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TOWN OF JENA, LOUISIANA

Jena, Louisiana

December 31, 1997

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 ______2 1998



PAYNE, MOORE & HERRINGTON, LLP

Certified Public Accountants Alexandria, Louisiana

TOWN OF JENA, LOUISIANA

DECEMBER 31, 1997

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TOWN OF JENA, LOUISIANA

DECEMBER 31, 1997

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Norman Welch, 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, 1997, 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 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, 1997, 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 8, 1998, 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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Town of Jena, Louisiana, taken as a whole. The individual fund and account group financial statements and schedule 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,





The Honorable Mayor and Town Council Town of Jena, Louisiana

Tayne Moore of Herrington, LLP Certified Public Accountants

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.

May 8, 1998

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 GROUP
DECEMBER 31, 1997

EXHIBIT A (Continued)

	TOTALS (MEMORANDUM	ONLY)	560,659	19,807			188,075	5,091	47,259	17,502	45,942	23,738	19,561	535,520		57,546	\$9,390,700
	TOT (MEMO!	ő	\$	H			ĩ		•	•	•	•	•	Ŋ		6,767	\$9,39
ACCOUNT	GENERAL FIXED	ASSETS	◊›													1,704,223	\$1,704,223
PROPRIETARY FUND TYPE		ENTERPRISE	\$ 68,918	1,119,807			180,520		11,864	17,502	45,942	23,738	19,561	535,520		5,063,323	\$7,146,695
D TYPES	CAPITAL	FUND	\$100													ļ	\$ 100
GOVERNMENTAL FUND	SPECIAL	REVENUE	\$445,315														\$445,315
9		GENERAL	\$46,326				7,555	160,3	35,395								\$94,367
			Cash	Investments	Receivables (Net of allowance	for doubtful accounts)	Accounts	Taxes	Intergovernmental	Other	Due from other funds	Prepaid expenses	Inventory	Restricted assets	Fixed Assets (Net, where applicable,	of accumulated depreciation)	TOTAL ASSETS

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TOWN OF JENA, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
DECEMBER 31, 1997

(Concluded)

Ø

EXHIBIT

2,135,000 2,567,942 1,704,223 45,942 39,104 (MEMORANDUM 322 758 128,942 710,048 \$9,390,700 316,566 ONLY) TOTALS 6,822, 431 2, S þ 223 ACCOUNT GENERAL 1,704,223 1,704,223 ASSETS GROUP FIXED \$1,704 Ś PROPRIETARY ENTERPRISE 2,135,000 2,459,482 79,467 26,061 218,954 710,048 4,687,213 1,660,599 316,566 \$7,146,695 FUND TYPE 2 S PROJECTS CAPITAL FUND 임임 \$100 S TYPES FUND 45,942 2,995 378 315 REVENUE SPECIAL 48,937 GOVERNMENTAL 396, 396, \$445 ‹› 13,043 59,523 34,844 \$46,480 \$94,367 GENERAL assets EQUITY fixed EQUITY Liabilities Unreserved from AND general Equity LIABILITIES Liabilities payable LIABILITIES AND Contributed capital restricted assets other funds LIABILITIES earnings EQUITY Accounts payable Accrued expenses tax bond Undesignated Total Total <u>:</u> Fund balance Unreserved Investment Reserved Retained Due to TOTAL Sales

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TOWN OF JENA, LOUISIANA COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES YEAR ENDED DECEMBER 31, 1997

EXHIBIT B

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	TOTALS (MEMORANDUM ONLY)
REVENUES	ODNIM	KDVDNOD	IROBBOID	
Taxes	\$ 121,901	\$ 469,847	\$	\$ 591,748
Licenses and permits	104,726	,,	·	104,726
Intergovernmental	86,589			86,589
Charges for services	163,806			163,806
Fines and fees	38,443	815		39,258
Interest	106	8,360		8,466
Other	6,760	•		6,760
Total Revenues	522,331	479,022	- 0-	1,001,353
EXPENDITURES				
Current				
General government	165,049	46,186		211,235
Public safety	312,453	·		312,453
Public works	242,583			242,583
Capital outlay	89,881			89,881
Total Expenditures	809,966	46,186	<u>-0-</u>	856,152
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	(287,635)	432,836	-0-	145,201
OTHER FINANCING SOURCES (USES)				
Operating transfers in	243,939		100	244,039
Operating transfers out		(313,926)		(313,926)
Total Other Financing				
Sources (Uses)	<u>243,939</u>	<u>(313,926</u>)	<u>100</u>	<u>(69,887</u>)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER				
EXPENDITURES AND OTHER FINANCING USES	(43,696)	118,910	100	75,314
FUND BALANCES, BEGINNING OF YEAR	78,540	277,468		356,008
FUND BALANCES, END OF YEAR	\$ <u>34,844</u>	\$ <u>396,378</u>	\$ <u>100</u>	\$ 431,322

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

EXHIBIT C

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL AND SPECIAL REVENUE FUND YEAR ENDED DECEMBER 31, 1997

GENERAL FUND
BUDGET
989 \$ 121,90 364 104,72 996 86.58
4,004 9,996 3
5,076 482,425 522,331
76,229 165,04
228,344 242,583 89,244 814,171 809,966
(331,746) (287,635)
306,746 243,939
306,746 243,939
(25,000) (43,696)
78,540
53,540 \$ 34,844

statements. financial the ¥, part integral цa are The accompanying notes

TOWN OF JENA, LOUISIANA STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS PROPRIETARY FUND TYPE - ENTERPRISE FUND YEAR ENDED DECEMBER 31, 1997

