

**TOWN OF JENA, LOUISIANA**  
**ANNUAL FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2005**  
**AND FOR THE YEAR THEN ENDED**

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

Release Date 7-26-06

**TOWN OF JENA, LOUISIANA**

**Annual Financial Statements  
As of and for the Year Ended December 31, 2005  
With Supplemental Information Schedules**

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209 N. Commerce Street  
P.O. Box 1027  
Natchez, Mississippi 39121-1027  
Telephone: 601.442.7411  
Fax: 601.442.8551

[www.silassimmons.com](http://www.silassimmons.com)

## INDEPENDENT AUDITOR'S REPORT

Bill Rush Mosby, Jr., CPA  
Charles W. Caldwell, Jr., CPA  
Bennett M. Jeansonne, CPA, CVA  
William Wes Gore, CPA  
Sim McRae Mosby, CPA/PFS  
Madelyn A. Leckie, CPA, CBA

The Honorable Murphy McMillin, Mayor  
and Members of the Town Council  
Town of Jena, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jena, Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Town of Jena, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of Town of Jena, Louisiana as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 23, 2006, on our consideration of Town of Jena, Louisiana's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on Pages 3 through 8 and Pages 32 through 34, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jena, Louisiana's basic financial statements. The individual fund statements and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Silas Semery, LLP*

Natchez, Mississippi  
May 23, 2006

**Required Supplemental Information (Part I)**

**TOWN OF JENA, LOUISIANA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2005**

The management of the Town of Jena, Louisiana offers readers of the Town of Jena, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2005. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

This is the second year the Town has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34. This reporting model changes the presentation of financial data, and also the manner in which the information is recorded. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

#### **Overview of the Financial Statements**

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

#### **Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

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

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

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

**TOWN OF JENA, LOUISIANA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2005**

**Government-Wide Financial Analysis**

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent year, the Town's assets exceeded its liabilities by \$7,928,308 (net assets); this represents an increase of \$653,171 from last year. Of this total net asset amount, \$1,594,317 is unrestricted net assets. The Town's net assets are comprised of \$2,588,000 from governmental activities and \$5,340,308 from business-type activities.

The following is a condensed statement of the Town of Jena's net assets as of December 31, 2005 and 2004:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Assets</b>						
Current and other assets	\$ 904,786	\$ 847,204	\$ 1,636,529	\$ 1,458,564	\$ 2,541,315	\$ 2,305,768
Capital assets (net)	<u>1,809,242</u>	<u>1,235,166</u>	<u>5,342,310</u>	<u>5,600,704</u>	<u>7,151,552</u>	<u>6,835,870</u>
Total assets	<u>\$ 2,714,028</u>	<u>\$ 2,082,370</u>	<u>\$ 6,978,839</u>	<u>\$ 7,059,268</u>	<u>\$ 9,692,867</u>	<u>\$ 9,141,638</u>
<b>Liabilities</b>						
Other liabilities	\$ 57,028	\$ 99,083	\$ 468,531	\$ 367,418	\$ 525,559	\$ 466,501
Long-term liabilities	<u>69,000</u>	<u>90,000</u>	<u>1,170,000</u>	<u>1,310,000</u>	<u>1,239,000</u>	<u>1,400,000</u>
Total liabilities	<u>\$ 126,028</u>	<u>\$ 189,083</u>	<u>\$ 1,638,531</u>	<u>\$ 1,677,418</u>	<u>\$ 1,764,559</u>	<u>\$ 1,866,501</u>
<b>Net assets</b>						
Invested in capital assets, net	\$ 1,719,242	\$ 1,125,166	\$ 4,032,310	\$ 4,155,704	\$ 5,751,552	\$ 5,280,870
Restricted for debt service	7,099	7,030	575,340	555,013	582,439	562,043
Unrestricted	<u>861,659</u>	<u>761,091</u>	<u>732,658</u>	<u>671,133</u>	<u>1,594,317</u>	<u>1,432,224</u>
Total net assets	<u>\$ 2,588,000</u>	<u>\$ 1,893,287</u>	<u>\$ 5,340,308</u>	<u>\$ 5,381,850</u>	<u>\$ 7,928,308</u>	<u>\$ 7,275,137</u>

By far the largest portion of the Town's net assets (\$5,751,552 or 73%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance is comprised of (\$1,594,317 or 20%) unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors and (\$582,439 or 7%) restricted net assets, which have been designated for debt service.

The Town has total outstanding debt of \$1,400,000, which was used to finance some of the \$7,151,552 capital assets. Total liabilities of \$1,764,559 are equal to 22% of the total net assets.

The Town's governmental activities increased net assets by \$694,713. This increase is primarily due to sales tax revenues and contributions received.

**TOWN OF JENA, LOUISIANA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2005**

**Government-Wide Financial Analysis (continued)**

The following is a summary of the statement of activities for the years ended December 31, 2005 and 2004:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Revenue</b>						
Program revenue	\$ 886,288	\$ 345,284	\$ 1,847,710	\$ 1,625,807	\$ 2,733,998	\$ 1,971,091
General revenue and transfers	<u>1,034,623</u>	<u>675,391</u>	<u>91,058</u>	<u>327,465</u>	<u>1,125,681</u>	<u>1,002,856</u>
Total revenue and transfers	<u>\$ 1,920,911</u>	<u>\$ 1,020,675</u>	<u>\$ 1,938,768</u>	<u>\$ 1,953,272</u>	<u>\$ 3,859,679</u>	<u>\$ 2,973,947</u>
<b>Expenses</b>						
General and administrative	\$ 250,022	\$ 379,561	\$ -	\$ -	\$ 250,022	\$ 379,561
Public safety	603,181	584,069	-	-	603,181	584,069
Streets	164,479	124,438	-	-	164,479	124,438
Sanitation	135,554	109,070	-	-	135,554	109,070
Recreation	67,517	100,154	-	-	67,517	100,154
Combined utilities	-	-	1,980,310	1,806,226	1,980,310	1,806,226
Interest on long-term debt	<u>5,445</u>	<u>5,445</u>	-	-	<u>5,445</u>	<u>5,445</u>
Total expenses	<u>\$ 1,226,198</u>	<u>\$ 1,302,737</u>	<u>\$ 1,980,310</u>	<u>\$ 1,806,226</u>	<u>\$ 3,206,508</u>	<u>\$ 3,108,963</u>
Increase (decrease) in net assets	\$ 694,713	\$ (282,062)	\$ (41,542)	\$ 147,046	\$ 653,171	\$ (135,016)
Net assets, beginning	<u>1,893,287</u>	<u>2,175,349</u>	<u>5,381,850</u>	<u>5,234,804</u>	<u>7,275,137</u>	<u>7,410,153</u>
Net assets, ending	<u>\$ 2,588,000</u>	<u>\$ 1,893,287</u>	<u>\$ 5,340,308</u>	<u>\$ 5,381,850</u>	<u>\$ 7,928,308</u>	<u>\$ 7,275,137</u>

**Governmental Activities**

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

**Business-Type Activities**

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

**TOWN OF JENA, LOUISIANA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2005**

**Business-Type Activities (continued)**

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

	Operating Revenues			
	Water	Gas	Sewer	Total
Year ended December 31, 2004	\$ 424,776	\$ 859,857	\$ 199,190	\$ 1,483,823
Year ended December 31, 2005	<u>581,964</u>	<u>1,066,248</u>	<u>199,498</u>	<u>1,847,710</u>
Increase between years	<u>\$ 157,188</u>	<u>\$ 206,391</u>	<u>\$ 308</u>	<u>\$ 363,887</u>
	Operating Expenses			
	Water	Gas	Sewer	Total
Year ended December 31, 2004	\$ 394,280	\$ 933,861	\$ 478,085	\$ 1,806,226
Year ended December 31, 2005	<u>428,841</u>	<u>980,949</u>	<u>570,520</u>	<u>1,980,310</u>
Increase between years	<u>\$ 34,561</u>	<u>\$ 47,088</u>	<u>\$ 92,435</u>	<u>\$ 174,084</u>
	Operating Income (Loss)			
	Water	Gas	Sewer	Total
Year ended December 31, 2004	\$ 30,496	\$ (74,004)	\$ (278,895)	\$ (322,403)
Year ended December 31, 2005	<u>153,123</u>	<u>85,299</u>	<u>(371,022)</u>	<u>(132,600)</u>
Increase (decrease) between years	<u>\$ 122,627</u>	<u>\$ 159,303</u>	<u>\$ (92,127)</u>	<u>\$ 189,803</u>

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

Increase in water net operating revenues was the result of water rate increases which became effective during the prior year. 2005 is the first full year of the rate increase. An increase in gas rates near the end of 2005 caused gas revenues to rise.

Increases in operating costs of water and sewer operations were due to increases in personal service costs (wages, medical insurance, and retirement). The increasing costs of natural gas caused gas operating expenses to increase.

