300,417
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers to	315,991		315,991
Operating transfers out		<u>1,018,128</u>	<u>1,018,128</u>
total other financing sources (uses)	<u>315,991</u>	<u>1,018,128</u>	<u>1,334,119</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	3,866	186,931	190,797
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>78,872</u>	<u>178,322</u>	<u>257,194</u>
<b>FUND BALANCES, END OF YEAR</b>	\$ 82,738	\$ 365,253	\$ 447,991

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

STATE OF IOWA, CONTINGENT  
 COUNTY OF IOWA, CONTINGENT  
 AND CHANGED TO THIS BALANCE - REPORTING PERIOD  
 ALL ACCOUNTS ARE IN IOWA  
 THIS REPORT IS FOR THE  
 YEAR ENDING DECEMBER 31, 2014

	GENERAL FUND		VARIABLE		FINANCIAL SERVICES FUND		BALANCE
	REVENUE	EXPENSE	REVENUE	EXPENSE	REVENUE	EXPENSE	
<b>REVENUES</b>							
Taxes	\$ 118,489	\$ 118,489	\$ 15,997		\$ 424,489		\$ 11,074
License and permit	115,381	115,381	3,284				
Intergovernmental	45,993	78,098	21,084				
Charges for services	18,194	18,194	132,044				
Fees and fines	45,284	18,428	1,947				
Interest		185		185			
Other	<u>313,341</u>	<u>313,341</u>	<u>41,312</u>	<u>41,312</u>	<u>419,489</u>	<u>41,312</u>	<u>3,214</u>
<b>EXPENSES</b>							
Contract							
Social programs	141,449	248,400	125,000		8,428		15,918
Public safety	255,078	313,247	21,928				
Public works	301,338	313,405	(81,254)				
Capital outlay	<u>218,312</u>	<u>313,217</u>	<u>15,323</u>	<u>15,323</u>	<u>3,422</u>	<u>3,422</u>	<u>32,818</u>
<b>DEBT (DEFICIT) OF</b>							
<b>BONDABLE OVER BONDING</b>	148,000	(113,495)	(74,923)		813,318		318,262
<b>OTHER FINANCING SOURCE (DED)</b>							
Special Consider in	318,898	313,401	91,413		204,818		132,812
Operating transfers in					204,818		132,812
Total Other Financing	<u>318,898</u>	<u>313,401</u>	<u>91,413</u>	<u>91,413</u>	<u>409,636</u>	<u>409,636</u>	<u>265,624</u>
<b>DEBT (DEFICIT) OF BONDING</b>							
All Other Financing Source	(71,812)	3,444	34,888		184,401		82,803
All Other Financing Source	<u>19,412</u>	<u>21,412</u>	<u>4,000</u>	<u>4,000</u>	<u>122,812</u>	<u>122,812</u>	<u>41,000</u>
<b>NET REVENUE, INTEREST OF FUND</b>	<u>4,133,333</u>	<u>4,133,333</u>	<u>4,133,333</u>	<u>4,133,333</u>	<u>4,133,333</u>	<u>4,133,333</u>	<u>4,133,333</u>
<b>NET REVENUE, INTEREST OF FUND</b>							

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

TOWN OF JEBO, LOUISIANA  
 CONSOLIDATED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 YEAR ENDED DECEMBER 31, 1996

EXHIBIT D

<b>OPERATING REVENUES</b>	
Charges for services	
Water department	\$ 229,615
Gas department	208,814
Sewer department	179,640
Delinquent charges	15,800
Miscellaneous	<u>43,251</u>
Total Operating Revenues	1,185,640
<b>OPERATING EXPENSES</b>	
Water department	188,408
Gas department	637,132
Sewer department	214,748
Depreciation	<u>242,612</u>
Total Operating Expenses	1,279,300
<b>OPERATING LOSS</b>	(103,400)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest revenue	22,742
Interest expense and fiscal charges	<u>(128,528)</u>
Total Nonoperating Revenues (Expenses)	(105,786)
<b>LOSS BEFORE OPERATING TRANSFERS</b>	(191,420)
<b>OPERATING TRANSFERS IN (OUT)</b>	
Operating transfers in	214,178
Operating transfers out	<u>(123,890)</u>
Total Operating Transfers In (Out)	(9,712)
<b>NET LOSS</b>	(193,140)
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	2,185,200
<b>RETAINED EARNINGS, END OF YEAR</b>	\$2,022,440

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

TOWN OF JEAN, LOUISIANA  
 STATEMENT OF CASH FLOW  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 YEAR ENDED September 30, 1994

EXHIBIT 2

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Operating loss	\$(188,408)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	242,000
Bad debts	2,768
Changes in assets and liabilities:	
Customer receivables	5,817
Intergovernmental receivables	(4,800)
Prepaid expenses	(1,700)
Inventory	(2,800)
Due from other funds	29,808
Accounts payable	24,768
Accrued expenses	7,819
Water deposits	7,308
Net Cash Provided by Operating Activities	201,818
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating transfers in	41,400
Operating transfers out	(242,500)
Net Cash Used by Noncapital Financing Activities	(201,100)
<b>CASH FLOW FROM CAPITAL FINANCING ACTIVITIES</b>	
Acquisition of property, plant and equipment	(114,500)
Operating transfer in - Sales Tax Special Revenue Fund for debt service	208,700
Payment of principal on long-term debt	(28,100)
Interest paid	(185,800)
Net Cash Used by Capital Financing Activities	(119,700)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Proceeds from matured investments	58,400
Interest received	75,380
Net Cash Provided by Investing Activities	133,780
<b>DECREASE IN CASH</b>	<b>30,558</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>410,244</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 379,686</b>
<b>CLASSIFIED AS</b>	
Current Assets	\$ 3,500
Restricted Assets	376,186
<b>TOTAL</b>	<b>\$ 379,686</b>

**ADDITIONAL REQUIRED DISCLOSURES**

There were no significant investing or financing transactions during the year that affected noncapital assets and liabilities.