EXHIBIT D OPERATING REVENUES Charges for services Water department 217,510 Gas department 750,393 Sewer department 170,725 Other 23,083 Total Operating Revenues 1,161,711 OPERATING EXPENSES Water department 195,349 Gas department 564,878 Sewer department 211,149 Depreciation 228,017 Total Operating Expenses 1,199,393 OPERATING LOSS (37,682)NONOPERATING REVENUES (EXPENSES) Interest revenue 73,255 Interest expense and fiscal charges (101,287)Total Nonoperating Revenues (Expenses) (28,032)LOSS BEFORE OPERATING TRANSFERS (65,714)OPERATING TRANSFERS IN (OUT) Operating transfers in 313,926 Operating transfers out <u>(244,039</u>) Total Operating Transfers In (Out) 69,887 NET INCOME 4,173 RETAINED EARNINGS, BEGINNING OF YEAR 3,022,441 \$3,026,614 RETAINED EARNINGS, END OF YEAR

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, 1997

	EXHIBIT E
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (37,682)
Adjustments to reconcile operating loss to net cash	\$ (37,002)
provided by operating activities:	
Depreciation	220 017
Bad debts	228,017
Changes in assets and liabilities	886
Customer receivables	•
	2,180
Intergovernmental receivables	4,948
Other receivables	3,949
Prepaid expenses	(132)
Due from other funds	(6,801)
Accounts payable	(3,777)
Accrued expenses	(1,246)
Meter deposits	3,717
Net Cash Provided by Operating Activities	194,059
	131,033
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in	52,921
Operating transfers out	(244,039)
Net Cash Used in Noncapital Financing Activities	(191,118)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of property, plant, and equipment	(18,360)
Contributed capital - State Grant	10,861
Operating transfer in - Sales Tax Special Revenue Fund	
for debt service	261,005
Payment of principal on long-term debt	(95,000)
Interest paid	(101,287)
Net Cash Provided by Capital Financing Activities	57,219
	31,213
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	73,255
Net Cash Provided by Investing Activities	73,255
INCREASE IN CASH	133,415
ONCH DEGINATIO OF USER	
CASH, BEGINNING OF YEAR	471,023
CASH, END OF YEAR	\$ 604,438
	9 <u>004,430</u>
CLASSIFIED AS	
Current Assets	\$ 68,918
Restricted Assets	_535,520
TOTAL	\$ <u>604,438</u>
	·

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

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 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.

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. 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 organizations'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:

- 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.

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.

B. 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.

C. 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.

NOTES TO FINANCIAL STATEMENTS

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.

D. 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.

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

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.

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.
- 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.

E. 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.

NOTES TO FINANCIAL STATEMENTS

H. 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.

I. Restricted Assets

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

J. 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.

K. 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.

L. Long-Term Obligations

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

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 appropriable for expenditure or legally segregated for a specific future use.

O. 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.

P. 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.

Q. 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.

R. 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.

NOTES TO FINANCIAL STATEMENTS

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.

At December 31, 1997, the Town had cash as follows:

	UNRESTRICTED	RESTRICTED	TOTAL
Petty cash and change funds	\$ 941	\$	\$ 941
Demand deposits	47,519	85,429	132,948
Time deposits	512,199	450,091	962,290
Total	\$560,659	\$535,520	\$1,096,179

At December 31, 1997, the Town had investments consisting of certificates of deposit as follows:

	UNRESTRICTED	RESTRICTED	TOTAL
Time deposits	\$1,119,807	\$-O-	\$1,119,807

At year end, the carrying amount of the Town's deposits (demand deposits and time deposits) was \$2,215,986, and bank balances were \$2,273,809. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$ 498,475
Uncollateralized (In accordance with GAAP - See below)	1,775,334
	\$2.273.809

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 \$2,423,582 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.

NOTES TO FINANCIAL STATEMENTS

3. RECEIVABLES

Receivables at December 31, 1997, consist of the following:

	GOVERNMENTAL	PROPRIETARY	
	FUND	FUND	
	TYPES	$\underline{\mathtt{TYPE}}$	TOTALS
Accounts			
Sanitation and fire protection	\$ 7,555	\$	\$ 7,555
Uncollected cycle billings		100,194	100,194
Estimated services between cycles		85,028	85,028
Interest		17,502	17,502
Taxes	5,091		5,091
Intergovernmental			
Local		11,864	11,864
State	<u>35,395</u>		<u>35,395</u>
Gross receivables	48,041	214,588	262,629
Allowance for uncollectible	<u></u>	(4,702)	(4,702)
Net receivables	\$48,041	\$209,886	\$257,927

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 \$4,702 represents the projected uncollectible accounts at December 31, 1997.

