

TOWN OF JENA, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2011
AND FOR THE YEAR THEN ENDED
WITH
INDEPENDENT AUDITOR'S REPORT

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 JUN 27 2012



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF JENA, LOUISIANA
Annual Financial Statements
As of and for the Year Ended December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

**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, 2011, 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, 2011, 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 our report dated May 9, 2012, on our consideration of Town of Jena, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 31 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jena, Louisiana's financial statements as a whole. The combining and individual fund statements and the other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Silas Simmons, LLP

Natchez, Mississippi
May 9, 2012

Required Supplemental Information (Part I)

TOWN OF JENA, LOUISIANA**MANAGEMENT'S DISCUSSION AND ANALYSIS****DECEMBER 31, 2011**

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, 2011. This Management's Discussion and Analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of 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.

The Town presents 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'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

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 \$11,196,867 (net assets); this represents an increase of \$569,868 from last year. Of this total net asset amount, \$3,462,426 is unrestricted net assets. The Town's net assets are comprised of \$5,983,196 from governmental activities and \$5,213,671 from business-type activities.

The following is a condensed statement of the Town of Jena's net assets as of December 31, 2011 and 2010:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets						
Current and other assets	\$ 2,499,044	\$ 2,737,475	\$ 1,894,398	\$ 1,821,342	\$ 4,393,442	\$ 4,558,817
Capital assets (net)	<u>3,551,704</u>	<u>2,752,178</u>	<u>3,834,491</u>	<u>4,058,053</u>	<u>7,386,195</u>	<u>6,810,231</u>
Total assets	<u>\$ 6,050,748</u>	<u>\$ 5,489,653</u>	<u>\$ 5,728,889</u>	<u>\$ 5,879,395</u>	<u>\$ 11,779,637</u>	<u>\$ 11,369,048</u>
Liabilities						
Other liabilities	\$ 67,552	\$ 33,390	\$ 325,218	\$ 321,539	\$ 392,770	\$ 354,929
Long-term liabilities	-	-	<u>190,000</u>	<u>370,000</u>	<u>190,000</u>	<u>370,000</u>
Total liabilities	<u>\$ 67,552</u>	<u>\$ 33,390</u>	<u>\$ 515,218</u>	<u>\$ 691,539</u>	<u>\$ 582,770</u>	<u>\$ 724,929</u>
Net assets						
Invested in capital assets, net	\$ 3,551,704	\$ 2,752,178	\$ 3,464,491	\$ 3,513,053	\$ 7,016,195	\$ 6,265,231
Restricted for capital projects	10	10	-	-	10	10
Restricted for debt service	-	-	718,236	703,890	718,236	703,890
Unrestricted	<u>2,431,482</u>	<u>2,704,075</u>	<u>1,030,944</u>	<u>970,913</u>	<u>3,462,426</u>	<u>3,674,988</u>
Total net assets	<u>\$ 5,983,196</u>	<u>\$ 5,456,263</u>	<u>\$ 5,213,671</u>	<u>\$ 5,187,856</u>	<u>\$ 11,196,867</u>	<u>\$ 10,644,119</u>

By far the largest portion of the Town's net assets (\$7,016,195 or 63%) 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 (\$3,462,426 or 31%) unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors and (\$718,236 or 6%) restricted net assets, which have been designated for debt service.

The Town has total outstanding debt of \$370,000, which was used to finance some of the \$7,386,195 capital assets. Total liabilities of \$582,770 are equal to 5% of the total net assets.

The Town's governmental activities increased net assets by \$544,053. This increase is primarily due to excess sales tax revenues. The Town's business-type activities increased net assets by \$25,815. This increase is primarily due to transfers from the sales tax fund.

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Government-Wide Financial Analysis (continued)