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

STATE OF LOUISIANA  
DECEMBER 31, 1994

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Jena, Louisiana (the "Town") was incorporated by proclamation of the governor in 1908 under the provisions of the Louisiana Act. The Town operates under a mayor-board of aldermen 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 modification of the existing Governmental Accounting and Financial Reporting standards which, along with subsequent GASB pronouncements (Statements and Interpretations) constitute GAAP for governmental units.

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

A. The Financial Reporting Entity

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 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 financially 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 financially 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.

TOWN OF JENA, LOUISIANA

DECEMBER 31, 1996

NOTES TO FINANCIAL STATEMENTS

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.

**F. 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 dependable 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 assessed taxes (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 assist 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.

**G. 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.

TOWN OF JENA, LOUISIANA

DECEMBER 31, 1994

NOTES TO FINANCIAL STATEMENTS

Proprietary Funds follow GASB prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1988. All proprietary Funds are accounted for on a flow of economic resources measurement basis. 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 debt 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 revenues, 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.

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with GASB 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 Board of Aldermen.

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 Board no later than fifteen days prior to the beginning of each fiscal year.

TOWN OF JEHO, LOUISIANA

DECEMBER 31, 1994

NOTES TO FINANCIAL STATEMENTS

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 Board of Aldermen.
6. Annual operating budget appropriations expire at the close of the fiscal year to the extent not expended.

**D. 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.

**F. 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.

**G. 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.



STATE OF LOUISIANA  
DECEMBER 31, 1994

NOTES TO FINANCIAL STATEMENTS

F. Inventories

Inventories are valued at replacement cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories used for the maintenance of the utility system are accounted for in the utility fund as assets when purchased and recorded as expenses when consumed. Inventories for office use are accounted for in the general and utility funds as expenditures or expenses when purchased. Amounts of office inventories on hand are immaterial.

G. Restricted Assets

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

H. 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 assets ("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.

I. Inherifed Transactions

All inherifed transactions are reported as operating transfers.

J. Long-Term Obligations

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

TOWN OF JEHO, LOUISIANA

DECEMBER 31, 1996

NOTES TO FINANCIAL STATEMENTS

M. 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.

N. 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.

O. 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.

P. 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 estimated.

Q. 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.

I. CASH AND CASH EQUIVALENTS 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 JEAN, LOUISIANA  
DECEMBER 31, 1994

NOTES TO FINANCIAL STATEMENTS

At December 31, 1994, the Town had cash and cash equivalents (book balances) totaling \$850,200 as follows:

	UNRESTRICED	RESTRICTED	TOTAL
petty cash and change funds	\$ 841	\$	\$ 841
Demand deposits	88,462	26,809	115,271
Time Deposits	718,787	849,151	1,567,938
Total	\$888,290	\$876,060	\$1,764,350

At December 31, 1994, the Town had investments of \$3,119,897 consisting of the following certificates of deposit:

	UNRESTRICTED	RESTRICTED	TOTAL
Time Deposits	\$1,119,897	2-0-	\$1,119,897

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 of 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. At December 31, 1994, the Town had \$1,883,826 in deposits (collected bank balances). These deposits are covered from risk by \$480,548 of Federal deposit insurance and \$1,281,888 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 1). The remaining balance of \$883,878 is not secured by the pledge of securities and is a violation of state law. Even though the pledged securities are considered uncollateralized (Category 1) under the provisions of GASB Statement No. 1, Louisiana Revised Statute 28:1229 imposes a statutory requirement on the custodial bank to advertise and call the pledged securities within 30 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

FORM OF JUNE, LOUISIANA

DECEMBER 31, 1994

DUED TO FINANCIAL STATEMENTS

3. RECEIVABLES

Receivables at December 31, 1994, consist of the following:

	GOVERNMENTAL	PROPRIETARY	TOTAL
	FUND	FUND	
Accounts	TOTAL	TOTAL	
Sanitation and fire protection	\$10,000	\$	\$ 10,000
Police fund	3,148		3,148
Uncollected cycle billings		77,894	77,894
Estimated services between cycles		110,190	110,190
Interest		27,170	27,170
Taxes	27,000		27,000
Intergovernmental			
Local		10,007	10,007
State	2,318	100	2,418
Other receivable	40,000	270,420	310,420
Allowance for uncollectible		(20,000)	(20,000)
Net receivables	\$40,000	\$270,420	\$310,420

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 \$0,000 represents the projected uncollectible accounts at December 31, 1994.

4. DUE FROM/TO OTHER FUNDS

Amounts due from and to other funds, at December 31, 1994, consisted of the following:

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
Sales tax special revenue fund	\$	\$00,000
Utility System Enterprise Fund	20,000	
	\$20,000	\$00,000

**TOWN OF JEHO, LOUISIANA**  
**DECEMBER 31, 1998**

**NOTES TO FINANCIAL STATEMENTS**

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

Restricted assets at December 31, 1998, consisted of the following amounts:

	2008
Water deposits	\$ 81,732
Water sales tax bond sinking	388,188
Sewer sales tax bond reserves	132,938
	<u>\$499,858</u>