4. DUE FROM/TO OTHER FUNDS

Amounts due from and to other funds, at December 31, 1997, consisted of the following:

	DUE FROM	DUE TO
	OTHER FUNDS	OTHER FUNDS
Sales Tax Special Revenue Fund	\$	\$45,942
Utility System Enterprise Fund	45,942	
	\$45,942	\$45,942

5. RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets at December 31, 1997, consisted of the following accounts:

	<u>CASH</u>
Meter deposit	\$ 85,429
Sewer sales tax bond sinking account	217,079
Sewer sales tax bond reserve account	233,012
	\$535,520

NOTES TO FINANCIAL STATEMENTS

6. FIXED ASSETS

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

GENERAL FIXED ASSETS	BALANCE 01/01/97	ADDITIONS	DELETIONS	BALANCE 12/31/97
ACCOUNT GROUP				
Land	\$ 78,167	\$25,000	\$	\$ 103,167
Buildings	206,631	1,944		208,575
Equipment	350,683	33,866	(12,751)	371,798
Parks & playgrounds	150,695	2,997		153,692
Infrastructure	<u>840,918</u>	<u>26,073</u>		866,991
TOTAL GENERAL FIXED ASSETS	\$ <u>1,627,094</u>	\$ <u>89,880</u>	\$ <u>(12,751</u>)	\$ <u>1,704,223</u>
PROPRIETARY FUNDS				
Land	\$ 28,250	\$	\$	\$ 28,250
Sewer disposal system	4,035,330			4,035,330
Natural gas				
distribution system	2,568,359			2,568,359
Water plant & system	1,471,734			1,471,734
Service equipment	<u>505,867</u>	18,360		<u>524,227</u>
Total Proprietary				
Funds	\$ <u>8,609,540</u>	\$ <u>18,360</u>	\$ <u></u>	8,627,900
Accumulated Depreciation				3,564,577
NET FIXED ASSETS - PROPRIET.	ARY FUNDS			\$ <u>5,063,323</u>

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, 1997, amounted to \$228,017 for the Utility System Enterprise Fund.

NOTES TO FINANCIAL STATEMENTS

7. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets at December 31, 1997, consisted of the following:

Payable from the meter deposit account	
Meter deposits	\$ 85,429
Payable from the sewer sales tax bond sinking account	
Sewer sales tax bond (Note 8)	100,000
Accrued interest	33,525
	\$218,954

8. 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.

Long-term debt at December 31, 1997, consisted of the following:

	INTEREST	ADMINISTRATIVE	
	RATE	<u>FEE</u>	AMOUNT
Sales tax bond	4.0%	.5%	\$2,235,000
Current portion (Note 7)			(100,000)
Long-term portion			\$2,135,000

The annual requirements to amortize the debt outstanding as of December 31, 1997, including interest of \$896,963, are as follows:

ENTERPRISE
\$ 198,325
198,712
193,987
194,150
194,088
2,152,701
\$3,131,963

Total interest and fiscal charges incurred by the Utility Fund amounted to \$101,287 for the current period.

NOTES TO FINANCIAL STATEMENTS

During the year ended December 31, 1997, the following changes occurred in long-term liabilities:

	BALANCE 01/01/97	ADDITIONS	REDUCTIONS	BALANCE 12/31/97
Enterprise Fund Debt Sales tax bond	\$2,330,000	\$ - 0 -	\$95,000	\$2,235,000

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

- 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.

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.

NOTES TO FINANCIAL STATEMENTS

9. CONTRIBUTED CAPITAL

The following changes occurred in contributed capital of the enterprise fund during the year ended December 31, 1997:

Balance, January 1, 1997 Additions \$1,649,739

Service equipment

State grant

10,860 \$1,660,599

Balance, December 31, 1997

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 LaSalle 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, 1997, taxes of 5.20 mills were levied on property with assessed values totaling \$8,309,793 and were dedicated for general fund purposes.

Total taxes levied were \$43,211. Taxes receivable at December 31, 1997, were \$5,091 and were considered collectible. No provision for doubtful accounts was considered necessary.

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.

NOTES TO FINANCIAL STATEMENTS

	WATER	GAS	SEWER	TOTAL
Operating revenues	\$ 225,448	\$ 765,538	\$ 170,725	\$1,161,711
Operating expenses				
Depreciation	(43,818)	(73,709)	(110,490)	(228,017)
Other	<u>(195,349</u>)	(564,878)	(211,149)	<u>(971,376</u>)
Operating income (loss)	\$ (13,719)	\$ 126,951	\$(150,914)	\$ (37,682)
Nonoperating revenues				
(expenses)				
Interest revenue				73,255
Interest and fiscal	charges			(101,287)
Operating transfers - net				<u>69,887</u>
Net income				\$ 4,173
Current conital contribution	5 M C			\$ 10,841
Current capital contribution	otte			1,442,324
Net working capital Total assets				7,146,695
				2,235,000
Sales tax bonds payable				4,687,213
Total equity				4,007,213

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.

		LIMITS
		OF
		COVERAGE
Public entity risk pool		
Workmen's compensation	ຣ	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	3,261,000

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

NOTES TO FINANCIAL STATEMENTS

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 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, 1997.

Mayor Norman Welch	\$32,271
Town Council	
Gary Compton	4,500
Donnie Kendrick	4,500
Steve Sanders	4,500
Dale Willis	4,500
Donnie Cupples	4,500

14. 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-quarter percent (9.25%) of their salary to the system. The Town's contribution was six and one-quarter percent (6.25%) for January 1, 1997 to June 30, 1997, and five and three-quarters percent (5.75%) for July 1, 1997 to December 31, 1997.

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.

NOTES TO FINANCIAL STATEMENTS

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

YEAR ENDING	
12/31/97	\$38,901
12/31/96	40,499
12/31/95	35,096

15. 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 \$29,072, is recognized as revenue and expenditures in the General Fund as follows:

GENERAL FUND	
Police	\$15,506
Fire	<u>13,566</u>
	\$29,072

16. SUBSEQUENT EVENTS

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 to provide gas, water, and sewer services to the Jena Juvenile Detention Facility.