The following is a summary of the statement of activities for the years ended December 31, 2011 and 2010:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue						
Program revenue	\$ 915,344	\$ 676,305	\$ 1,940,269	\$ 2,024,280	\$ 2,855,613	\$ 2,700,585
General revenue and transfers	<u>1,126,262</u>	<u>1,431,577</u>	<u>272,788</u>	<u>(77,142)</u>	<u>1,399,050</u>	<u>1,354,435</u>
Total revenue and transfers	<u>\$ 2,041,606</u>	<u>\$ 2,107,882</u>	<u>\$ 2,213,057</u>	<u>\$ 1,947,138</u>	<u>\$ 4,254,663</u>	<u>\$ 4,055,020</u>
Expenses						
General and administrative	\$ 329,968	\$ 364,937	\$ -	\$ -	\$ 329,968	\$ 364,937
Public safety	637,291	641,558	-	-	637,291	641,558
Parks and streets	301,929	260,019	-	-	301,929	260,019
Sanitation	141,398	136,206	-	-	141,398	136,206
Recreation	86,967	78,584	-	-	86,967	78,584
Combined utilities	-	-	2,169,317	2,070,169	2,169,317	2,070,169
Interest on long-term debt	-	-	17,925	25,667	17,925	25,667
Total expenses	<u>\$ 1,497,553</u>	<u>\$ 1,481,304</u>	<u>\$ 2,187,242</u>	<u>\$ 2,095,836</u>	<u>\$ 3,684,795</u>	<u>\$ 3,577,140</u>
Increase (decrease) in net assets	<u>\$ 544,053</u>	<u>\$ 626,578</u>	<u>\$ 25,815</u>	<u>\$ (148,698)</u>	<u>\$ 569,868</u>	<u>\$ 477,880</u>
Net assets, beginning	\$ 5,456,263	\$ 4,829,685	\$ 5,187,856	\$ 5,336,554	\$ 10,644,119	\$ 10,166,239
Prior period adjustment	<u>(17,120)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,120)</u>	<u>-</u>
Net assets, beginning, as restated	<u>\$ 5,439,143</u>	<u>\$ 4,829,685</u>	<u>\$ 5,187,856</u>	<u>\$ 5,336,554</u>	<u>\$ 10,626,999</u>	<u>\$ 10,166,239</u>
Net assets, ending	<u>\$ 5,983,196</u>	<u>\$ 5,456,263</u>	<u>\$ 5,213,671</u>	<u>\$ 5,187,856</u>	<u>\$ 11,196,867</u>	<u>\$ 10,644,119</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'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Business-Type Activities (continued)

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

	<u>Operating Revenues</u>			
	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Total</u>
Year ended December 31, 2010	\$ 686,573	\$ 1,075,689	\$ 251,018	\$ 2,013,280
Year ended December 31, 2011	<u>738,282</u>	<u>895,240</u>	<u>259,076</u>	<u>1,892,598</u>
Increase (decrease) between years	<u>\$ 51,709</u>	<u>\$ (180,449)</u>	<u>\$ 8,058</u>	<u>\$ (120,682)</u>

	<u>Operating Expenses</u>			
	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Total</u>
Year ended December 31, 2010	\$ 654,883	\$ 881,984	\$ 533,302	\$ 2,070,169
Year ended December 31, 2011	<u>783,260</u>	<u>828,777</u>	<u>557,280</u>	<u>2,169,317</u>
Increase (decrease) between years	<u>\$ 128,377</u>	<u>\$ (53,207)</u>	<u>\$ 23,978</u>	<u>\$ 99,148</u>

	<u>Operating Income (Loss)</u>			
	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Total</u>
Year ended December 31, 2010	\$ 31,690	\$ 193,705	\$ (282,284)	\$ (56,889)
Year ended December 31, 2011	<u>(44,978)</u>	<u>66,463</u>	<u>(298,204)</u>	<u>(276,719)</u>
Increase (decrease) between years	<u>\$ (76,668)</u>	<u>\$ (127,242)</u>	<u>\$ (15,920)</u>	<u>\$ (219,830)</u>

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

Revenues decreased by approximately 6% during the year primarily due to decreases in customer utility consumption. Expenses increased by approximately 5% because of increases in the water and sewer operating costs.

Fund Financial Statements - Governmental Funds

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

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

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Fund Financial Statements – Governmental Funds (continued)

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 \$2,431,492, which is a decrease of \$272,593. The decrease was primarily due to investments in fixed assets. \$10 is reserved for capital projects, and the remaining fund balance of \$2,431,482 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 an increase in ending fund balance of \$25,815 and an operating loss in the municipal utilities system of \$276,719. These decreases are the result of an operating loss in the sewer and water system of \$343,182. The gas system showed an operating income of \$66,463, which is a decrease of \$127,242 from the prior year.

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

Budgeted amounts were amended during the year.

The General Fund has an overall positive variance of \$78,932. This positive variance was primarily due to general government expenses being lower than anticipated and other financing sources higher than budgeted.