**Fund Financial Statements – Governmental Funds**

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

**TOWN OF JENA, LOUISIANA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2005**

**Fund Financial Statements – Governmental Funds (continued)**

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

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

**Financial Analysis of the Town's Governmental Funds**

The Town of Jena's governmental funds reported an ending fund balance of \$868,758, which is an increase of \$100,637. The increase was due to a contribution to the Town in the amount of \$312,000. \$7,099 is reserved for debt service, and the remaining fund balance of \$861,659 is unreserved.

**Fund Financial Statements – Proprietary Funds**

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

**Financial Analysis of the Town's Proprietary Fund**

The Town's proprietary fund showed a decrease in ending fund balance of \$41,542 and an operating loss in the municipal utilities system of \$72,637. These decreases are the result of an operating loss in the sewer system of \$311,059, which represents an additional loss from 2004 in the amount of \$98,164. The water and gas systems had operating income for the year in the amount of \$153,123 and \$85,299, respectively. This represents increases in operating income from the prior year of \$122,627 and \$159,303, respectively.

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

**General Fund and Sales Tax Special Revenue Fund Budgetary Highlights**

The major differences between the original budget, the final amended budget, and the actual data for the General Fund and the Sales Tax Special Revenue Fund are:

**General Fund:**

The original budget contained intergovernmental revenues from the federal grant for the street overlay project. When the project was delayed to 2006, the budget was amended to reflect this change. The budget was not amended to reflect the receipt of a lot and building donated to the Town during the year or for the gain recognized on property exchanged in part for the land and building received. This transaction is more fully described on page 8.

**TOWN OF JENA, LOUISIANA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2005**

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

The General Fund has an overall positive variance of \$6,645. This positive variance was primarily due to taxes being higher than anticipated and expenditures in the fire and street departments being lower than expected.

**Sales Tax Special Revenue Fund:**

The original budget was not amended during the year. Tax revenues were higher than expected. Capital outlays were budgeted, but none were expended for 2005. Transfers to other funds were higher than expected. Overall the Sales Tax Special Revenue Fund had a positive variance of \$62,623.

**Capital Asset and Debt Administration**

The total investment in net capital assets as of December 31, 2005 is \$5,751,552.

New major capital assets additions acquired, purchased, or constructed were as follows:

1. The Town acquired a lot and building adjacent to the Town Hall through an exchange of property owned by the Town and a contribution from the business previously owning the building. The lot and building acquired have a fair market value of \$475,000. The lot exchanged by the Town had a fair market value of \$163,000.
2. 2005 police car in the amount of \$20,952.
3. 2005 GMC fire truck in the amount of \$161,744. Financed with a federal grant in the amount of \$145,570.
4. Additions were made to the water, gas, and sewer systems in the amount of \$40,792.

The Town has one active construction project at December 31, 2005 for street overlay. The project is being financed by a Louisiana Community Development Block Grant. Actual construction began in January, 2006. The total construction contract for the project is \$463,379. To date the Town has expended \$46,704 for engineering and administrative costs.

**Current Financial Factors**

Revenues and expenses are expected to remain relatively constant for 2006. The Town is currently seeking a grant to finance the renovation of the lot and building acquired adjacent to Town Hall. The cost of preparing this building for use by the Town is unknown.

The sewer system continues to operate at a loss. This system is being supplemented by transfers from the Sales Tax Special Revenue Fund. The rate increases for gas, sewer, and garbage services which were implemented in late 2005 will be in effect for all of 2006 and should increase operating income for those departments.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Jena's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Cory Floyd, Municipal Clerk, 1850 North Second Street, Jena, Louisiana 71342.

**Basic Financial Statements**

**Government-Wide Financial Statements**

**TOWN OF JENA, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2005**

	Governmental Activities	Business- Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 805,071	\$ 412,143	\$ 1,217,214
Receivables (net of allowances for uncollectibles)	87,467	398,837	486,304
Internal balances	11,506	(11,506)	-
Other assets	-	128,249	128,249
Restricted assets	742	708,806	709,548
Capital assets (net)	1,809,242	5,342,310	7,151,552
Total assets	\$ 2,714,028	\$ 6,978,839	\$ 9,692,867
<b><u>LIABILITIES</u></b>			
Accounts, salaries, and other payables	\$ 35,286	\$ 202,304	\$ 237,590
Payable from restricted assets	742	126,227	126,969
Bonds and certificates payable, due within one year	21,000	140,000	161,000
Bonds and certificates payable, beyond one year	69,000	1,170,000	1,239,000
Total liabilities	\$ 126,028	\$ 1,638,531	\$ 1,764,559
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	\$ 1,719,242	\$ 4,032,310	\$ 5,751,552
Restricted for debt service	7,099	575,340	582,439
Unrestricted	861,659	732,658	1,594,317
Total net assets	\$ 2,588,000	\$ 5,340,308	\$ 7,928,308

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

STATEMENT B

TOWN OF JENA, LOUISIANA  
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses), Revenues, and Changes		Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 250,022	\$ -	\$ 312,000	\$ 61,978	\$ 61,978	\$ -	\$ 61,978
Public safety	603,181	47,634	164,613	(200,428)	(200,428)	-	(200,428)
Streets	164,479	8,000	3,480	(151,889)	(151,889)	-	(151,889)
Sanitation	135,554	-	-	18,837	18,837	-	18,837
Recreation	67,517	-	-	(62,963)	(62,963)	-	(62,963)
Interest on long-term debt	5,445	-	-	(5,445)	(5,445)	-	(5,445)
Total governmental activities	\$1,226,198	\$ 55,634	\$ 480,093	\$ (339,910)	\$ (339,910)	\$ -	\$ (339,910)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water	\$ 428,841	\$ 581,964	\$ -	\$ 153,123	\$ -	\$ 153,123	\$ 153,123
Gas	980,949	1,066,248	-	85,299	-	85,299	85,299
Sewer	570,520	199,498	-	(371,022)	-	(371,022)	(371,022)
Total business-type activities	\$1,980,310	\$ 1,847,710	\$ -	\$ (132,600)	\$ -	\$ (132,600)	\$ (132,600)
Total	\$3,206,508	\$ 2,198,271	\$ 480,093	\$ (472,510)	\$ (339,910)	\$ (132,600)	\$ (472,510)
General Revenues:							
Taxes					\$ 798,605	\$ -	\$ 798,605
Licenses and permits					152,323	-	152,323
Intergovernmental revenues					5,825	-	5,825
Investment earnings					11,844	19,472	31,316
Other general revenues					137,612	-	137,612
Transfers					(71,586)	71,586	-
Total general revenues and transfers					\$ 1,034,623	\$ 91,058	\$ 1,125,681
Change in Net Assets					\$ 694,713	\$ (41,542)	\$ 653,171
Net assets - beginning					1,893,287	5,381,850	7,275,137
Net assets - ending					2,588,000	5,340,308	7,928,308

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

**Fund Financial Statements**

**Governmental Funds**

TOWN OF JENA, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	<u>Major Funds</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Sales Tax Fund</u>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 62,005	\$ 730,794	\$ 12,272	\$ 805,071
Receivables (net of allowances for uncollectibles)	80,978	3,009	3,480	87,467
Due from other funds	16,679	3,480	4,725	24,884
Restricted cash	<u>742</u>	<u>-</u>	<u>-</u>	<u>742</u>
Total assets	<u>\$ 160,404</u>	<u>\$ 737,283</u>	<u>\$ 20,477</u>	<u>\$ 918,164</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 30,561	\$ -	\$ 4,725	\$ 35,286
Due to other funds	-	4,725	8,653	13,378
Liabilities payable from restricted assets	<u>742</u>	<u>-</u>	<u>-</u>	<u>742</u>
Total liabilities	<u>\$ 31,303</u>	<u>\$ 4,725</u>	<u>\$ 13,378</u>	<u>\$ 49,406</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ 7,099	\$ 7,099
Unreserved, reported in:				
General Fund	129,101	-	-	129,101
Special Revenue Fund	<u>-</u>	<u>732,558</u>	<u>-</u>	<u>732,558</u>
Total fund balances	<u>\$ 129,101</u>	<u>\$ 732,558</u>	<u>\$ 7,099</u>	<u>\$ 868,758</u>
Total liabilities and fund balances	<u>\$ 160,404</u>	<u>\$ 737,283</u>	<u>\$ 20,477</u>	<u>\$ 918,164</u>

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

TOWN OF JENA, LOUISIANA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET ASSETS**

DECEMBER 31, 2005

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

Fund Balances, Total Governmental Funds (Statement C)	\$	868,758
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		1,809,242
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Certificates of Indebtedness		<u>(90,000)</u>
Net Assets of Governmental Activities (Statement A)	\$	<u>2,588,000</u>