On February 16, 1998, the Town entered into a contract with the State of Louisiana, Division of Administration, and Wackenhut Corrections Corporation. Under this contract, Wackenhut Corrections Corporation agrees to construct a 276 bed correctional facility for male juveniles at a cost of \$10,300,000 and the Town agrees to provide gas, water, and sewer services to the correctional facility at a maximum total cost of \$996,390 LCDBG funds. Any reduction in the \$10,300,000 development costs shall require a corresponding reduction in LCDBG funds in a ratio of \$10.33 private funds to \$1.00 LCDBG Funds.

At December 31, 1997, no LCDBG funds had been received or expended.

On October 7, 1997, the Town entered into a contract with McManus Consulting Engineers for engineering services relating to the LCDBG project totaling \$96,475. At December 31, 1997, no funds had been expended on this contract.

On December 12, 1997, the Town entered into a contract with Fry/Magee & Associates, Inc. for administrative services relating to the LCDBG project totaling \$31,500. At December 31, 1997, no funds had been expended on this contract.

NOTES TO FINANCIAL STATEMENTS

On May 15, 1998, the Town Council approved the following bids for construction of the LCDBG project:

Contract B - New Elevated Tank - from Brown Steel Contractors, Inc. in the amount of \$178,500. The work order on this contract will not be issued until an approval letter has been received from the Department of Health and Hospitals.

Contract C - Paint Elevated Tank - from P.M. Tanks, Inc. in the amount of \$54,866. The work order on this contract will not be issued until an approval letter has been received from the Department of Health and Hospitals.

Contract D - Detention Facility Utilities - from Empire Construction Company in the amount of \$496,914.

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, 1997

STATEMENT F-1

			VARIANCE
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES (STATEMENT F-2)	<u>DODGD1</u>	ACTORD	TORT AVORABLIE
Taxes	\$ 119,989	\$ 121,901	\$ 1,912
Licenses and permits	110,364	104,726	(5,638)
Intergovernmental	42,996	86,589	43,593
Charges for services	164,004	163,806	(198)
Fines and forfeitures	39,996	38,443	(1,553)
Interest		106	106
Other	5,076	6,760	1,684
Total Revenues	482,425	522,331	39,906
EXPENDITURES (STATEMENT F-3) General government			•
Current	176,229	165,049	11,180
Capital outlay	24,996	25,000	(4)
Public safety		20,000	(- /
Police			
Current	160,142	164,268	(4,126)
Capital outlay	21,756	25,059	(3,303)
Fire		-	•
Current	131,892	123,948	7,944
Capital outlay		2,051	(2,051)
Animal control			
Current	28,320	24,238	4,082
Public works			
Streets			
Current	67,496	93,750	(26,254)
Capital outlay	32,496	34,773	(2,277)
Sanitation			
Current	91,260	83,691	7,569
Recreation			
Current	69,588	65,142	4,446
Capital outlay	9,996	2,997	<u>6,999</u>
Total Expenditures	814,171	809,966	4,205
DEFICIENCY OF REVENUES OVER			
EXPENDITURES	(331,746)	(287,635)	44,111
OTHER FINANCING SOURCES			
Operating transfer in			
Utility System Enterprise Fund	<u>306,746</u>	243,939	<u>(62,807</u>)
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(25,000)	(43,696)	(18,696)
FUND BALANCE, BEGINNING OF YEAR	78,540	78,540	
FUND BALANCE, END OF YEAR	\$ 53,540	\$ 34,844	\$ <u>(18,696</u>)
See independent auditor's report.			

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TOWN OF JENA, LOUISIANA GENERAL FUND STATEMENT OF REVENUES BUDGET AND ACTUAL YEAR ENDED DECEMBER 31, 1997

STATEMENT F-2

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes			
Ad valorem taxes	\$ 42,204	\$ 43,329	\$ 1,125
Housing Authority in lieu of taxes	5,796	6,395	599
Franchise taxes	<u>71,989</u>	72,177	<u> </u>
Totals	119,989	121,901	1,912
Licenses and permits			
Occupational licenses	110,004	104,511	(5,493)
Other	<u> 360</u>	215	<u>(145</u>)
Totals	110,364	104,726	(5,638)
Intergovernmental			
Tobacco tax	13,500	13,318	(182)
Beer tax	6,000	4,352	(1,648)
State fire insurance rebate	15,000	14,759	(241)
State traffic light maintenance	8,496	8,000	(496)
Supplemental wages		29,072	29,072
State grants		<u>17,088</u>	<u>17,088</u>
Totals	42,996	86,589	43,593
Charges for services			
Sanitation fees	90,000	91,201	1,201
Fire protection	65,004	61,603	(3,401)
Recreation	6,000	8,050	2,050
Other	3,000	<u>2,952</u>	(48)
Totals	164,004	163,806	(198)
Fines and forfeitures	39,996	38,443	(1,553)
Interest		106	106
Other	<u>5,076</u>	6,760	1,684
TOTAL REVENUES	\$ <u>482,425</u>	\$ <u>522,331</u>	\$ <u>39,906</u>

See independent auditor's report.