**4. FIXED ASSETS**

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

	BALANCE 12/31/97	ADDITIONS	DEDUCTIONS	BALANCE 12/31/98
<b>GENERAL FIXED ASSETS</b>				
ACCOUNT GROUP				
Land	\$ 59,187	\$ 20,880	\$	\$ 79,167
Buildings	189,880	98,761		288,641
Equipment	134,795	41,325	(25,447)	150,673
Paths & playgrounds	128,824	33,871		162,695
Infrastructure	848,818			848,818
construction in progress	11,508	_____	(11,588)	_____
<b>TOTAL GENERAL FIXED ASSETS</b>	<u>\$1,471,007</u>	<u>\$183,737</u>	<u>\$ (36,965)</u>	<u>\$1,617,779</u>
<b>PROPRIETARY FUNDS</b>				
Sewer disposal system	\$4,833,983	\$ 32,428	\$	\$4,866,411
Natural gas distribution system	2,585,088	83,288		2,668,376
Water plant & system	1,488,387	22,427		1,510,814
Land	28,358			28,358
Service equipment	486,838	8,833		495,671
construction in progress	2,388	_____	(12,588)	_____
<b>Total Proprietary Funds</b>	<u>\$8,425,934</u>	<u>\$117,153</u>	<u>\$ (12,588)</u>	<u>\$8,520,599</u>
Accumulated depreciation				<u>2,328,387</u>
<b>NET FIXED ASSETS - PROPRIETARY FUNDS</b>				<u>\$6,192,212</u>

**STATE OF LOUISIANA**  
**DECEMBER 31, 1996**

**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	20-25 years
Buildings and improvements	10-25 years
Equipment	5-8 years
Vehicles	3-4 years

Depreciation expense recorded in the financial statements for the fiscal year ended December 31, 1996, amounted to \$243,822 for the Utility System Enterprise Fund.

**7. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Liabilities payable from restricted assets at December 31, 1996, consisted of the following:

Payable from the water deposit account	
Water deposits	\$ 43,712
Payable from the sewer sales tax bond sinking account	
Sewer sales tax bond (Note 8)	95,468
Accrued interest	14,708
	<u>\$153,888</u>

**8. SEWER SALES TAX BOND**

The sewer sales tax bond reported in the enterprise fund is due to the Louisiana Department of Environmental Quality (LDEQ). The bond had an original face value of \$8,395,132.

Long-term debt at December 31, 1996, consisted of the following:

	INTEREST RATE	ADMINISTRATIVE FEE	AMOUNT
Sewer tax bond	6.04	.54	\$3,390,000
Current portions (Note 3)			<u>    45,000</u>
Long-term portion			\$3,245,000

**TOWN OF JENA, LOUISIANA**  
**DECEMBER 31, 1994**

**REPORT OF FINANCIAL STATEMENTS**

The annual requirements to amortize the debt outstanding as of December 31, 1994, including interest of \$998,470, are as follows:

YEAR	REQUIREMENT
December 31, 1997	\$ 187,713
1998	190,325
1999	188,713
2000	193,867
2001	194,150
2002-2013	2,346,708
	<b>\$3,328,473</b>

Total interest and fiscal charges incurred by the Utility Fund amounted to \$998,470 for the current period.

During the year ended December 31, 1994, the following changes occurred in long-term liabilities:

	BALANCE			BALANCE
	_12/31/93	ADDITIONS	DEDUCTIONS	12/31/94
Enterprise Fund Debt				
Water tax bond	\$3,430,133	\$0-	\$90,332	\$3,339,801

Water 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.

TOWN OF JEEN, LOUISIANA  
DECEMBER 31, 1994

NOTES TO FINANCIAL STATEMENTS

4. The Town will establish a reserve account equal to the amount of the future principal and interest due in any future fiscal year. Money 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.

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

There were no changes in contributed capital during the year. The contributed capital balance remains at \$1,669,938 in the utility system fund.

10. 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 LaBelle Parish to prepare annual notices based upon assessed values determined by the tax assessor. The Town collects its own ad valorem taxes.

For the year ended December 31, 1994, taxes of 5.38 mills were levied on property with assessed values totaling \$2,528,252 and were dedicated for general fund purposes.

Total taxes levied were \$41,634. Taxes receivable at December 31, 1994, were \$4,151 and were considered collectible. No provision for doubtful accounts was considered necessary.



**TOWN OF JENA, LOUISIANA**  
**DECEMBER 31, 1998**

**NOTES TO FINANCIAL STATEMENTS**

**11. 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.

	1998	1997	1996	TOTAL
Operating revenues	\$ 221,999	\$ 258,932	\$ 178,448	\$ 3,169,867
Operating expenses				
Depreciation	(47,884)	(39,486)	(115,512)	(242,872)
Other	(188,828)	(182,122)	(128,788)	(1,825,289)
Operating income (loss)	\$ 6,577	\$ 41,424	\$ (154,484)	\$ (199,819)
Nonoperating revenues				
(expenses)				
Interest revenue				72,767
Interest and fiscal charges				(199,874)
Operating transfers - net				11,277
Net loss				\$ (188,145)
Current capital contributions				\$ 4-
Net working capital				3,274,871
Total assets				7,227,997
Sales tax bonds payable				3,398,800
Total equity				4,829,197

**12. 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.

**TOWN OF JENA, LOUISIANA**  
**DECEMBER 31, 1994**

**NOTES TO FINANCIAL STATEMENTS**

	LIMITS OF COVERAGE
Public entity risk pool	
Mechanics' 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	2,800,000

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.

**13. COMPENSATION PAID TO MAYOR AND BOARD OF ALDERMEN**

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 Board of Aldermen of the Town of Jena, Louisiana, for the fiscal year ending December 31, 1994.