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

## TOWN OF JENA, LOUISIANA

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

FOR THE YEAR ENDED DECEMBER 31, 2005

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Sales Tax Fund		
<b>REVENUES</b>				
Taxes	\$ 158,810	\$ 639,795	\$ -	\$ 798,605
Licenses and permits	152,323	-	-	152,323
Intergovernmental revenues	226,072	-	3,480	229,552
Charges for services	263,205	-	-	263,205
Fines and forfeitures	87,356	-	-	87,356
Investment earnings	40	11,737	67	11,844
Contributions	312,000	-	-	312,000
Other revenues	180,350	-	-	180,350
Total revenues	\$ 1,380,156	\$ 651,532	\$ 3,547	\$ 2,035,235
<b>EXPENDITURES</b>				
General government	\$ 714,963	\$ 8,151	\$ -	\$ 723,114
Public safety	739,506	-	-	739,506
Streets	145,375	-	-	145,375
Sanitation	121,621	-	-	121,621
Recreation	61,211	-	-	61,211
Debt service:				
Principal	-	-	20,000	20,000
Interest	-	-	5,445	5,445
Capital outlay	-	-	46,740	46,740
Total expenditures	\$ 1,782,676	\$ 8,151	\$ 72,185	\$ 1,863,012
Excess (deficiency) of revenues over (under) expenditures	\$ (402,520)	\$ 643,381	\$ (68,638)	\$ 172,223
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - in	\$ 453,062	\$ -	\$ 68,707	\$ 521,769
Transfers - out	(34,897)	(558,458)	-	(593,355)
Total other financing sources (uses)	\$ 418,165	\$ (558,458)	\$ 68,707	\$ (71,586)
Net change in fund balances	\$ 15,645	\$ 84,923	\$ 69	\$ 100,637
Fund balances - beginning	113,456	647,635	7,030	768,121
Fund balances - ending	\$ 129,101	\$ 732,558	\$ 7,099	\$ 868,758

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

TOWN OF JENA, LOUISIANA

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

FOR THE YEAR ENDED DECEMBER 31, 2005

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 100,637
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	616,814
In the government-wide financial statements, the cost net of accumulated depreciation is reported on capital assets sold. However, in the governmental fund financial statements, the proceeds from the sale, increases financial resources without regard to cost or depreciation. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	(42,738)
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>20,000</u>
Change in Net Assets of Governmental Activities, Statement B	<u>\$ 694,713</u>

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

**Proprietary Funds**

## TOWN OF JENA, LOUISIANA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

DECEMBER 31, 2005

	<u>Enterprise Fund</u>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and cash equivalents	\$ 412,143
Receivables (net of allowances for uncollectibles)	387,166
Due from other governments	5,622
Other receivables	6,049
Due from other funds	2,667
Prepaid expenses	25,664
Inventory	<u>102,585</u>
Total current assets	<u>\$ 941,896</u>
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	\$ 708,806
Capital assets (net of accumulated depreciation)	<u>5,342,310</u>
Total noncurrent assets	<u>\$ 6,051,116</u>
Total assets	<u>\$ 6,993,012</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	<u>\$ 202,304</u>
Total current liabilities	<u>\$ 202,304</u>
Current liabilities payable from restricted assets	
Consumer meter deposits	\$ 106,577
Accrued interest	19,650
Due to other funds	14,173
Sewer sales tax bonds	<u>140,000</u>
Total current liabilities payable from restricted assets	<u>\$ 280,400</u>
Long-term liabilities	
Sewer sales tax bonds	<u>\$ 1,170,000</u>
Total liabilities	<u>\$ 1,652,704</u>
<b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	\$ 4,032,310
Restricted for debt service	575,340
Unrestricted	<u>732,658</u>
Total net assets	<u>\$ 5,340,308</u>

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

## TOWN OF JENA, LOUISIANA

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

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Enterprise Fund</u>
<b><u>OPERATING REVENUES</u></b>	
Charges for services:	
Water sales	\$ 569,935
Gas sales	1,044,210
Sewer charges	195,375
Other operating revenue	<u>38,190</u>
Total operating revenues	\$ <u>1,847,710</u>
<b><u>OPERATING EXPENSES</u></b>	
Personal services	\$ 578,851
Purchase of utilities provided	652,377
Materials and supplies	160,878
Repairs and maintenance	32,309
Depreciation	299,186
Utilities and telephone	91,317
Insurance	28,748
Bad debts	18,090
Other operating expenses	<u>58,591</u>
Total operating expenses	\$ <u>1,920,347</u>
<b>Operating Loss</b>	\$ <u>(72,637)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest earnings	\$ 19,472
Interest expense	<u>(59,963)</u>
Total nonoperating revenues (expenses)	\$ <u>(40,491)</u>
<b>Loss Before Transfers</b>	\$ (113,128)
Transfers – in	387,456
Transfers – out	<u>(315,870)</u>
<b>Change in Net Assets</b>	\$ (41,542)
Total net assets – beginning	<u>5,381,850</u>
Total net assets – ending	<u>\$ 5,340,308</u>

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

## TOWN OF JENA, LOUISIANA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Enterprise Fund</u>
<b><u>Cash Flows From Operating Activities</u></b>	
Cash received from customers	\$ 1,685,104
Payments to suppliers for goods and services	(958,554)
Payments to and on behalf of employees for services	<u>(578,851)</u>
Net cash provided by operating activities	<u>\$ 147,699</u>
<b><u>Cash Flows From Noncapital Financing Activities</u></b>	
Operating transfers from other funds	\$ 399,475
Operating transfers to other funds	<u>(301,697)</u>
Net cash provided by noncapital financing activities	<u>\$ 97,778</u>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>	
Capital contributions	\$ -
Purchase of capital assets	(40,792)
Acquisition and construction of capital assets	-
Principal paid on capital debt	(135,000)
Interest paid on capital debt	<u>(61,988)</u>
Net cash used for capital and related financing activities	<u>\$ (237,780)</u>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest on temporary investments	\$ 17,355
Net cash provided by investing activities	<u>\$ 17,355</u>
Net increase in cash and cash equivalents	\$ 25,052
Cash and cash equivalents, beginning of year	<u>1,095,897</u>
Cash and cash equivalents, end of year	<u>\$ 1,120,949</u>
<b><u>Reconciliation of Operating Loss to Net Cash Provided By Operating Activities</u></b>	
Operating loss	<u>\$ (72,637)</u>
<b><u>Adjustments to Reconcile Operating Loss To Net Cash Provided By Operating Activities</u></b>	
Depreciation	\$ 299,186
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable – customers	(169,791)
Intergovernmental receivables	8,058
Prepaid expenses	(3,016)
Inventory	(12,239)
Increase (decrease) in:	
Accounts payable	99,011
Customer deposits	<u>(873)</u>
Total adjustments	<u>\$ 220,336</u>
Net cash provided by operating activities	<u>\$ 147,699</u>

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

**Notes to the Financial Statements**

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**INTRODUCTION**

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

The accounting and reporting policies of the Town of Jena, Louisiana conform to generally accepted accounting principles as applicable to governments.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

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

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

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

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

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

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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

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

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

The municipality reports the following major governmental funds:

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

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

The municipality reports the following major proprietary funds:

The Utility Fund is used to account for the provision of gas and water utilities, as well as sewer services to residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing and collection.

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

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

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

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

**C. Deposits and Investments**

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

**D. Receivables and Payables**

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

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

The Town annually levies ad valorem taxes in accordance with state statute for the year ended December 31. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February.

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of LaSalle Parish.

For the year ended December 31, 2005, taxes of 6.08 mills were levied on property with assessed valuations totaling \$11,051,809, after abatements and exemptions and were dedicated as follows:

General corporate purposes	6.08
Total taxes levied were	\$67,195

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

**E. Inventories and Prepaid Items**

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. Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid expenses in the enterprise fund.

**F. Restricted Assets**

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

**G. Capital Assets**

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

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

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

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

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

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

**H. Compensated Absences**

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

**I. Long-Term Obligations**

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

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

**J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**K. Estimates**

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

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

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Town Council no later than fifteen days prior to the beginning of each year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted, or as amended from time to time by the Town Council.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

At December 31, 2005, the municipality had cash and cash equivalents (book balances) totaling \$1,217,214 and restricted cash and cash equivalents of \$709,548 as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Demand deposits	\$ 626,130	\$ 444,841	\$ 1,070,971
Time deposits	590,684	264,707	855,391
Cash on hand	<u>400</u>	<u>-</u>	<u>400</u>
Total	<u>\$ 1,217,214</u>	<u>\$ 709,548</u>	<u>\$ 1,926,762</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2005, the municipality had \$2,070,435 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$2,171,931 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 4 - RECEIVABLES**

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
Taxes:					
Ad valorem	\$ 23,967	\$ -	\$ -	\$ -	\$ 23,967
Intergovernmental					
Federal	-	-	3,480	-	3,480
State	5,231	-	-	-	5,231
Local	-	-	-	5,622	5,622
Accounts	23,118	-	-	408,601	431,719
Other	28,843	3,009	-	6,049	37,901
Allowance for uncollectibles	(181)	-	-	(21,435)	(21,616)
<b>Total</b>	<b>\$ 80,978</b>	<b>\$ 3,009</b>	<b>\$ 3,480</b>	<b>\$ 398,837</b>	<b>\$ 486,304</b>

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

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 16,679	\$ -
Special Revenue Fund	3,480	4,725
Nonmajor Governmental Funds	4,725	8,653
Utility Fund	2,667	14,173
<b>Totals</b>	<b>\$ 27,551</b>	<b>\$ 27,551</b>

Interfund transfers during the year ended December 31, 2005, were as follows:

	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund	\$ 453,062	\$ 34,897
Special Revenue Fund	-	558,458
Nonmajor Governmental Funds	68,707	-
Utility Fund	387,456	315,870
<b>Totals</b>	<b>\$ 909,225</b>	<b>\$ 909,225</b>

Transfers are primarily used to move funds from:

1. The Special Revenue Sales Tax Fund to the Utility Fund to cover the debt service and required reserves of the sewer sales tax bonds and certain expenses of the sewer and water systems.
2. The Special Revenue Sales Tax Fund to the General Fund to cover certain expenditures in the street department.
3. The General Fund to the Debt Service Fund to cover debt service on the certificates of indebtedness.
4. The Utility Fund to the General Fund to cover payroll expenditures.