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TOWN OF JENA, LOUISIANA GENERAL FUND STATEMENT OF EXPENDITURES BUDGET AND ACTUAL YEAR ENDED DECEMBER 31, 1997

STATEMENT F-3 (Continued)

			VARIANCE
			FAVORABLE
	BUDGET	ACTUAL	(UNFAVORABLE)
GENERAL GOVERNMENT			
Current			
Mayor's salary	\$ 32,004	\$ 32,271	\$ (267)
Town Council salaries	22,500	22,500	
Administrative salaries	30,504	32,308	(1,804)
Employee benefits	8,700	5,768	2,932
Payroll taxes	1,572	1,139	433
Town Council expenses	6,000	2,788	3,212
Mayor's expenses	4,992	4,720	272
Insurance	24,144	16,721	7,423
Legal and other professional	12,000	12,628	(628)
Dues and subscriptions	1,296	1,870	(574)
Senior citizen center	9,000	8,385	615
Collection fees	5,796	5,476	320
Economic development	5,004	543	4,461
Advertising	9,000	11,198	(2,198)
Miscellaneous	3,717	5,548	(1,831)
Tax roll preparation		1,186	(1,186)
Capital outlay	24,996	<u>25,000</u>	(4)
Total General Government	201,225	190,049	11,176

See independent auditor's report.

TOWN OF JENA, LOUISIANA GENERAL FUND STATEMENT OF EXPENDITURES BUDGET AND ACTUAL YEAR ENDED DECEMBER 31, 1997

STATEMENT F-3 (Continued)

	ntth Otelli	» Comus » T	VARIANCE FAVORABLE
DIDITO CARRON	BUDGET	ACTUAL	(UNFAVORABLE)
PUBLIC SAFETY			
Police Department			
Current			
Police Department Salaries	\$101,904	\$101,842	\$ 62
Supplemental wages	9101,704	15,506	(15,506)
Employee benefits	20,496	17,211	3,285
Payroll taxes	1,200	991	209
Gas and oil	6,996	6,855	141
Repairs and maintenance	6,000	5,315	685
Supplies	6,996	3,614	3,382
Telephone	900	725	175
Fines remitted to state	2,496	2,678	(182)
Uniforms	996	312	684
Training	996	272	724
Insurance	9,996	7,997	1,999
Other	1,166	950	216
Capital outlay	21,75 <u>6</u>	25,059	(3,303)
Total Police Department	181,898	189,327	(7,429)
			, , ,
Fire Department			
Current			
Salaries	75,396	63,305	12,091
Supplemental wages		13,566	(13,566)
Employee benefits	18,000	12,425	5,575
Payroll taxes	996	1,261	(265)
Gas and oil	1,500	1,016	484
Repairs and maintenance	3,996	1,899	2,097
Supplies	7,500	4,436	3,064
Telephone	2,004	1,794	210
Utilities	1,800	1,638	162
Volunteer fire department expenses	5,004	4,650	354
Casual labor	3,996	9,115	(5,119)
Uniforms	1,296	583	713
Training	2,004	1,288	716
Insurance	7,596	6,311	1,285
Other	804	661	143
Capital outlay		2,051	(2,051)
Total Fire Department	131,892	125,999	5,893
Animal Control Department			
Current			
Salaries	17,100	16,856	244
Employee benefits	5,196	3,564	1,632
Gas and oil	1,452	697	755
Repairs and maintenance	1,704	862	842
Supplies	900	881	19
Utilities	504	319	185
Uniforms	360	370	(10)
Veterinary expenses	504	261	243
Insurance	600	428	172
Total Animal Control Department	28,320	24,238	4,082
Total Public Safety	$\frac{20,320}{342,110}$	$\frac{21,255}{339,564}$	2,546
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See independent auditor's report.

TOWN OF JENA, LOUISIANA GENERAL FUND STATEMENT OF EXPENDITURES BUDGET AND ACTUAL YEAR ENDED DECEMBER 31, 1997

STATEMENT F-3 (Concluded)

			VARIANCE FAVORABLE
	BUDGET	ACTUAL	(UNFAVORABLE)
PUBLIC WORKS	<u></u>		<u>, , , , , , , , , , , , , , , , , , , </u>
Streets			
Current			
Salaries	\$ 504	\$	\$ 504
Gas and oil	500	593	(93)
Repairs and maintenance	5,496	34,147	(28,651)
Supplies	9,996	4,548	5,448
Utilities	48,000	50,739	(2,739)
Miscellaneous	3,000	3,723	(723)
Capital outlay	32,496	34,773	<u>(2,277</u>)
Total Streets	99,992	128,523	(28,531)
Sanitation			
Current			
Salaries	50,592	48,890	1,702
Employee benefits	13,992	8,763	5,229
Payroll taxes	5,004	3,384	1,620
Gas and oil	852	896	(44)
Repairs and maintenance	2,004	2,151	(147)
Supplies	996	796	200
Uniforms	1,200	1,257	(57)
Garbage bags	9,504	10,049	(545)
Insurance	6,996	7,505	(509)
Miscellaneous	120	<u> </u>	120
Total Sanitation	91,260	83,691	7,569
Recreation `			
Current			
Salaries	32,244	36,228	(3,984)
Employee benefits	5,400	4,190	1,210
Payroll taxes	1,800	1,693	107
Gas and oil	996	665	331
Repairs and maintenance	3,996	4,820	(824)
Supplies	7,500	5,987	1,513
Telephone	756	670	86
Utilities	7,404	6,527	877
Uniforms	300	245	55
Materials for resale	2,496	1,410	1,086
Casual labor	996	266	730
Insurance	2,700	2,121	579 2 68 0
Miscellaneous	3,000	320	2,680 6 999
Capital outlay	<u>9,996</u>	<u>2,997</u>	$\frac{6,999}{11,445}$
Total Recreation	79,584	<u>68,139</u> 280,353	$\frac{11,443}{(9,517)}$
Total Public Works	270,836	<u> 200,333</u>	- () () () ()
TOTAL EXPENDITURES	\$ <u>814,171</u>	\$ <u>809,966</u>	\$ <u>4,205</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.