Mayor Norman Welch	\$31,200
Board of Aldermen	
Gary Combes	4,350
Eunice Kendrick	4,350
Steve Sanders	4,350
Dale Willis	4,350
Tommy Wright	300
M.J. Criss	3,000
Eunice Cupples	450

STATE OF LOUISIANA  
DECEMBER 31, 1996

NOTES TO FINANCIAL STATEMENTS

14. PUBLIC EMPLOYER RETIREMENT SYSTEM

A. Plan Description

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

The amount of the Town's current year covered payroll and the Town's total current year payroll for all employees is summarized below:

Covered Payroll	
MERS	3422,000
Total payroll	438,127

The following is a brief description of the plan.

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 ten-and-a-half (2 1/2) 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-quarter percent (9.25%) of their salary to the system. The Town's contribution was six and three-quarter percent (6.75%) for January 1, 1996 to June 30, 1996, and six and one-quarter percent (6.25%) for July 1, 1996 to December 31, 1996.

Benefit and contribution requirements are established by state law.

B. Funding Status and Progress

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help assess across the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The measure is independent of the funding method used to determine contributions to the plan discussed below.

**TOWN OF JEBO, LOUISIANA**  
**DECEMBER 31, 1996**

**NOTES TO FINANCIAL STATEMENTS**

The pension benefit obligation and certain other relevant information for the multiple-employer public employee retirement system to which the Town contributes are presented below:

	<u>2000</u>
Rate of Actuarial Valuation	\$249,044,004
Pension benefit obligation	\$11,811,890
Net assets available for benefits	\$ 12,588,713
Deferred pension	
benefit obligation	\$ 12,588,713
<b>Town of Jebo</b>	
Employee contributions made	\$ 54,186
Employee contributions as a percentage of covered payroll	6.79%
Employer contributions made	40,499
Employer contributions as a percentage of covered payroll	6.50%
Employer's actuarially determined contribution requirement expressed as a percentage of total actuarially determined contribution requirements for all employees	8.4%

**C. Ten Year Historical Trend Information**

Ten year historical trend information provides information about a public employee retirement system's progress in accumulating sufficient assets to pay benefits when due. This information, if available, may be found in the separately issued annual financial report of the ERSP.

**15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following individual governmental funds had expenditures, including other financing uses, exceeding appropriations as approved in the budget:

	<u>EXPENDITURES</u>	<u>APPROPRIATIONS</u>	<u>EXCESS</u>
General Fund	\$917,737	\$763,312	\$154,425

#### 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, 1998

STATEMENT P-1

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES (STATEMENT P-2)</b>			
Taxes	\$ 118,400	\$ 128,500	\$ 10,100
Licenses and permits	118,344	120,340	2,000
Intergovernmental	45,882	70,886	25,004
Charges for services	108,248	165,200	122,000
Fines and forfeitures	48,884	50,849	(1,065)
Interest		100	100
Other	3,388	2,484	(804)
Total Revenues	<u>513,312</u>	<u>638,839</u>	<u>125,527</u>
<b>EXPENDITURES (STATEMENT P-3)</b>			
Current			
General government	143,648	168,820	(25,180)
Public Safety			
Police	196,788	196,827	(39)
Fire	128,232	127,232	10,000
Animal control	28,000	27,000	1,000
Public works			
Storms	64,500	68,180	3,680
Sanitation	88,044	88,870	826
Recreation	101,248	102,320	10,072
Total Expenditures	<u>703,812</u>	<u>847,127</u>	<u>143,315</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(290,500)	(210,822)	(79,678)
<b>OTHER FINANCING SOURCES</b>			
Operating transfer in Utility System Enterprise Fund	218,000	218,284	284
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	(72,500)	7,462	79,962
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>75,472</u>	<u>75,472</u>	<u>-----</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,972</u>	<u>\$ 14,934</u>	<u>\$ 11,962</u>

See independent auditor's report.

STATE OF LOUISIANA  
 GENERAL FUND  
 STATEMENT OF REVENUES -  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 1934

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
STATEMENT 1-1			
REVENUES			
Taxes			
Ad valorem taxes	\$ 39,894	\$ 41,424	\$ 1,530
Housing Authority in lieu of taxes	8,000	8,421	421
Franchise taxes	71,000	69,870	(1,130)
Totals	118,894	120,715	1,821
Licenses and permits			
Occupational licenses	110,000	110,073	73
Other	262	170	(92)
Totals	110,262	110,243	(19)
Intergovernmental			
Tobacco tax	12,000	12,218	(182)
Brew tax	3,000	4,731	1,731
State fire insurance rebate	35,000	34,437	(563)
State Traffic Light Maintenance	8,484	13,000	4,516
Grants	8,880	(28,278)	(37,158)
Totals	68,364	26,008	(42,356)
Charges for services			
Sanitation fees	39,894	39,747	(147)
Fire protection	88,254	85,769	(2,485)
Recreation	4,000	4,530	530
Other	1,882	2,318	436
Totals	134,030	132,364	(1,666)
Rents and furnishings	40,000	39,889	(111)
Interest		500	500
Other	5,000	7,461	2,461
<b>TOTAL REVENUES</b>	<b>412,312</b>	<b>426,824</b>	<b>14,512</b>

See independent auditor's report.



TOWN OF JEHO, LOUISIANA  
 GENERAL FUND  
 STATEMENT OF EXPENDITURES -  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 1994

(Continued)

EXPENDITURES	BUDGET	ACTUAL	PERCENTAGE FAVORABLE (UNFAVORABLE)
<b>OBJECT</b>			
<b>GENERAL GOVERNMENT</b>			
Mayor's salary	\$ 31,854	\$ 31,232	\$ 424
Aldermen's salaries	22,500	21,458	1,042
Administrative salaries		21,258	(21,258)
Employee benefits	8,394	8,492	(98)
Payroll taxes	2,893	1,991	1,401
Aldermen's expenses	4,800	3,453	2,547
Mayor's expenses	4,893	3,998	1,894
Insurance	22,844	28,342	(5,498)
Legal and other professional	12,183	12,892	(709)
Books and subscriptions	994	1,545	(550)
Public relations material	3,800	6,715	(2,915)
Collection fees	3,798	3,108	690
Economic development	1,804	188	4,616
Advertising	7,808	9,083	(2,275)
Miscellaneous	3,904	3,949	(45)
Top soil preparation		3,188	(3,188)
Total General Government	143,548	144,429	(881)

See Independent Auditor's report.