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 6 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2005, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 208,167	\$ 89,733	\$ (30,000)	\$ 267,900
Construction in progress	-	46,740	-	46,740
Total capital assets, not being depreciated	<u>\$ 208,167</u>	<u>\$ 136,473</u>	<u>\$ (30,000)</u>	<u>\$ 314,640</u>
Capital assets being depreciated				
Buildings	\$ 420,639	\$ 388,400	\$ (17,460)	\$ 791,579
Other improvements	231,177	2,222	-	233,399
Equipment	671,316	203,266	(19,217)	855,365
Infrastructure	886,804	-	-	886,804
Total capital assets being depreciated	<u>\$ 2,209,936</u>	<u>\$ 593,888</u>	<u>\$ (36,677)</u>	<u>\$ 2,767,147</u>
Less accumulated depreciation for:				
Buildings	\$ (90,283)	\$ (7,580)	\$ 6,644	\$ (91,219)
Other improvements	(106,406)	(5,589)	-	(111,995)
Equipment	(496,736)	(79,991)	17,295	(559,432)
Infrastructure	(489,512)	(20,387)	-	(509,899)
Total accumulated depreciation	<u>\$(1,182,937)</u>	<u>\$ (113,547)</u>	<u>\$ 23,939</u>	<u>\$(1,272,545)</u>
Total capital assets being depreciated, net	<u>\$ 1,026,999</u>	<u>\$ 480,341</u>	<u>\$ (12,738)</u>	<u>\$ 1,494,602</u>
Total capital assets, net	<u>\$ 1,235,166</u>	<u>\$ 616,814</u>	<u>\$ (42,738)</u>	<u>\$ 1,809,242</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated				
Land	\$ 30,549	-	-	\$ 30,549
Total capital assets, not being depreciated	<u>\$ 30,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,549</u>
Capital assets being depreciated				
Sewer disposal system	\$ 4,569,671	\$ 7,592	\$ -	\$ 4,577,263
Natural gas distribution system	2,677,201	17,057	-	2,694,258
Water plant and system	2,976,385	16,143	-	2,992,528
Service equipment	812,205	-	-	812,205
Total capital assets being depreciated	<u>\$11,035,462</u>	<u>\$ 40,792</u>	<u>\$ -</u>	<u>\$11,076,254</u>
Less accumulated depreciation for:				
Sewer disposal system	\$(1,990,531)	\$ (120,247)	\$ -	\$(2,110,778)
Natural gas distribution system	(1,751,377)	(68,079)	-	(1,819,456)
Water plant and system	(1,086,569)	(79,456)	-	(1,166,025)
Service equipment	(636,830)	(31,404)	-	(668,234)
Total accumulated depreciation	<u>\$(5,465,307)</u>	<u>\$ (299,186)</u>	<u>\$ -</u>	<u>\$(5,764,493)</u>
Total capital assets being depreciated, net	<u>\$ 5,570,155</u>	<u>\$ (258,394)</u>	<u>\$ -</u>	<u>\$ 5,311,761</u>
Total capital assets, net	<u>\$ 5,600,704</u>	<u>\$ (258,394)</u>	<u>\$ -</u>	<u>\$ 5,342,310</u>

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 6 - CAPITAL ASSETS (continued)**

Depreciation expense of \$113,547 for the year ended December 31, 2005, was charged to the following governmental functions:

General government	\$	3,784
Public safety:		
Police		18,433
Fire		47,383
Animal control		1,098
Public works:		
Streets		20,387
Sanitation		13,933
Recreation		<u>8,529</u>
 Total	 \$	 <u>113,547</u>

**NOTE 7 - CONSTRUCTION COMMITMENTS**

As of December 31, 2005, the Town had one active construction project. Actual construction on the Street Overlay Project began in early January, 2006, although preliminary engineering and administration were begun in 2005. At year end the commitment with the contractor was \$463,379. Nothing had been spent as of December 31, 2005.

**NOTE 8 - ACCOUNTS, SALARIES, AND OTHER PAYABLES**

Payables at December 31, 2005 are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Payable from unrestricted assets:				
Accounts payable	\$ 30,561	\$ 202,304	\$ 4,725	\$ 237,590
Total payable from unrestricted assets	<u>\$ 30,561</u>	<u>\$ 202,304</u>	<u>\$ 4,725</u>	<u>\$ 237,590</u>
Payable from restricted assets:				
Meter deposits	\$ -	\$ 106,577	\$ -	\$ 106,577
Accrued liabilities and other payables	<u>742</u>	<u>19,650</u>	<u>-</u>	<u>20,392</u>
Total payable from restricted assets	<u>\$ 742</u>	<u>\$ 126,227</u>	<u>\$ -</u>	<u>\$ 126,969</u>

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 9 - LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended December 31, 2005:

	<u>General Obligation Certificates of Indebtedness</u>	<u>Enterprise Fund Sales Tax Bond</u>	<u>Totals</u>
Long-term obligations at beginning of year	\$ 110,000	\$ 1,445,000	\$ 1,555,000
Additions	-	-	-
Deductions	(20,000)	(135,000)	(155,000)
Long-term obligations at end of year	<u>\$ 90,000</u>	<u>\$ 1,310,000</u>	<u>\$ 1,400,000</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2005:

	<u>General Obligation Certificates of Indebtedness</u>	<u>Enterprise Fund Sales Tax Bond</u>	<u>Totals</u>
Current portion	\$ 21,000	\$ 140,000	\$ 161,000
Long-term portion	69,000	1,170,000	1,239,000
Totals	<u>\$ 90,000</u>	<u>\$ 1,310,000</u>	<u>\$ 1,400,000</u>

Long-term debt as of December 31, 2005, is comprised of the following:

**General Obligation**

Certificates of Indebtedness, Series 1999, to finance the purchase of a new fire truck and improvements in the amount of \$200,000, issued October 28, 1999, payable in ten annual installments ranging from \$24,241.75 to \$25,445.00, commencing on April 1, 2000, and ending on October 1, 2009, with an annual interest rate of 4.95%. Certain fees received for fire protection charges have been specifically dedicated to the repayment of this obligation.

\$ 90,000

**Enterprise Fund**

Sewer System Sales Tax Bonds payable to finance the construction of sewer system improvements in the amount of \$2,595,131.59, dated April 22, 1992, payable in annual installments of principal and interest commencing on March 1, 1993, and ending on March 1, 2013, with an interest rate of 4.50%. The proceeds of a one percent (1%) sales and use tax have been irrevocably pledged and dedicated to the payment of principal and interest on the bonds.

1,310,000

Total

\$ 1,400,000

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 9 - LONG-TERM OBLIGATIONS (continued)**

The annual requirements to amortize all outstanding debt as of December 31, 2005, including interest payments are as follows:

	<u>General Obligation</u>		<u>Enterprise Fund</u>		<u>Totals</u>
	<u>Certificates of Indebtedness</u>		<u>Sewer Sales Tax Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2006	\$ 21,000	\$ 4,455	\$ 140,000	\$ 55,800	\$ 221,255
2007	22,000	3,416	145,000	49,387	219,803
2008	23,000	2,326	155,000	42,638	222,964
2009	24,000	1,188	160,000	35,550	220,738
2010	-	-	165,000	28,238	193,238
2011-2013	-	-	<u>545,000</u>	<u>37,462</u>	<u>582,462</u>
	<u>\$ 90,000</u>	<u>\$ 11,385</u>	<u>\$ 1,310,000</u>	<u>\$ 249,075</u>	<u>\$ 1,660,460</u>

In accordance with R.S. 39:562, the municipality is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At December 31, 2005, the statutory limit was \$3,868,133.

In addition, the municipality is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75% of the avails of the tax. The municipality was within this 75% limitation in 1992, when the sales tax bonds were issued.

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 bonds.
4. The Town will establish a reserve account equal to the maximum future principal and interest due in any future 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.