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

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

Sales Tax Special Revenue Fund

Tax revenues were higher than expected. Capital outlays were less than budgeted. Operating transfers-out were higher than budgeted. Overall the Sales Tax Special Revenue Fund had a negative variance of \$52,399.

Capital Asset and Debt Administration

The total investment in net capital assets as of December 31, 2011, is \$7,386,195.

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

1. Purchased a 2011 Ford F-150 for \$22,115.
2. Purchased a trencher for \$5,096.
3. Water well improvements for \$20,900.
4. Water line improvements for \$30,076.
5. Completed Highway 84 streetscape project for \$228,938.
6. New air conditioner system and light replacement at Town Hall for \$56,000.
7. Purchased land for future recreational use for \$194,785.
8. Wastewater collection system improvements for \$503,719.
9. Purchased a 2011 Ford Crown Victoria for \$22,360.
10. Purchased playground equipment and upgrades for \$13,571.
11. Purchased a bush hog with 72" cutter and canopy for \$23,511.
12. Purchased new street lights for \$47,748.
13. Purchased video cameras for fire trucks for \$9,000.

Current Financial Factors

The Town saw continuing increases in sales tax revenue throughout the year 2011. That increase in revenue is set aside for future investments in fixed assets. First quarter 2012 Jena's sales tax collections reflected a 12.5% increase compared to the same period last year. Town officials continue to be encouraged by the high employment rate in the parish with only a 4.6% unemployment rate in early 2012. Other major revenue sources for the Town of Jena vary in the business units based on weather conditions both temperature and amount of rainfall.

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, 2908 East Oak Street, Jena, Louisiana 71342.

Basic Financial Statements

Government-Wide Financial Statements

TOWN OF JENA, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,214,566	\$ 520,190	\$ 2,734,756
Receivables (net of allowances for uncollectibles)	246,309	272,946	519,255
Internal balances	(7,411)	7,411	-
Other assets	-	249,436	249,436
Restricted assets	45,580	844,415	889,995
Capital assets (net)	<u>3,551,704</u>	<u>3,834,491</u>	<u>7,386,195</u>
Total assets	<u>\$ 6,050,748</u>	<u>\$ 5,728,889</u>	<u>\$ 11,779,637</u>
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 21,972	\$ 21,505	\$ 43,477
Payable from restricted assets	45,580	123,713	169,293
Bonds and certificates payable, due within one year	-	180,000	180,000
Bonds and certificates payable, beyond one year	<u>-</u>	<u>190,000</u>	<u>190,000</u>
Total liabilities	<u>\$ 67,552</u>	<u>\$ 515,218</u>	<u>\$ 582,770</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 3,551,704	\$ 3,464,491	\$ 7,016,195
Restricted for capital projects	10	-	10
Restricted for debt service	-	718,236	718,236
Unrestricted	<u>2,431,482</u>	<u>1,030,944</u>	<u>3,462,426</u>
Total net assets	<u>\$ 5,983,196</u>	<u>\$ 5,213,671</u>	<u>\$ 11,196,867</u>

See accompanying notes to the basic financial statements.

TOWN OF JENA, LOUISIANA
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Revenues		Capital Grants and Contributions	Net (Expenses)/ Revenue	Net (Expenses), Revenues, and Changes	
	Charges for Services	Operating Grants and Contributions			Governmental Activities	Business-Type Activities
GOVERNMENTAL ACTIVITIES						
General government	\$ 329,968	\$ -	\$ 187,948	\$ (142,020)	\$ (142,020)	\$ (142,020)
Public safety	637,291	209,393	17,076	(410,822)	(410,822)	(410,822)
Parks and streets	301,929	950	36,000	(254,103)	(254,103)	(254,103)
Sanitation	141,398	177,106	262,443	298,151	298,151	298,151
Recreation	86,967	13,552	-	(73,415)	(73,415)	(73,415)
Total governmental activities	\$ 1,497,553	\$ 401,001	\$ 486,391	\$ (582,209)	\$ (582,209)	\$ (582,209)
BUSINESS-TYPE ACTIVITIES						
Water	\$ 783,260	\$ 738,282	\$ -	\$ (44,978)	\$ (44,978)	\$ (44,978)
Gas	828,777	895,240	-	66,463	66,463	66,463
Sewer	557,280	259,076	47,671	(250,533)	(250,533)	(250,533)
Interest on long-term debt	17,925	-	-	(17,925)	(17,925)	(17,925)
Total business-type activities	\$ 2,187,242	\$ 1,892,598	\$ 47,671	\$ (246,973)	\$ (246,973)	\$ (246,973)
Total	\$ 3,684,795	\$ 2,293,599	\$ 534,062	\$ (829,182)	\$ (829,182)	\$ (829,182)