TOWN OF JEHO, LOUISIANA  
GENERAL FUND  
STATEMENT OF EXPENDITURES -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1996

STATEMENT (c-)  
(Continued)

	BUDGET	ACTUAL	VARIANCE FAVORABLE UNFAVORABLE
<b>PUBLIC SAFETY</b>			
Police Department			
Salaries	\$ 88,300	\$101,566	(\$13,266)
Employee benefits	21,482	17,508	3,974
Payroll taxes	596	1,182	(586)
Gas and oil	4,984	7,182	(2,198)
Repairs and maintenance	4,884	9,413	(4,529)
Supplies	3,000	2,721	279
Telephone	800	729	71
Fines remitted to state	3,984	2,475	1,509
Uniforms	800	1,124	(324)
Training	800	876	(76)
Insurance	9,804	8,087	1,717
Other	800	1,000	(200)
Capital outlay	<u>21,482</u>	<u>42,313</u>	<u>(20,831)</u>
Total Police Department	194,788	194,827	(39)
Fire Department			
Salaries	72,444	85,842	(13,398)
Employee benefits	18,000	20,219	(2,219)
Payroll taxes	996	1,847	(851)
Gas and oil	1,500	1,815	(315)
Repairs and maintenance	3,996	3,154	842
Supplies	3,000	4,814	(1,814)
Telephone	1,484	1,799	(315)
Utilities	1,400	1,598	(198)
Volunteer fire department expenses	4,800	7,914	(3,114)
Capital outlay	3,996	3,848	148
Uniforms	1,394	751	643
Training	1,800	1,013	787
Insurance	7,984	6,057	1,927
Other	<u>728</u>	<u>728</u>	<u>0</u>
Total Fire Department	195,132	192,122	3,010
Animal Control Department			
Salaries	17,876	18,482	(606)
Employee benefits	5,136	3,681	1,455
Gas and oil	1,453	988	465
Repairs and maintenance	1,704	870	834
Supplies	728	618	110
Utilities	584	296	288
Uniforms	584	316	268
Veterinary expenses	800	244	556
Insurance	<u>480</u>	<u>718</u>	<u>(238)</u>
Total Animal Control Department	28,528	28,288	240
Total Public Safety	<u>398,448</u>	<u>397,147</u>	<u>1,301</u>

See independent auditor's report.

TOWN OF JENA, LOUISIANA  
GENERAL FUND  
STATEMENT OF EXPENDITURES -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1994

STATEMENT 2-3  
(Continued)

VARIANCE  
FAVORABLE  
(UNFAVORABLE) (-)

PUBLIC WORKS	BUDGET	ACTUAL	VARIANCE
<b>Streets</b>			
Salaries	\$ 504	\$ 504	\$ 000
Gas and oil	300	374	(74)
Repairs and maintenance	8,204	8,782	(578)
Supplies	9,894	11,431	(1,537)
Utilities	66,808	67,324	(516)
Miscellaneous	504	3,074	(2,570)
Capital outlay	---	774	(774)
<b>Total Streets</b>	<u>84,204</u>	<u>84,791</u>	<u>(587)</u>
<b>Sanitation</b>			
Salaries	48,848	48,891	(43)
Employee benefits	13,292	14,477	(1,185)
Payroll taxes	504	437	(67)
Gas and oil	2,804	4,324	(1,520)
Repairs and maintenance	2,804	1,824	(980)
Supplies	804	1,784	(980)
Utilities	894	2,894	(2,000)
Garbage bags	2,800	10,474	(7,674)
Insurance	4,994	7,897	(2,903)
Miscellaneous	34	---	34
<b>Total Sanitation</b>	<u>86,844</u>	<u>89,878</u>	<u>(3,034)</u>
<b>Recreation</b>			
Salaries	20,294	21,262	(968)
Employee benefits	2,480	4,824	(2,344)
Payroll taxes	1,800	1,400	(400)
Gas and oil	894	664	(230)
Repairs and maintenance	2,894	5,724	(2,830)
Supplies	11,588	10,882	(706)
Utilities	764	824	(60)
Telephone	4,394	4,147	(247)
Utilities	284	284	---
Miscellaneous for rentals	2,494	1,474	(1,020)
Contract labor	894	824	(70)
Insurance	2,180	1,894	(286)
Miscellaneous	2,680	---	2,680
Capital outlay	28,880	27,124	(1,756)
<b>Total Recreation</b>	<u>102,284</u>	<u>111,322</u>	<u>(9,038)</u>
<b>Total Public Works</b>	<u>273,232</u>	<u>286,831</u>	<u>(13,599)</u>
<b>TOTAL EXPENDITURES</b>	<u>673,134</u>	<u>684,797</u>	<u>(11,663)</u>

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.