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, 1997

STATEMENT G-1

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 430,000	\$ 469,847	\$ 39,847
Fines and fees		815	815
Interest	6,000	8,360	2,360
Total Revenues	436,000	479,022	43,022
EXPENDITURES			
Current - General Government			
Operating expense	35,000	35,917	(917)
Collection expense	8,000	10,269	(2,269)
Capital outlay	100,000		100,000
Total Expenditures	143,000	46,186	96,814
EXCESS OF REVENUES OVER EXPENDITURES	293,000	432,836	139,836
OTHER FINANCING USES			
Operating transfers out			
Utility System Enterprise Fund for			
Operations		(52,921)	(52,921)
Sewer sales tax bond sinking account	(205,000)	(200,454)	4,546
Sewer sales tax bond reserve account Sewer sales tax bond contingency	(50,120)	(50,114)	6
account	(10,500)	(10,437)	63
Total Other Financing Uses	(265,620)	(313,926)	(48,306)
TOTAL Other Financing Uses	(203,020)	(JJJJZU)	73012001
EXCESS OF REVENUES OVER EXPENDITURES AND			
OTHER FINANCING USES	27,380	118,910	91,530
FUND BALANCE, BEGINNING OF YEAR	277,468	277,468	<u> </u>
FUND BALANCE, END OF YEAR	\$ 304,848	\$ <u>396,378</u>	\$ 91,530

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, 1997

	STATEMENT H-1 (Continued)
ASSETS	
CURRENT ASSETS	
Cash	\$ 68,918
Investments - Certificates of deposit, at cost	1,119,807
Receivables	_,,
Accounts (Net of allowance for doubtful accounts)	180,520
Intergovernmental	11,864
Other	17,502
Due from other funds	45,942
Prepaid expenses	23,738
Inventory	79,561
Total Current Assets	1,547,852
RESTRICTED ASSETS	
Meter deposit account	85,429
Sewer sales tax bond sinking account	217,079
Sewer sales tax bond reserve account	233,012
Total Restricted Assets	535,520
PROPERTY, PLANT, AND EQUIPMENT	
Property, plant, and equipment	8,627,900
Accumulated depreciation	(3,564,577)
Net Property, Plant, and Equipment	5,063,323
TOTAL ASSETS	\$ 7,146,695

TOWN OF JENA, LOUISIANA UTILITY SYSTEM ENTERPRISE FUND BALANCE SHEET DECEMBER 31, 1997

	STATEMENT H-1 (Concluded)
LIABILITIES AND EQUITY	
CURRENT LIABILITIES (Payable from Current Assets)	Ċ 70 467
Accounts payable Accrued expenses/other current liabilities	\$ 79,467
Accrued wages	6,762
Accrued retirement	13,428
Sales taxes payable	<u>5,871</u>
Total	105,528
CURRENT LIABILITIES (Payable from Restricted Assets) Payable from meter deposit account	
Meter deposits	85,429
Payable from sewer sales tax bond sinking account	
Sewer sales tax bond	100,000
Accrued interest	33,525
Total	218,954
Total Current Liabilities	324,482
NONCURRENT LIABILITIES	
Sales tax bonds	2,135,000
Total Liabilities	2,459,482
EQUITY	1 660 500
Contributed capital	1,660,599
Retained earnings Reserved for	
Debt service	316,566
Unreserved	2,710,048
Total Retained Earnings	$\frac{27,125,1515}{3,026,614}$
Total Equity	4,687,213
	*
TOTAL LIABILITIES AND EQUITY	\$ <u>7,146,695</u>

TOWN OF JENA, LOUISIANA UTILITIES SYSTEM ENTERPRISE FUND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS YEAR ENDED DECEMBER 31, 1997

STATEMENT H-2

	TOTAL	WATER SYSTEM	NATURAL GAS SYSTEM	SEWER SYSTEM
OPERATING REVENUES Charges for sales and services	\$1,138,628	\$217,510	•	\$ 170,725
Other	23,083	7,938	$\frac{15,145}{765,520}$	170,725
Total Operating Revenues	1,161,711	225,448	765,538	170,723
OPERATING EXPENSES				
Natural gas purchases	276,399		276,399	
Salaries	299,387	57,356	176,252	65,779
Employee benefits	56,545	16,171	28,151	12,223
Payroll taxes	3,325	644	1,776	905
Bad debts	886	169	584	133
Operating supplies	102,322	54,487	22,359	25,476
Gas and oil	9,980	1,558	6,833	1,589
Utilities	61,466	18,743	3,517	39,206
Telephone	5,211	3,725	890	596
Repairs and maintenance	31,942	13,907	11,448	6,587
Depreciation	228,017	43,818	73,709	110,490
Travel	671	436	227	8
Training	610	360	100	150
Uniform rental	4,402	368	2,927	1,107
Professional fees	16,194	5,098	5,998	5,098
Office expense	6,188	3,295	2,893	
Insurance	70,700	17,817	22,558	30,325
Dues and subscriptions	1,226		1,056	170
Lab reports	20,817			20,817
Drug testing	910		910	
Miscellaneous	2,195	1,215		980
Total Operating Expenses	1,199,393	239,167	638,587	<u>321,639</u>
OPERATING INCOME (LOSS)	(37,682)	\$ <u>(13,719</u>)	\$ <u>126,951</u>	\$ <u>(150,914</u>)
NONOPERATING REVENUES (EXPENSES)				
Interest income	73,255			
Interest expense and fiscal charges	<u>(101,287</u>)			
Net	(28,032)			
LOSS BEFORE OPERATING TRANSFERS	(65,714)			
OPERATING TRANSFERS IN (OUT) Sales Tax Special Revenue Fund for: Sewer system operations	52,921			
Sewer sales tax bond indenture				
requirements	261,005			
General Fund	(243,939)			
Capital Projects Fund-LCDBG Net	(100) 69,887			
NET INCOME	4,173			
RETAINED EARNINGS, BEGINNING OF YEAR	3,022,441			
RETAINED EARNINGS, END OF YEAR	\$ <u>3,026,614</u>			