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 10 - RETIREMENT SYSTEMS**

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

**Municipal Employees Retirement System of Louisiana (System)**

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

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Town of Jena, Louisiana is required to contribute at an actuarially determined rate. The Town's contribution was 15% from January 1, 2005 to June 30, 2005 and 16% from July 1, 2005 to December 31, 2005. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Jena, Louisiana are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town of Jena, Louisiana's contributions to the System under Plan A for the years ending December 31, 2005, 2004, and 2003, were \$132,614, \$112,344, and \$71,671, respectively, equal to the required contributions for each year.

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 11 - SEGMENT INFORMATION FOR UTILITY FUND**

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

	Water System	Gas System	Sewer System	Total
Operating revenue	\$ 581,964	\$ 1,066,248	\$ 199,498	\$ 1,847,710
Purchase of natural gas	-	(652,377)	-	(652,377)
Operating expense	(340,229)	(252,250)	(376,305)	(968,784)
Depreciation	(88,612)	(76,322)	(134,252)	(299,186)
Operating income (loss)	<u>\$ 153,123</u>	<u>\$ 85,299</u>	<u>\$ (311,059)</u>	<u>\$ (72,637)</u>
Nonoperating revenues (expenses)				
Interest income				19,472
Interest expense				(59,963)
Operating transfers - in				387,456
Operating transfers - out				<u>(315,870)</u>
Net loss				<u>\$ (41,542)</u>

**NOTE 12 - 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 year ending December 31, 2005:

Mayor, James E. Robbins	\$	24,192
Town Council:		
Gary L. Compton		3,900
Donnie Kendrick		4,200
Donald G. Richardson		4,200
Paul A. Long		2,850
David Paul Jones		4,050
Norman L. Welch:		
Acting Mayor		13,651
Councilman		1,350
		<u>15,001</u>
Total		<u>\$ 58,393</u>

**NOTE 13 - RISK MANAGEMENT**

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

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 14 - CONTINGENT LIABILITIES**

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

**Required Supplemental Information (Part II)**

**TOWN OF JENA, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 127,300	\$ 134,753	\$ 158,810	\$ 24,057
Licenses and permits	155,245	155,285	152,323	(2,962)
Intergovernmental revenues	548,280	220,316	226,072	5,756
Fines and forfeitures	60,000	86,000	87,356	1,356
Charges for services	250,500	264,230	263,205	(1,025)
Contributions	-	-	312,000	312,000
Other	10,850	31,198	180,390	149,192
Total revenues	<u>\$ 1,152,175</u>	<u>\$ 891,782</u>	<u>\$ 1,380,156</u>	<u>\$ 488,374</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 220,440	\$ 222,839	\$ 714,963	\$ (492,124)
Public safety:				
Police	343,500	359,300	353,463	5,837
Fire	276,282	373,303	358,046	15,257
Animal Control	34,185	29,249	27,997	1,252
Public works:				
Streets	589,584	157,260	145,375	11,885
Sanitation	114,572	121,629	121,621	8
Recreation	108,482	62,930	61,211	1,719
Total expenditures	<u>\$ 1,687,045</u>	<u>\$ 1,326,510</u>	<u>\$ 1,782,676</u>	<u>\$ (456,166)</u>
Revenues under expenditures	<u>\$ (534,870)</u>	<u>\$ (434,728)</u>	<u>\$ (402,520)</u>	<u>\$ 32,208</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers – in	\$ 560,370	\$ 469,228	\$ 453,062	\$ (16,166)
Operating transfers – out	(25,500)	(25,500)	(34,897)	(9,397)
Total other financing sources (uses)	<u>\$ 534,870</u>	<u>\$ 443,728</u>	<u>\$ 418,165</u>	<u>\$ (25,563)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 9,000</u>	<u>\$ 15,645</u>	<u>\$ 6,645</u>
Fund Balance – beginning of year	<u>113,456</u>	<u>113,456</u>	<u>113,456</u>	<u>-</u>
Fund Balance – end of year	<u>\$ 113,456</u>	<u>\$ 122,456</u>	<u>\$ 129,101</u>	<u>\$ 6,645</u>

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

**TOWN OF JENA, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 575,000	\$ 575,000	\$ 639,795	\$ 64,795
Interest	<u>1,800</u>	<u>1,800</u>	<u>11,737</u>	<u>9,937</u>
<b>Total revenues</b>	<b>\$ 576,800</b>	<b>\$ 576,800</b>	<b>\$ 651,532</b>	<b>\$ 74,732</b>
<b>Expenditures</b>				
Current				
General government	\$ 19,000	\$ 19,000	\$ 8,151	\$ 10,849
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<b>Total expenditures</b>	<b>\$ 69,000</b>	<b>\$ 69,000</b>	<b>\$ 8,151</b>	<b>\$ 60,849</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 507,800</b>	<b>\$ 507,800</b>	<b>\$ 643,381</b>	<b>\$ 135,581</b>
<b>Other Financing Uses</b>				
Operating transfers – out	\$ (485,500)	\$ (485,500)	\$ (558,458)	\$ (72,958)
<b>Total other financing uses</b>	<b>\$ (485,500)</b>	<b>\$ (485,500)</b>	<b>\$ (558,458)</b>	<b>\$ (72,958)</b>
<b>Excess of revenues over expenditures and other uses</b>	<b>\$ 22,300</b>	<b>\$ 22,300</b>	<b>\$ 84,923</b>	<b>\$ 62,623</b>
<b>Fund Balance – beginning of year</b>	<b>647,635</b>	<b>647,635</b>	<b>647,635</b>	<b>-</b>
<b>Fund Balance – end of year</b>	<b>\$ 669,935</b>	<b>\$ 669,935</b>	<b>\$ 732,558</b>	<b>\$ 62,623</b>

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

**TOWN OF JENA, LOUISIANA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**Budgetary Comparison Schedule**

**1. Basis of Presentation**

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

**2. Budget Amendments and Revisions**

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

**Other Supplemental Information**

**Nonmajor Governmental Funds**

**TOWN OF JENA, LOUISIANA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2005**

	Fiduciary Funds				Total
	Debt Service Fund	Capital Projects Fund	Accounts Payable Clearing Fund	Payroll Clearing Fund	Nonmajor Governmental Funds
Cash	\$ 7,099	-	\$ 920	\$ 4,253	\$ 12,272
Due from other governments	-	3,480	-	-	3,480
Due from other funds	-	4,725	-	-	4,725
<b>Total assets</b>	<b>\$ 7,099</b>	<b>\$ 8,205</b>	<b>\$ 920</b>	<b>\$ 4,253</b>	<b>\$ 20,477</b>

**LIABILITIES AND FUND BALANCES**

Liabilities					
Accounts payable	\$ -	\$ 4,725	-	-	\$ 4,725
Due to other funds	-	3,480	920	4,253	8,653
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 8,205</b>	<b>\$ 920</b>	<b>\$ 4,253</b>	<b>\$ 13,378</b>
Fund Balances					
Reserved for Debt service	\$ 7,099	-	-	-	\$ 7,099
<b>Total fund balances</b>	<b>\$ 7,099</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,099</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,099</b>	<b>\$ 8,205</b>	<b>\$ 920</b>	<b>\$ 4,253</b>	<b>\$ 20,477</b>

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

## TOWN OF JENA, LOUISIANA

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## FOR THE YEAR ENDED DECEMBER 31, 2005

	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
<b><u>REVENUES</u></b>			
Intergovernment revenue	\$ -	\$ 3,480	\$ 3,480
Interest	67	-	67
Total revenue	<u>\$ 67</u>	<u>\$ 3,480</u>	<u>\$ 3,547</u>
<b><u>EXPENDITURES</u></b>			
Debt Service			
Principal paid	\$ 20,000	\$ -	\$ 20,000
Interest	5,445	-	5,445
Capital outlay	-	46,740	46,740
Total expenditures	<u>\$ 25,445</u>	<u>\$ 46,740</u>	<u>\$ 72,185</u>
Revenues under expenditures	<u>\$ (25,378)</u>	<u>\$ (43,260)</u>	<u>\$ (68,638)</u>
<b><u>OTHER FINANCING SOURCES</u></b>			
Operating transfers from general fund	\$ 25,447	\$ 9,450	\$ 34,897
Operating transfers from sales tax fund	-	33,810	33,810
Total other financing sources	<u>\$ 25,447</u>	<u>\$ 43,260</u>	<u>\$ 68,707</u>
Excess of revenues and other financing sources over expenditures	\$ 69	\$ -	\$ 69
Fund balance – beginning of year	<u>7,030</u>	<u>-</u>	<u>7,030</u>
Fund balance – end of year	<u>\$ 7,099</u>	<u>\$ -</u>	<u>\$ 7,099</u>