**CITY OF JEA, LOUISIANA**  
**SALES TAX SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 1954**

STATEMENT 0-1

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes	\$ 429,804	\$ 422,388	\$ (7,416)
Fines and fees	600		(600)
Interest	<u>1,838</u>	<u>2,248</u>	<u>410</u>
Total Revenues	429,804	424,648	(5,156)
<b>EXPENDITURES</b>			
Current - General Government			
Operating expense	15,800	28	15,772
Collection expense	8,898	8,432	1,386
Capital outlay	<u>88,838</u>	<u>8,438</u>	<u>80,400</u>
Total expenditures	113,536	16,100	97,436
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	316,268	408,548	92,280
<b>OTHER FINANCING USED</b>			
Operating Transfer out			
Walling System Enterprise Fund for			
Operations		(52,982)	(52,982)
Sewer sales tax bond sinking account	(287,894)	(288,238)	2,444
Sewer sales tax bond reserve account	(52,804)	(58,232)	(5,428)
Sewer sales tax bond contingency	<u>account</u>	<u>118,432</u>	<u>5</u>
Total Other Financing Used	(393,598)	(388,120)	(5,478)
<b>EXCESS OF REVENUES OVER EXPENDITURES AND</b>			
<b>OTHER FINANCING USED</b>	54,140	320,428	266,288
<b>FUND BALANCE, BEGINNING OF YEAR</b>	176,533	176,533	—
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 224,818</u>	<u>\$ 224,488</u>	<u>\$ 36,330</u>

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, 1994

STATEMENT #1  
 (Continued)

ASSETS		
<b>CURRENT ASSETS</b>		
Cash		\$ 1,891
Investments - Certificates of Deposit, at cost		1,119,891
Receivables		
Accounts (Net of allowance for doubtful accounts)		183,000
Intergovernmental		16,913
Other		11,378
Due from other funds		18,141
Prepaid expenses		23,487
Inventory		<u>18,561</u>
Total Current Assets		1,488,941
<b>RESTRICTED ASSETS</b>		
Water deposit account		81,732
Water sales tax bond sinking account		188,788
Water sales tax bond reserve account		<u>133,518</u>
Total Restricted Assets		404,038
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Property, plant and equipment		8,888,041
Accumulated depreciation		<u>(5,665,881)</u>
Net Property, Plant and Equipment		3,222,160
<b>TOTAL ASSETS</b>		<b>\$ 5,115,139</b>

See independent auditor's report.

TOWN OF JURA, LOUISIANA  
 UTILITY SYSTEM ENTERPRISE FUND  
 BALANCE SHEET  
 DECEMBER 31, 1996

STATEMENTS 6-1  
 (Continued)

LIABILITIES AND EQUITY

<b>CURRENT LIABILITIES (Payable from Current Assets)</b>		
Accounts payable	\$	93,244
Accrued expenses/other current liabilities		
Accrued wages	5,179	
Accrued retirement	13,243	
Sales taxes payable	1,247	
Total		19,669
<b>CURRENT LIABILITIES (Payable from Restricted Assets)</b>		
Payable from water deposit account		
Water deposits	81,717	
Payable from sewer sales tax bond sinking account		
Cover sales tax bond	85,880	
Accrued interest	34,856	
Total	120,636	
Total Current Liabilities		320,549
<b>NONCURRENT LIABILITIES</b>		
Sales tax bonds	2,222,287	
Total Liabilities		2,543,397
<b>EQUITY</b>		
Contributed capital		1,448,733
Retained earnings		
Reserved for		
Debt service	254,370	
Unreserved	1,738,883	
Total Retained Earnings		1,993,253
Total Equity		3,442,016
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,442,016</b>

See independent auditor's report.



TOWN OF JEFF. LOUISIANA  
 UTILITIES SYSTEM RETIREMENT FUND  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETIRED EARNINGS  
 YEAR ENDED DECEMBER 31, 1999

STATEMENT 8-3

	TOTAL	WATER SYSTEM	SEWERAL SYSTEM	SEWER SYSTEM
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$1,177,271	\$22,612	\$728,815	\$ 176,844
Grants	18,281	8,273	20,028	
<b>Total Operating Revenues</b>	<b>1,195,552</b>	<b>30,885</b>	<b>748,843</b>	<b>176,844</b>
<b>OPERATING EXPENSES</b>				
Natural gas purchases	343,324		343,324	
Electricity	8,432			8,432
Debris disposal	267,918	34,328	165,889	67,701
Salaries	68,642	12,875	31,575	24,192
Employee benefits	4,293	2,058	1,482	753
Payroll taxes	2,188	1,094	799	395
Real estate	88,586	45,374	23,544	19,668
Operating supplies	8,827	2,381	5,891	1,555
Gas and oil	41,383	18,814	5,387	16,782
Utilities	5,228	3,473	842	813
Telephone	13,587	6,752	39,885	4,170
Repairs and maintenance	243,823	47,894	78,886	175,043
Depreciation	388	188	41	159
Travel	510		100	810
Printing	2,428	344	1,083	1,001
Professional fees	8,526	2,381	35,895	7,861
Utility expenses	48,821	18,194	21,482	29,145
Contracts	1,223	264	891	7
Plans and subscriptions	17,184			
General labor	877			
Lab reports	818		806	37,184
Missouri testing	8,288		882	8,272
Miscellaneous	1,074,221	20,441	20,441	1,033,339
<b>Total Operating Expenses</b>	<b>1,074,221</b>	<b>20,441</b>	<b>20,441</b>	<b>1,033,339</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(108,669)</b>	<b>10,444</b>	<b>540,002</b>	<b>(156,495)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	75,162			
Intergovt. expenses and direct charges	<u>1,028,220</u>			
Net	<u>1,103,382</u>			
<b>LOSS BEFORE OPERATING TRANSFERS</b>	<b>(143,423)</b>			
<b>OPERATING TRANSFERS IN (OUT)</b>				
Sales tax Special Revenue Fund Fee	32,861			
Water system operations				
Water sales tax local industries				
Contributions	343,324			
Special Fund	<u>1,315,812</u>			
Net	<u>1,348,185</u>			
<b>NET LOSS</b>	<b>(143,183)</b>			
<b>RETIRED EARNINGS, BEGINNING OF YEAR</b>	<b>2,362,288</b>			
<b>RETIRED EARNINGS, END OF YEAR</b>	<b>2,219,105</b>			

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.