General Revenues:

Taxes	\$ 1,178,218	\$ -	\$ -	\$ 1,178,218
Licenses and permits	197,510	-	-	197,510
Intergovernmental revenues	5,803	-	-	5,803
Investment earnings	6,185	7,037	-	13,222
Other general revenues	4,297	-	-	4,297
Transfers	(265,751)	265,751	-	-
Total general revenues and transfers	\$ 1,126,262	\$ 272,788	\$ -	\$ 1,399,050
Change in net assets	\$ 544,053	\$ 25,815	\$ -	\$ 569,868
Net assets - beginning	\$ 5,456,263	\$ 5,187,856	\$ -	\$ 10,644,119
Prior period adjustment	(17,120)	-	-	(17,120)
Net assets - beginning, as restated	\$ 5,439,143	\$ 5,187,856	\$ -	\$ 10,626,999
Net assets - ending	\$ 5,983,196	\$ 5,213,671	\$ -	\$ 11,196,867

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

TOWN OF JENA, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2011

	<u>Major Funds</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Sales Tax Fund</u>		
ASSETS				
Cash and cash equivalents	\$ 414,943	\$ 1,784,839	\$ 14,784	\$ 2,214,566
Receivables (net of allowances for uncollectibles)	129,318	116,991	-	246,309
Due from other funds	10,961	-	-	10,961
Restricted cash	45,580	-	-	45,580
Total assets	\$ 600,802	\$ 1,901,830	\$ 14,784	\$ 2,517,416
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 21,972	\$ -	\$ -	\$ 21,972
Due to other funds	3,598	-	14,774	18,372
Deposits held in protest (ad valorem)	45,580	-	-	45,580
Total liabilities	\$ 71,150	\$ -	\$ 14,774	\$ 85,924
Fund balances:				
Restricted for:				
Capital projects	\$ -	\$ -	\$ 10	\$ 10
Assigned for:				
General fund	45,580	-	-	45,580
Unassigned, reported in:				
General Fund	484,072	-	-	484,072
Special Revenue Fund	-	1,901,830	-	1,901,830
Total fund balances	\$ 529,652	\$ 1,901,830	\$ 10	\$ 2,431,492
Total liabilities and fund balances	\$ 600,802	\$ 1,901,830	\$ 14,784	\$ 2,517,416

See accompanying notes to the basic financial statements.

TOWN OF JENA, LOUISIANA

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

DECEMBER 31, 2011

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 2,431,492
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>3,551,704</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 5,983,196</u>

See accompanying notes to the basic financial statements.

TOWN OF JENA, LOUISIANA

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

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Major Funds</u>		Other Governmental Funds	Total Governmental Funds
	<u>General Fund</u>	<u>Sales Tax Fund</u>		
<u>REVENUES</u>				
Taxes	\$ 233,504	\$ 944,714	\$ -	\$ 1,178,218
Licenses and permits	197,510	-	-	197,510
Intergovernmental revenues	101,486	116,253	262,443	480,182
Charges for services	310,740	-	-	310,740
Fines and forfeitures	90,261	-	-	90,261
Investment earnings	355	5,830	-	6,185
Contributions	39,964	-	-	39,964
Other revenues	4,297	-	-	4,297
Total revenues	\$ 978,117	\$ 1,066,797	\$ 262,443	\$ 2,307,357
<u>EXPENDITURES</u>				
General government	\$ 353,654	\$ 14,198	\$ -	\$ 367,852
Public safety	660,869	-	-	660,869
Parks and streets	542,472	-	-	542,472
Sanitation	130,171	-	262,443	392,614
Recreation	79,587	-	-	79,587
Capital outlay	-	253,685	-	253,685
Total expenditures	\$ 1,766,753	\$ 267,883	\$ 262,443	\$ 2,297,079
Excess (deficiency) of revenues over (under) expenditures	\$ (788,636)	\$ 798,914	\$ -	\$ 10,278
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers - in	\$ 985,362	\$ -	\$ -	\$ 985,362
Transfers - out	-	(1,251,113)	-	(1,251,113)
Total other financing sources (uses)	\$ 985,362	\$ (1,251,113)	\$ -	\$ (265,751)
Net change in fund balances	\$ 196,726	\$ (452,199)	\$ -	\$ (255,473)
Fund balances - beginning	\$ 350,046	\$ 2,354,029	\$ 10	\$ 2,704,085
Prior period adjustment	(17,120)	-	-	(17,120)
Fund balance - beginning, as restated	\$ 332,926	\$ 2,354,029	\$ 10	\$ 2,686,965
Fund balances - ending	\$ 529,652	\$ 1,901,830	\$ 10	\$ 2,431,492