GENERAL FIXED ASSETS ACCOUNT GROUP

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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, 1997

	STATEMENT I-1
GENERAL FIXED ASSETS	
Land	\$ 103,167
Buildings	208,575
Equipment	371,798
Parks and playgrounds	153,692
Infrastructure	866,991
TOTAL GENERAL FIXED ASSETS	\$ <u>1,704,223</u>
INVESTMENT IN GENERAL FIXED ASSETS	
General obligation bonds	\$ 444,193
General fund revenues	1,164,371
Federal revenue sharing	95,659
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	\$ <u>1,704,223</u>

See independent auditor's report.

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STATEMENT I-2

TOWN OF JENA, LOUISIANA STATEMENT OF CHANGES IN GENERAL FIXED ASSETS YEAR ENDED DECEMBER 31, 1997

TOTAL	\$1,627,094	89,880	(12,751)	\$1,704,223
INFRASTRUCTURE	\$840,918	26,073		\$866,991
PARKS AND PLAYGROUNDS	\$150,695	2,997		\$153,692
EQUIPMENT	\$350,683	33,866	(12,751)	\$371,798
BUILDINGS	\$206,631	1,944		\$208,575
TAND	\$ 78,167	25,000		\$103,167
	GENERAL FIXED ASSETS, BEGINNING OF YEAR	ADDITIONS General Fund revenues	General Fund revenues	GENERAL FIXED ASSETS, END OF YEAR

ee independent auditor's report.

UNAUDITED SCHEDULE OF INSURANCE IN FORCE

TOWN OF JENA, LOUISIANA UNAUDITED SCHEDULE OF INSURANCE IN FORCE DECEMBER 31, 1997

LIMITS	\$500,000 CSL	\sim 0 \circ	1,000 per person	50,000 per occurrence	500,000 CSL Personal Inings & PD	SI	3,261,000 1,000 deductible 90% co-insurance	Statutory	100,000 each accident Deductibles: 500 comprehensive 1,000 collision	10,000 each official			ACV
PROPERTY COVERED	Owned, hired, non-owned	Premiums/Operations Products/Completed Operations	Medical Payments	Fire legal liability	Police Liability	Wrongful acts of the Public Entity	All buildings and personal property		1986 Ford Fire Truck	Mayor and Town Clerk	Town Clerk	Form FHA 440-24	All Automobiles
COVERAGE	Automobile Liability	Commercial General Liability			comprehensive Liability	Public Officials' Errors & Omissions Liability	Fire Insurance	Worker's Compensation	Automobile	Public Officials	Clerk Bond	Position Fidelity Bond	Commercial Automobile
EXPIRATION DATE	02/18/98	05/01/98		00,01	26/07/C0	05/01/98	11/01/98	01/01/98	02/15/98	07/01/98			01/20/98
INSURER	Louisiana Municipal Risk Management Agency						Employers Fire Insurance Company	Louisiana Municipal Risk Management Agency	onomy Fire	Fidelity & Deposit Company of Maryland			Audubon E & S

OTHER REPORT REQUIRED BY

GOVERNMENT AUDITING STANDARDS

AND LOUISIANA GOVERNMENTAL AUDIT GUIDE

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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



CERTIFIED PUBLIC ACCOUNTANTS

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 Norman Welch, 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, 1997, and have issued our report thereon dated May 8, 1998. 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 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.

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 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 financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 97-1 and 97-2.

MARYIN A. BUNEAU, 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. Juneau, C.P.A.
ERNEST F. SASSER, C.P.A.	DALE P. DE SEILE, C.P.A.	L. PAUL HOOD, C.P.A.





The Honorable Mayor and Town Council Town of Jena, Louisiana

Layre how ferrington, LLP certified Public Accountants

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 97-1 to be a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Jena, Louisiana, in a separate letter, entitled Memorandum of Other Comments and Recommendations, dated May 8, 1998.

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

May 8, 1998

TOWN OF JENA, LOUISIANA SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 1997

SECTION I - SUMMARY OF AUDITOR'S RESULTS

- 1. We have audited the general purpose financial statements of the Town of Jena, Louisiana, as of and for the year ended December 31, 1997, and have issued our report thereon dated May 8, 1998. 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. Our audit of the financial statements as of December 31, 1997 resulted in an unqualified opinion.
- 2. Our tests of internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards disclosed two reportable conditions. One of these reportable conditions is considered to be a material weakness.
- 3. Our tests of compliance based on an audit of financial statements performed in accordance with Government Auditing Standards disclosed no material instances of noncompliance that are required to be reported under Government Auditing Standards.
- 4. A management letter was issued as a result of this engagement. See attached memorandum of other comments and recommendations.

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDING 97-1: 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, 1997, the accounts receivable subsidiaries for utility customer accounts were not routinely reconciled to the related general ledger control account.

Cause: This condition is a result of inadequate reports from the utility billing program.