STATE OF LOUISIANA  
STATEMENT OF GENERAL FIXED ASSETS  
DECEMBER 31, 1994

STATEMENT 1-1

<b>GENERAL FIXED ASSETS</b>	
Land	\$ 78,547
Buildings	286,631
Equipment	360,888
Parks and playgrounds	350,495
Infrastructure	<u>822,819</u>
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$1,827,870</b>
<b>INVESTMENT IN GENERAL FIXED ASSETS</b>	
General obligation bonds	\$ 444,143
General fund revenues	1,087,347
Federal revenue sharing	<u>88,919</u>
<b>TOTAL INVESTMENT IN GENERAL FIXED ASSETS</b>	<b>\$1,827,870</b>

See independent auditor's report.

TRUST OF STPA, LOSIACON  
 STATEMENT OF CHANGES IN GENERAL FUND ASSETS  
 FROM MARCH DECEMBER 31, 1954

STATEMENTS 3-4

	ASSETS	RETIREMENTS	EXPIREMENTS	TRANSFER AND CLASSIFICATIONS	INTERMEDIATE RESOURCES	CONTRIBUTIONS IN RESOURCES	TOTAL
GENERAL FUND ASSETS, MARCH 31, 1954	125,181	1,009,838	1,009,175	618,818	1,888,818	\$ 11,188	\$1,874,040
ADDITIONS							
General Fund Deposits	28,000	64,151	41,170	21,471			149,692
RESOURCES							
General Fund Deposits			63,842			151,858	118,058
GENERAL FUND ASSETS, END OF YEAR	153,181	1,073,989	1,050,315	640,289	1,888,818	111,846	\$1,874,040

See Independent Auditor's Report.

**UNAUDITED SCHEDULE OF INSURANCE IN FORCE**

FORM OF JUNE, 1973 EDITION  
 CURRENT VERSION OF STANDARD 28 FORM  
 ISSUED IN 1964

SCHEMATA 2

ENTRANCE	REFERENCE DATE	EXPOSURE	EXPOSURE SCHEME	MARKS
Louisiana Municipal Risk Management Agency	01/01/77	Automobile Liability	aged, blind, uncorrected	200,000 (10)
	01/01/77	Commercial General Liability	business operations contractors/individual operations	100,000 per occurrence 100,000 per individual 100,000 per contract 25,000 per contract
	01/01/77	Law Enforcement, Ordinance, Compensatory Liability	Police Department	1,000 per person 25,000 per accident 10,000 per occurrence
	01/01/77	Public Official's Errors & Omissions Liability	Fire Dept Liability Police Liability Woodmen, WFO of the Public Safety	100,000 CEC Personal Injury 1.00 100,000 CEC
Empire Fire Insurance Company	11/01/77	Fire Insurance	All buildings	1,000,000 1,000 deductible 100 occurrences
Louisiana Municipal Risk Management Agency	01/01/77	Builder's Organization		100,000 each accident deductible 100 occurrences 1,000 deductible
	01/01/77	Automobile	1000 Road Film Truck	
Empire Indemnity Insurance Company	01/01/77	Auto Transportation Equipment	1000 system 24 and all account hardware	50,000 with deductible of 100
Flamingo & Reynolds Company of Maryland	01/01/77	Public officials	Mayor and Town Clerk Town Clerk	10,000 each official
		Auto Road	From PMA 400-04	
Archon E. I.	01/01/77	Commercial Automobile	All Automobiles	APV

See independent auditor's report.

**FORMS REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH APPROPRIATE AUDITING STANDARDS





PAINE, MOORE & HERRINGTON, LLP

EXTERNAL AUDIT ACCOUNTS

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

The Honorable Herman Welch, Mayor, and  
Members of the Board of Aldermen  
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 8, 1999.

We conducted our audit in accordance with generally accepted auditing standards and 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.

The management of the Town of Jena, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town of Jena, Louisiana, as of and for the year ended December 31, 1999, we obtained an understanding of the internal control structure. With respect to the





PAINE, MOORE & HERRINGTON, LLP

The Honorable Mayor and Board of Aldermen  
Town of Ferris, Louisiana

Internal control structure, we obtained an understanding of the design of relevant policies and procedures, and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, would adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

The reportable conditions noted are as follows:

#### **RECONCILIATION OF ACCOUNTS RECEIVABLE**

In our prior report on the internal control structure, dated May 9, 1996, for the year ended December 31, 1995, we reported that the accounts receivable subledger 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. During the year ended December 31, 1996, the Town did not upgrade or replace the existing utility billing software; therefore, previous year's deficiencies with the software still exist.

We continue to recommend that the Board consider an upgrade or replacement of the existing utility billing software so that accounts receivable subsidiary listings can be reconciled to the related general ledger control account.

#### **MANAGEMENT'S RESPONSE**

We have continued to try to obtain a software program from our present consultant to upgrade our present system to interface with the general ledger. We have been unable to accomplish this. We are, at present, talking to Tim Brand of Alexandria about the possibility of installing a PC with utility billing capability.



PAWEL, MOORE & REDINGTON, LLP

The Honorable Mayor and Board of Aldermen  
Town of Jena, Louisiana

#### RECONCILIATION OF UTILITY DEPOSITS

As reported previously, we continue to find that the subsidiary records for customer utility deposits are not periodically reconciled to the general ledger control account. We continue to recommend that the subsidiary records for customer utility deposits be periodically reconciled to the general ledger.