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

**Comparative/Combining Financial Statements and Schedules**

**GENERAL FUND**

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

**TOWN OF JENA, LOUISIANA**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEET**  
**DECEMBER 31, 2005 AND 2004**

	<b>2005</b>	<b>2004</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 62,005	\$ 100,679
Receivables (net of allowance for doubtful accounts):		
Accounts	23,118	14,460
Taxes	23,786	20,033
Governmental	5,231	5,355
Other	28,843	25,568
Due from other funds	16,679	507
Restricted cash	742	507
Total assets	\$ 160,404	\$ 167,109
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 30,561	\$ 26,699
Due to other funds	-	26,447
Liabilities payable from restricted assets	742	507
Total liabilities	\$ 31,303	\$ 53,653
<b>FUND BALANCE</b>		
Unreserved, undesignated	\$ 129,101	\$ 113,456
Total fund balance	\$ 129,101	\$ 113,456
Total liabilities and fund balance	\$ 160,404	\$ 167,109

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

## TOWN OF JENA, LOUISIANA

## GENERAL FUND

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2005

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2004

	<u>2005</u>	<u>2004</u>
<b><u>REVENUES</u></b>		
Taxes	\$ 158,810	\$ 151,071
Licenses and permits	152,323	159,128
Intergovernmental	226,072	72,101
Charges for services	263,205	259,469
Fines and forfeits	87,356	80,424
Contributions	312,000	-
Other	<u>180,390</u>	<u>16,003</u>
Total revenues	\$ <u>1,380,156</u>	\$ <u>738,196</u>
<b><u>EXPENDITURES</u></b>		
General government	\$ 714,963	\$ 251,012
Public safety:		
Police	353,463	313,806
Fire	358,046	181,435
Animal control	27,997	29,333
Public works		
Streets	145,375	104,051
Sanitation	121,621	95,137
Recreation	<u>61,211</u>	<u>90,765</u>
Total expenditures	\$ <u>1,782,676</u>	\$ <u>1,065,539</u>
Revenues under expenditures	\$ <u>(402,520)</u>	\$ <u>(327,343)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>		
Operating transfers – in	\$ 453,062	\$ 402,569
Operating transfers – out	<u>(34,897)</u>	<u>(25,445)</u>
Total other financing sources (uses)	\$ <u>418,165</u>	\$ <u>377,124</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ 15,645	\$ 49,781
Fund balances – beginning of year	<u>113,456</u>	<u>63,675</u>
Fund balances – end of year	<u>\$ 129,101</u>	<u>\$ 113,456</u>

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

**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  
SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<b><u>ASSETS</u></b>		
Cash	\$ 424,943	\$ 340,884
Temporary investments (at cost)	305,851	302,312
Accrued interest receivable	3,009	1,900
Due from other funds	<u>3,480</u>	<u>2,539</u>
Total assets	<u>\$ 737,283</u>	<u>\$ 647,635</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities		
Due from other funds	<u>\$ 4,725</u>	\$ -
Total liabilities	<u>\$ 4,725</u>	\$ -
Fund Balance		
Unreserved, undesignated	<u>\$ 732,558</u>	<u>\$ 647,635</u>
Total fund balance	<u>\$ 732,558</u>	<u>\$ 647,635</u>
Total liabilities and fund balance	<u>\$ 737,283</u>	<u>\$ 647,635</u>

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

**TOWN OF JENA, LOUISIANA**  
**SALES TAX SPECIAL REVENUE FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED DECEMBER 31, 2005**  
**WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2004**

	<u>2005</u>	<u>2004</u>
<b><u>REVENUES</u></b>		
Taxes	\$ 639,795	\$ 587,346
Interest	11,737	14,241
<b>Total revenues</b>	<b>\$ 651,532</b>	<b>\$ 601,587</b>
<b><u>EXPENDITURES</u></b>		
Current – general government		
Operating expense	\$ 58	\$ 2,221
Collection expense	8,093	8,272
Capital outlay	-	114,272
<b>Total expenditures</b>	<b>\$ 8,151</b>	<b>\$ 124,765</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 643,381</b>	<b>\$ 476,822</b>
<b><u>OTHER FINANCING USES</u></b>		
Operating transfers to general fund	\$ (137,192)	\$ (202,569)
Operating transfers to utility fund	(387,456)	(519,146)
Operating transfers to capital projects fund	(33,810)	-
<b>Total other financing uses</b>	<b>\$ (558,458)</b>	<b>\$ (721,715)</b>
<b>Excess (deficiency) of revenues over expenditures and other financing sources</b>	<b>\$ 84,923</b>	<b>\$ (244,893)</b>
<b>Fund balances – beginning of year</b>	<b>647,635</b>	<b>892,528</b>
<b>Fund balances – end of year</b>	<b>\$ 732,558</b>	<b>\$ 647,635</b>

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

**DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of monies and payment of general long-term debt. Financing is to be provided by fire protection fees collected in the General Fund.

TOWN OF JENA, LOUISIANA  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2005 AND 2004

	2005	2004
<b><u>ASSETS</u></b>		
Cash	\$ 7,099	\$ 7,030
Total assets	\$ 7,099	\$ 7,030
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities	\$ -	\$ -
Fund Balance		
Reserved for Debt Service	\$ 7,099	\$ 7,030
Total fund balance	\$ 7,099	\$ 7,030
Total liabilities and fund balance	\$ 7,099	\$ 7,030

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

## TOWN OF JENA, LOUISIANA

## DEBT SERVICE FUND

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2005

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2004

	<u>2005</u>	<u>2004</u>
<b><u>REVENUES</u></b>		
Interest	\$ 67	\$ 38
Total revenues	<u>\$ 67</u>	<u>\$ 38</u>
<b><u>EXPENDITURES</u></b>		
Debt Service		
Principal paid	\$ 20,000	\$ 20,000
Interest	<u>5,445</u>	<u>5,445</u>
Total expenditures	<u>\$ 25,445</u>	<u>\$ 25,445</u>
Revenues under expenditures	<u>\$ (25,378)</u>	<u>\$ (25,407)</u>
<b><u>OTHER FINANCING SOURCES</u></b>		
Operating transfers in	\$ 25,447	\$ 25,445
Total other financing sources	<u>\$ 25,447</u>	<u>\$ 25,445</u>
Excess of revenues over expenditures and other financing sources	\$ 69	\$ 38
Fund balances – beginning of year	<u>7,030</u>	<u>6,992</u>
Fund balances – end of year	<u>\$ 7,099</u>	<u>\$ 7,030</u>

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

**CAPITAL PROJECTS FUND****LCDBG Public Facilities Program**

To account for the financing and construction of street improvements in the Town. Financing to be provided by general revenues, excess sales tax revenues, and by a Federal grant.

TOWN OF JENA, LOUISIANA  
 CAPITAL PROJECTS FUND  
 LCDBG PUBLIC FACILITIES PROGRAM  
 BALANCE SHEET  
 DECEMBER 31, 2005

**ASSETS**

Due from other governments	\$	3,480
Due from other funds		<u>4,725</u>
Total assets	\$	<u>8,205</u>

**LIABILITIES AND FUND BALANCE**

Liabilities

Accounts payable	\$	4,725
Due to other funds		<u>3,480</u>
Total liabilities	\$	<u>8,205</u>
Fund Balance	\$	<u>-</u>
Total liabilities and fund balance	\$	<u>8,205</u>

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

TOWN OF JENA, LOUISIANA  
 CAPITAL PROJECTS FUND  
 LCDBG PUBLIC FACILITIES PROGRAM  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 YEAR ENDED DECEMBER 31, 2005

**REVENUES**

Intergovernment revenue	\$ 3,480
Total revenue	<u>\$ 3,480</u>

**EXPENDITURES**

Capital outlay	\$ 46,740
Total expenditures	<u>\$ 46,740</u>
Revenues under expenditures	<u>\$ (43,260)</u>

**OTHER FINANCING SOURCES**

Operating transfers from general fund	\$ 9,450
Operating transfers from sales tax fund	<u>33,810</u>
Total other financing sources	<u>\$ 43,260</u>
Excess of revenues and other financing sources over expenditures	\$ -
Fund balance – beginning of year	_____ -
Fund balance – end of year	<u>_____ -</u>

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

## UTILITY SYSTEM ENTERPRISE FUND

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

UTILITY SYSTEM ENTERPRISE FUND is used to account for operations of the natural gas distribution system, water distribution system, and sewer services provided to the residents of the Town and to certain surrounding areas. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing, and related debt service, billing, and collection.