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

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

TOWN OF JENA, LOUISIANA SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEBMER 31, 1997

FINDING 97-2: 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, 1997, the subsidiary records for customer utility deposits were not periodically reconciled to the general ledger control account.

Cause: This condition is a result of inadequate reports from the utility billing program.

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

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

MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS



CERTIFIED PUBLIC ACCOUNTANTS

MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS

The Honorable Norman Welch, Mayor, and Members of the Town Council Town of Jena, Louisiana

In planning and performing our audit of the general purpose financial statements for the year ending December 31, 1997, we considered the Town's internal control over financial reporting 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 over financial reporting.

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, 1998, contains our report on reportable conditions in the Town's internal control over financial reporting. This letter does not affect our report dated May 8, 1998, on the general purpose financial statements of the Town of Jena, 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 these matters, or to assist you in implementing the recommendations.

May 8, 1998

Lagne Move & Herrington, LLP Certified Public Accountants



The Honorable Mayor and Town Council Town of Jena, Louisiana

FINDING 97-3: FREE SEWER SERVICE PROVIDED TO MUNICIPAL FACILITIES

Article II., Section 2.03(s) of the Loan 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

See corrective action plan.

FINDING 97-4: 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.
- No recap of utility sales, which are not subject to sales tax, is provided.
- 4. Lack of subsidiary separated by general fund and enterprise fund activities 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 rather than through the utility billing software.



The Honorable Mayor and Town Council Town of Jena, Louisiana

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

MANAGEMENT'S RESPONSE

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See corrective action plan.

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TOWN OF JENA, LOUISIANA MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 1997

FINDING NO. 96-1: 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 condition remains unresolved for the year ended December 31, 1997. See FINDING 97-1.

FINDING 96-2: 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 unresolved for the year ended December 31, 1997. See FINDING 97-2.

FINDING 96-3: UNSECURED BANK DEPOSITS

Condition: This finding was an instance of noncompliance stating that the Town had \$222,376 of deposits at Sabine State Bank & Trust not secured by the pledge of securities at December 31, 1996.

Recommendation: It was recommended that procedures be established to analyze bank balances with FDIC coverage and securities pledged to prevent future unsecured deposits.

Current status: The recommendation was adopted in 1997. No similar findings were noted in the 1997 audit.

FINDING 96-4: GENERAL FUND EXCESS EXPENDITURES OVER APPROPRIATIONS

Condition: This finding was an instance of noncompliance stating that 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.

TOWN OF JENA, LOUISIANA MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 1997

Recommendation: It was recommended 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.

Current status: The recommendation was adopted in 1997. No similar findings were noted in the 1997 audit.

FINDING 96-5: FREE SEWER SERVICE PROVIDED TO MUNICIPAL FACILITIES

Condition: This finding was an other comment stating that the Town does not charge itself for sewer services provided to municipal facilities.

Recommendation: It was recommended that the Town comply with all provisions of the Loan and Pledge Agreement between the Louisiana Department of Environmental Quality and the Town, which provides that the Town shall not provide services of the system free of charge to any person, firm, corporation, public agency, or instrumentality.

Current status: The condition remains unresolved for the year ended December 31, 1997. See FINDING NO. 97-3.

FINDING 96-6: 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 condition remains unresolved for the year ended December 31, 1997. See FINDING 97-4.

TOWN OF JENA, LOUISIANA MANAGEMENT'S CORRECTIVE ACTION PLAN YEAR ENDED DECEMBER 31, 1997

Town of Jena, Louisiana, respectfully submits the following corrective action plan for the year ended December 31, 1997.

Independent Public Accounting Firm: Payne, Moore & Herrington, LLP
P.O. Box 13200
Alexandria, LA 71315-3200

Audit period: January 1, 1997 to December 31, 1997

The findings from the May 8, 1998, schedule of findings and questioned costs and the May 8, 1998, memorandum of other comments and recommendations are discussed below. The findings are numbered consistently with the numbers assigned in the report and memorandum.

MATERIAL WEAKNESS

FINDING 97-1: RECONCILIATION OF ACCOUNTS RECEIVABLE

During the year ended December 31, 1997, 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 existing utility billing software should be upgraded or replaced so that accounts receivable subsidiary listings can be reconciled to the related general ledger control account.

Action taken: A new computer system with new software was purchased in January of 1998. New Software was installed in March, 1998. We are currently entering customer information as a conversion was not available. We anticipate beginning billing by the end of the summer.

REPORTABLE CONDITION

FINDING 97-2: RECONCILIATION OF UTILITY DEPOSITS

During the year ended December 31, 1997, the subsidiary records for customer utility deposits were not periodically reconciled to the general ledger control account.

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

Action Taken: Reconciliation of the customer utility deposits are being reconciled at the end of each quarter.

TOWN OF JENA, LOUISIANA MANAGEMENT'S CORRECTIVE ACTION PLAN YEAR ENDED DECEMBER 31, 1997

OTHER COMMENTS AND RECOMMENDATIONS FINDING 97-3: FREE SEWER SERVICE PROVIDED TO MUNICIPAL FACILITIES

Article II., Section 2.03 (s) of the <u>Loan and Pledge Agreement</u> 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.

Recommendation: The Town should comply with all provisions of the agreement.

Action taken: We are billing sewer charges to all municipal facilities.

FINDING 97-4: UTILITY BILLING SOFTWARE

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The following are 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.
- 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: The existing utility billing software should be upgraded or replaced to better meet the Town's needs.

Action taken: New computers and software have been purchased and we are in the process of entering customer information to begin billing as soon as possible.

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