#### MANAGEMENT'S RESPONSE

Procedures are in place to do this and deposits are being reconciled on a quarterly basis.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. HOWEVER, we consider the following matter explained previously involving the internal control structure and its operation to be a material weakness as defined above:

#### RECONCILIATION OF ACCOUNTS RECEIVABLE

Three reportable conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the general purpose financial statements of the Town of Jena, Louisiana, as of and for the year ended December 31, 1988.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Town of Jena, Louisiana, in a separate letter, entitled *Memorandum of Other Comments and Recommendations*, dated May 6, 1989.



DAWEL, MOORE & HERMITON, LLP

The Honorable Mayor and Board of Aldermen  
Town of Jones, Louisiana

This report is intended for the information of management, the Mayor, and the Board of Aldermen of the Town of Jones, Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Dawel, Moore & Hermiton, LLP*  
Certified Public Accountants

May 8, 1993

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED  
ON AN ASPECT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



PAVNE, MOORE & HERRINGTON, LLP

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED  
ON AN ASPECT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Herman Welch, Mayor, and  
Members of the Board of Aldermen  
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, 1998, and have issued our report thereon dated May 8, 1999.

We conducted our audit in accordance with generally accepted auditing standards and 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 misstatements.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Jena, Louisiana, is the responsibility of the management of the Town of Jena, Louisiana. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatements, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instances of noncompliance that it required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the Town of Jena, Louisiana's 1998 financial statements.



PAYNE, MCNEIL & HERBERICHSON, LLP

The Honorable Mayor and Board of Aldermen  
Town of Jena, Louisiana

#### **INSURED BANK DEPOSITS**

LSA - R.S. 39:1225 states that security for bank deposits shall at all times be equal to one hundred percent (100%) of the amount on deposit to the credit of each depositing authority, except that portion of the deposits insured by any governmental agency insuring bank deposits. At December 31, 1994, the Town had \$223,174 of deposits at Sabine State Bank & Trust not secured by the pledge of securities.

We recommend that procedures be established to analyze bank balances with FDIC coverage and securities pledged to prevent future uninsured deposits.

#### **MANAGEMENT'S RESPONSE**

We ordinarily do check with the bank to be sure that enough security has been pledged to insure all deposits. At present, we have less than \$200,000.00 invested at Sabine.

#### **GENERAL FUND EXPENSES EXCEEDING OVER APPROPRIATIONS**

LSA-R.S. 39:1009 and 39:1110 state that when actual expenditures are exceeding estimated budgeted expenditures by five percent or more, a budget amendment shall be adopted. For the year ended December 31, 1994, the Town's General Fund actual expenditures exceeded budgeted expenditures by thirteen percent due to expenditures for recreation capital outlay and administrative salaries, which were not budgeted.

We recommend that, when there has been a change in operations upon which the original adopted budget was developed, a budget amendment be adopted as provided by Louisiana law.

#### **MANAGEMENT'S RESPONSE**

Mayor and Council do routinely amend the budget each year but this expenditure for recreation capital outlay was omitted through error. The accounting classification was changed for the administrative salaries resulting in this not being budgeted. This has been corrected.

We considered these instances of noncompliance in forming our opinion on whether the Town of Jena, Louisiana's 1994 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted



PAYNE, BROWN & HERRINGTON, LLP

The Honorable Mayor and Board of Aldermen  
Town of Jena, Louisiana

accounting principles, and this report does not affect our report dated May 9, 1991, on those general purpose financial statements.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Town of Jena, Louisiana, in a separate letter, entitled Memorandum of Other Comments and Recommendations, dated May 9, 1991.

This report is intended for the information of management, the Mayor, and the Board of Aldermen of the Town of Jena, Louisiana. However, this report is a matter of public record and its distribution is not limited.

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

May 9, 1991



#### DISCUSSION OF OTHER COMMENTS AND RECOMMENDATIONS



PHYNE, MOORE & HERRINGTON, LLP

Chartered Public Accountants

**MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS**

The Honorable Herman Melich, Mayor, and  
Members of the Board of Aldermen  
Town of Jones, Louisiana

In planning and performing our audit of the general purpose financial statements for the year ending December 31, 1998, we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls, operating efficiency, and possible compliance with laws. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated May 8, 1997, contains our report on reportable conditions in the town's internal control structure. This letter does NOT affect our report dated May 8, 1997, on the general purpose financial statements of the Town of Jones, Louisiana.

We will review the status of these comments and recommendations during our next audit engagement. We have already discussed these items with management personnel, and we will be pleased to discuss them with you in detail at your convenience, to perform any additional study of those matters, or to assist you in implementing the recommendations.

  
Chartered Public Accountants

May 8, 1997





FAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and Board of Aldermen  
Town of Jones, Louisiana

#### **SEWER SERVICE PROVIDED TO MUNICIPAL FACILITIES**

Article II., Section 2.03 (a) of the Jones and Pledge Agreement between the Louisiana Department of Environmental Quality and the Town provides that the Town shall not provide services of the system free of charge to any person, firm, corporation, public agency, or instrumentality. We were informed that the Town does not charge itself for sewer services provided to municipal facilities.

We recommend that the Town comply with all provisions of the Agreement.

#### **MANAGEMENT'S RESPONSE**

We are making a charge to each facility using this service.

#### **UTILITY BILLING SOFTWARE**

We noted the following areas of concern or deficiencies with the current 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.

We recommend that the Board consider an upgrade or replacement of the existing software that would better meet the Town's needs.



PATRIE, MICHELE & HERRINGTON, LLP

The Honorable Mayor and Board of Aldermen  
Town of Jena, Louisiana

**MANAGEMENT'S RESPONSE**

As stated previously, we have been unable to obtain software to upgrade our present software. I have asked Tim Frenn of Alexandria to present to the Town Council a plan to install a PC with utility billing capability on July 1, 1987.