**TOWN OF JENA, LOUISIANA**  
**ENTERPRISE FUND**  
**COMPARATIVE BALANCE SHEET**  
**DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash	\$ 127,310	\$ 59,049
Temporary investments (at cost)	284,833	367,140
Receivables		
Accounts (net of allowance for doubtful accounts)	387,166	217,375
Intergovernmental	5,622	13,680
Other	6,049	3,932
Due from other funds	2,667	14,686
Prepaid expenses	25,664	22,648
Inventory	<u>102,585</u>	<u>90,346</u>
<b>Total current assets</b>	<b><u>\$ 941,896</u></b>	<b><u>\$ 788,856</u></b>
<b>Noncurrent assets</b>		
<b>Restricted assets</b>		
Meter deposit account	\$ 133,466	\$ 114,695
Sewer sales tax bond sinking account – cash	147,506	144,821
Sewer sales tax bond contingency account – cash	161,046	149,777
Sewer sales tax bond reserve account – cash	2,081	2,070
Sewer sales tax bond reserve account – certificate of deposit	<u>264,707</u>	<u>258,345</u>
<b>Total restricted assets</b>	<b><u>\$ 708,806</u></b>	<b><u>\$ 669,708</u></b>
<b>Fixed assets</b>		
Property, plant, and equipment	\$ 11,106,803	\$ 11,066,011
Accumulated depreciation	<u>(5,764,493)</u>	<u>(5,465,307)</u>
<b>Fixed assets (net of accumulated depreciation)</b>	<b><u>\$ 5,342,310</u></b>	<b><u>\$ 5,600,704</u></b>
<b>Total assets</b>	<b><u>\$ 6,993,012</u></b>	<b><u>\$ 7,059,268</u></b>

-continued-

**TOWN OF JENA, LOUISIANA**  
**ENTERPRISE FUND**  
**COMPARATIVE BALANCE SHEET**  
**DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b><u>LIABILITIES</u></b>		
Current liabilities (payable from current assets)		
Accounts payable	\$ 202,304	\$ 103,293
Total current liabilities (payable from current assets)	<u>\$ 202,304</u>	<u>\$ 103,293</u>
Current liabilities (payable from restricted assets)		
Payable from meter deposit account		
Meter deposits	\$ 106,577	\$ 107,450
Payable from sewer sales tax bond sinking account		
Accrued interest	19,650	21,675
Due to other funds	14,173	-
Sewer sales tax bonds payable	<u>140,000</u>	<u>135,000</u>
Total current liabilities (payable from restricted assets)	<u>\$ 280,400</u>	<u>\$ 264,125</u>
Total current liabilities	<u>\$ 482,704</u>	<u>\$ 367,418</u>
Long-term liabilities		
Sewer sales tax bonds payable	<u>\$ 1,170,000</u>	<u>\$ 1,310,000</u>
Total liabilities	<u>\$ 1,652,704</u>	<u>\$ 1,677,418</u>
<b><u>NET ASSETS</u></b>		
Investment in capital assets, net of related debt	\$ 4,032,310	\$ 4,155,704
Restricted for Debt Service	575,340	555,013
Unrestricted	<u>732,658</u>	<u>671,133</u>
Total net assets	<u>\$ 5,340,308</u>	<u>\$ 5,381,850</u>
Total liabilities and net assets	<u>\$ 6,993,012</u>	<u>\$ 7,059,268</u>

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

**TOWN OF JENA, LOUISIANA**  
**ENTERPRISE FUND**  
**MUNICIPAL UTILITIES SYSTEM**

**COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES**  
**ALL DEPARTMENTS**

**YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b><u>OPERATING REVENUES</u></b>		
Charges for sales and services	\$ 1,809,520	\$ 1,437,990
Other operating revenue	<u>38,190</u>	<u>45,833</u>
Total operating revenue	<u>\$ 1,847,710</u>	<u>\$ 1,483,823</u>
<b><u>OPERATING EXPENSES</u></b>		
Natural gas purchases	\$ 652,377	\$ 495,467
Salaries	412,798	413,231
Employee benefits	159,758	174,828
Payroll taxes	6,295	6,329
Operating supplies	140,283	124,245
Gas and oil	20,595	17,316
Utilities	81,415	75,572
Telephone	9,902	8,679
Repairs and maintenance	32,309	27,541
Depreciation	299,186	296,179
Travel	33	673
Training	3,647	4,275
Uniform rental	3,541	4,348
Professional fees	16,492	8,064
Office expense	5,267	8,929
Insurance	28,748	37,696
Dues and subscriptions	906	348
Lab reports and surveys	14,949	17,938
Drug testing	1,180	1,296
Bad debts	18,090	-
Miscellaneous	<u>12,576</u>	<u>17,272</u>
Total operating expenses	<u>\$ 1,920,347</u>	<u>\$ 1,740,226</u>
Operating loss	<u>\$ (72,637)</u>	<u>\$ (256,403)</u>

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

**TOWN OF JENA, LOUISIANA**  
**ENTERPRISE FUND**  
**MUNICIPAL UTILITIES SYSTEM**

**COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES**  
**WATER SYSTEM**

**YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b><u>OPERATING REVENUES</u></b>		
Charges for sales and services	\$ 569,935	\$ 411,654
Other operating revenue	<u>12,029</u>	<u>13,122</u>
 Total operating revenue	 \$ <u>581,964</u>	 \$ <u>424,776</u>
 <b><u>OPERATING EXPENSES</u></b>		
Salaries	\$ 114,280	\$ 107,856
Employee benefits	44,228	46,526
Payroll taxes	1,738	1,592
Operating supplies	97,037	91,085
Gas and oil	2,946	2,238
Utilities	27,335	21,360
Telephone	8,147	6,949
Repairs and maintenance	11,962	4,442
Depreciation	88,612	86,356
Travel	25	-
Training	674	820
Uniform rental	255	294
Professional fees	7,784	2,688
Office expense	2,631	4,412
Insurance	9,266	6,489
Dues and subscriptions	240	273
Lab reports and surveys	-	200
Bad debts	5,697	-
Miscellaneous	<u>5,984</u>	<u>10,700</u>
 Total operating expenses	 \$ <u>428,841</u>	 \$ <u>394,280</u>
 Operating income	 \$ <u>153,123</u>	 \$ <u>30,496</u>

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

**TOWN OF JENA, LOUISIANA**  
**ENTERPRISE FUND**  
**MUNICIPAL UTILITIES SYSTEM**

**COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES**  
**NATURAL GAS SYSTEM**

**YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b><u>OPERATING REVENUES</u></b>		
Charges for sales and services	\$ 1,044,210	\$ 833,298
Other operating revenue	<u>22,038</u>	<u>26,559</u>
Total operating revenue	<u>\$ 1,066,248</u>	<u>\$ 859,857</u>
<b><u>OPERATING EXPENSES</u></b>		
Natural gas purchases	\$ 652,377	\$ 495,467
Salaries	114,280	187,981
Employee benefits	44,228	90,785
Payroll taxes	1,921	3,014
Operating supplies	22,935	19,114
Gas and oil	14,832	12,805
Utilities	4,882	4,703
Telephone	1,207	1,169
Repairs and maintenance	10,764	7,338
Depreciation	76,322	77,577
Travel	-	356
Training	2,933	2,855
Uniform rental	2,688	3,052
Professional fees	4,354	2,688
Office expense	2,636	4,507
Insurance	5,633	10,815
Dues and subscriptions	358	75
Lab reports and surveys	2,125	3,855
Drug testing	1,180	1,296
Bad debts	10,440	-
Miscellaneous	<u>4,854</u>	<u>4,409</u>
Total operating expenses	<u>\$ 980,949</u>	<u>\$ 933,861</u>
Operating income (loss)	<u>\$ 85,299</u>	<u>\$ (74,004)</u>

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

## TOWN OF JENA, LOUISIANA

ENTERPRISE FUND  
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES  
SEWER SYSTEM

YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<b><u>OPERATING REVENUES</u></b>		
Charges for sales and services	\$ 195,375	\$ 193,038
Other operating revenue	<u>4,123</u>	<u>6,152</u>
Total operating revenue	<u>\$ 199,498</u>	<u>\$ 199,190</u>
<b><u>OPERATING EXPENSES</u></b>		
Salaries	\$ 184,238	\$ 117,394
Employee benefits	71,302	37,517
Payroll taxes	2,636	1,723
Operating supplies	20,311	14,046
Gas and oil	2,817	2,273
Utilities	49,198	49,509
Telephone	548	561
Repairs and maintenance	9,583	15,761
Depreciation	134,252	132,246
Travel	8	317
Training	40	600
Uniform rental	598	1,002
Professional fees	4,354	2,688
Office expense	-	10
Insurance	13,849	20,392
Dues and subscriptions	308	-
Lab reports and surveys	12,824	13,883
Bad debts	1,953	-
Miscellaneous	<u>1,738</u>	<u>2,163</u>
Total operating expenses	<u>\$ 510,557</u>	<u>\$ 412,085</u>
Operating loss	<u>\$ (311,059)</u>	<u>\$ (212,895)</u>

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

**FIDUCIARY FUNDS  
(AGENCY)**

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

**Agency Funds**

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

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

**TOWN OF JENA, LOUISIANA**  
**FIDUCIARY FUNDS**  
**COMBINING BALANCE SHEETS**  
**DECEMBER 31, 2005**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2004**

	<u>Agency Funds</u>		<u>Totals</u>	
	<u>Accounts Payable Clearing Fund</u>	<u>Payroll Clearing Fund</u>	<u>2005</u>	<u>2004</u>
<b><u>ASSETS</u></b>				
Cash	\$ 920	\$ 4,253	\$ 5,173	\$ 43,162
Due from other funds	-	-	-	9,635
Total assets	<u>\$ 920</u>	<u>\$ 4,253</u>	<u>\$ 5,173</u>	<u>\$ 52,797</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accrued liabilities	\$ -	\$ -	\$ -	\$ 51,877
Due to other funds	<u>920</u>	<u>4,253</u>	<u>5,173</u>	<u>920</u>
Total liabilities	<u>\$ 920</u>	<u>\$ 4,253</u>	<u>\$ 5,173</u>	<u>\$ 52,797</u>
<b>Fund Balance</b>				
Unreserved, undesignated	\$ -	\$ -	\$ -	\$ -
Total fund balance	\$ -	\$ -	\$ -	\$ -
Total liabilities and fund balance	<u>\$ 920</u>	<u>\$ 4,253</u>	<u>\$ 5,173</u>	<u>\$ 52,797</u>

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

**Report on Internal Control and Compliance**



209 N. Commerce Street  
P.O. Box 1027  
Natchez, Mississippi 39121-1027  
Telephone: 601.442.7411  
Fax: 601.442.8551

[www.silassimmons.com](http://www.silassimmons.com)

Bill Rush Mosby, Jr., CPA  
Charles W. Caldwell, Jr., CPA  
Bennett M. Jeansonne, CPA, CVA  
William Wes Gore, CPA  
Sim McRae Mosby, CPA/PFS  
Madelyn A. Leckie, CPA, CBA

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

The Honorable Murphy McMillin, Mayor  
and Members of the Town Council  
Town of Jena, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Jena, Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the Town of Jena, Louisiana's basic financial statements, and have issued our report thereon dated May 23, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Jena, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 Town of Jena, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as Findings 2003-01, 2003-04, and 2005-01 through 2005-08.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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 Findings 2003-01, 2005-01, 2005-06, and 2005-08 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Jena, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

*Shelby Simmons, LLP*

Natchez, Mississippi  
May 23, 2006

**TOWN OF JENA, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

We have audited the basic financial statements of the Town of Jena, Louisiana as of and for the year ended December 31, 2005, and have issued our report thereon dated May 23, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2005 resulted in an unqualified opinion.

**Section I: Summary of Auditor's Reports**

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

1. Internal control over financial reporting:

- |  |     |
|--|-----|
| a. Material weakness(es) identified?   | Yes |
| b. Reportable condition(s) identified that are not considered to be material weaknesses? | Yes |

2. Compliance:

- |   |    |
|---|----|
| a. Material noncompliance relating to the financial statements? | No |
|---|----|

**B. Federal Awards**

Not applicable

**C. Management Letter**

- |                                    |    |
|------------------------------------|----|
| 1. Was a management letter issued? | No |
|------------------------------------|----|

**Section II: Financial Statement Findings**

**Status of Prior Year Findings**

**2003-01 Inter-fund Receivables and Payables**

**Finding** – Short-term interfund receivables and payables were not in balance at December 31, 2003 or at December 31, 2004. Adjustments to correct numerous posting errors were required to balance these accounts. This condition continues to exist for the fiscal year ending December 31, 2005. This condition is considered to be a material weakness and was first reported for the fiscal year ended December 31, 2003.

**Recommendation** – Inter-fund receivables and payables should be reconciled to the reciprocal funds periodically and adjusted if necessary. We recommend that the Town Clerk review these accounts monthly to insure that inter-fund transactions remain in balance.

**Management's Response** – Management is working diligently to correct this problem.

**TOWN OF JENA, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**Section II: Financial Statement Findings (continued)**

**Status of Prior Year Findings (continued)**

**2003-04 Hospitalization Insurance**

**Finding** – Hospitalization insurance paid by retired employees was not properly accounted for. The payroll posting routine and the accounting for receipts and subsequent payment of premiums had not been established to properly interface with the general ledger. This condition was not considered to be a material weakness and was first reported for the fiscal year ended December 31, 2002.

**Recommendation** – We recommended that the Town develop procedures to properly account for these transactions.

**Management's Response** – This condition was corrected during the year ended December 31, 2005.

**Current Year Findings, Recommendations, and Management's Corrective Action Plan**

**2005-01 Bank Reconciliations**

**Finding** – The Town's bank accounts are not being properly reconciled to the general ledger. At December 31, 2005, seven of the Town's thirteen reconciled checking account balances did not agree with the general ledger. The Sewer Sales Tax operating account was out by \$42,907.33. This was caused by a posting error in the general ledger. It was the only account to be out by a significant amount. We consider this condition to be a material weakness.

**Recommendation** – Reconciliations of bank accounts to the general ledger is a core procedure in any system of internal control. Bank reconciliations should be prepared monthly and in a timely manner once the bank statements have been received from the bank. Corrections should be made immediately upon discovery. We also recommend that a second person in the office review the reconciliation for accuracy and completeness.

**Management's Response** – Management is working diligently to insure that bank statements are reconciled accurately and in a timely manner.

**2005-02 Certificates of Deposit**

**Finding** – Certificates of deposit did not agree with the general ledger at December 31, 2005. The differences were created when interest earned was either deposited to the wrong fund or incorrectly posted in the general ledger. In some cases interest earned was not recorded at all. The finding is not considered to be a material weakness.

**Recommendation** – Interest earned should always be deposited to the fund holding the certificate of deposit or should be recorded by journal entry when interest is added back to the CD. We recommend that certificates of deposit be reconciled to the general ledger on a quarterly basis.

**Management's Response** – Management will reconcile certificates of deposit to the general ledger quarterly.

**TOWN OF JENA, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**Section II: Financial Statement Findings (continued)**

**Current Year Findings, Recommendations, and Management's Corrective Action Plan (continued)**

**2005-03 FEMA Bank Account**

**Finding** – The bank account opened by the Town on October 21, 2005 to handle FEMA reimbursements was not recorded in the general ledger of the General Fund until January 1, 2006. The balance of the bank account at December 31, 2005 was \$234.77. During 2005, one payment was received from FEMA in the amount of \$5,147.42. \$4,912.65 of that deposit was properly disbursed. We do not consider the above finding to be a material weakness.

**Recommendation** – The Town should begin accounting for bank accounts from the day the account is opened.

**Management's Response** – Management will work diligently to insure that all bank accounts are recorded promptly in the general ledger.

**2005-04 Utility Accounts Receivable**

**Finding** – The Town's utility accounts receivable subsidiary system balances did not agree with general ledger control accounts at December 31, 2005. The subsidiary and the general ledger control accounts are not being periodically reconciled. The differences at December 31, 2005 were not significant to the financial statements and we do not consider this condition to be a material weakness.

**Recommendation** – We recommend that the Town Clerk reconcile the utility accounts receivable subsidiary to the general ledger at the close of end month. Differences should be investigated and corrected.

**Management's Response** – The Clerk will reconcile the subsidiary to the general ledger monthly.

**2005-05 Utility Meter Deposits**

**Finding** – The Town's utility meter deposit subsidiary listing did not agree with general ledger control account at December 31, 2005. The subsidiary and the general ledger control accounts are not being periodically reconciled. The differences at December 31, 2005 were not significant to the financial statements, and we do not consider this condition to be a material weakness.

**Recommendation** – We recommend that the Town Clerk reconcile the utility meter deposit subsidiary to the general ledger at the close of end month. Differences should be investigated and corrected.

**Management's Response** – The Clerk will reconcile the subsidiary to the general ledger monthly.

**TOWN OF JENA, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**Section II: Financial Statement Findings (continued)**

**Current Year Findings, Recommendations, and Management's Corrective Action Plan (continued)**

**2005-06 Operating Transfers**

**Finding** - Operating transfers to and from other funds were not in balance at December 31, 2005. Like inter-fund receivables and payables, inter-fund transfers should agree with the reciprocal fund. This condition appears to have been created because accounts are not being reconciled. Because significant adjustments were required to balance these accounts, we consider this finding to be a material weakness at December 31, 2005.

**Recommendation** - Inter-fund transfers should be reconciled to the reciprocal funds periodically and adjusted if necessary. We recommend that the Town Clerk review these accounts monthly to insure that inter-fund transactions remain in balance.

**Management's Response** - Management is working diligently to correct this problem.

**2005-07 Past Due Accounts Receivable**

**Finding** - The amount of utility accounts receivable increased from \$9,134.91 at December 31, 2004, to \$21,435.05 at December 31, 2005. We do not consider this finding to be a material weakness.

**Recommendation** - We recommend that the Town review its cut off and collection procedures to insure that utility accounts receivable do not become more than 60 days past due.

**Management's Response** - Management is working diligently to address this problem.

**2005-08 Donated Property**

**Finding** - The lot and building donated to the Town during 2005 had not been recorded on the Town's book and records as of December 31, 2005. This property had a fair market value of \$475,000 at the date it was donated. We consider this finding to be a material weakness.

**Recommendation** - The Town should record donated property at its fair market value at the date of donation.

**Management's Response** - The Town will promptly record all property donated to the Town in the future.

**Section III: Federal Awards, Findings, and Questioned Costs**

Not applicable