See accompanying notes to the basic financial statements.

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, 2011

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ (255,473)
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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.

799,526

Change in Net Assets of Governmental Activities, Statement B	\$ <u>544,053</u>
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See accompanying notes to the basic financial statements.

Proprietary Funds

TOWN OF JENA, LOUISIANA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

DECEMBER 31, 2011

	<u>Enterprise Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 520,190
Receivables (net of allowances for uncollectibles)	261,598
Due from other governments	9,160
Other receivables	2,188
Due from other funds	10,229
Prepaid expenses	135,101
Inventory	<u>114,335</u>
Total current assets	\$ <u>1,052,801</u>
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	\$ 844,415
Capital assets (net of accumulated depreciation)	<u>3,834,491</u>
Total noncurrent assets	\$ <u>4,678,906</u>
Total assets	\$ <u>5,731,707</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 18,143
Accrued liabilities	3,362
Due to other funds	<u>2,818</u>
Total current liabilities	\$ <u>24,323</u>
Current liabilities payable from restricted assets	
Consumer meter deposits	\$ 118,178
Accrued interest	5,535
Sewer sales tax bonds	<u>180,000</u>
Total current liabilities payable from restricted assets	\$ <u>303,713</u>
Long-term liabilities	
Sewer sales tax bonds	\$ <u>190,000</u>
Total liabilities	\$ <u>518,036</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	\$ 3,464,491
Restricted for debt service	718,236
Unrestricted	<u>1,030,944</u>
Total net assets	\$ <u>5,213,671</u>

See accompanying notes to the basic financial statements.

TOWN OF JENA, LOUISIANA

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

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Enterprise Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Water sales	\$ 723,159
Gas sales	877,015
Sewer charges	253,647
Other operating revenue	<u>38,777</u>
Total operating revenues	<u>\$ 1,892,598</u>
<u>OPERATING EXPENSES</u>	
Personal services	\$ 705,436
Purchase of utilities provided	385,960
Materials and supplies	224,387
Repairs and maintenance	191,362
Depreciation	301,750
Utilities and telephone	95,777
Insurance	127,019
Bad debts	-
Other operating expenses	<u>137,626</u>
Total operating expenses	<u>\$ 2,169,317</u>
Operating Loss	<u>\$ (276,719)</u>
Nonoperating Revenues (Expenses)	
Interest earnings	\$ 7,037
Interest expense	(17,925)
Grants	<u>47,671</u>
Total nonoperating revenues (expenses)	<u>\$ (36,783)</u>
Loss Before Transfers	<u>\$ (239,936)</u>
Transfers - in	685,751
Transfers - out	<u>(420,000)</u>
Change in Net Assets	<u>\$ 25,815</u>
Total net assets - beginning	<u>5,187,856</u>
Total net assets - ending	<u>\$ 5,213,671</u>

See accompanying notes to the basic financial statements.

TOWN OF JENA, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Enterprise Fund</u>
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 1,941,766
Payments to suppliers for goods and services	(1,220,805)
Payments to and on behalf of employees for services	(705,436)
Net cash provided by operating activities	<u>\$ 15,525</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Operating transfers from other funds	\$ 699,179
Operating transfers to other funds	(435,554)
Net cash provided by noncapital financing activities	<u>\$ 263,625</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital grants received	\$ 47,671
Purchase of capital assets	(78,187)
Principal paid on capital debt	(175,000)
Interest paid on capital debt	(20,588)
Net cash used for capital and related financing activities	<u>\$ (226,104)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on temporary investments	\$ 8,342
Net cash provided by investing activities	<u>\$ 8,342</u>
Net increase in cash and cash equivalents	\$ 61,388
Cash and cash equivalents, beginning of year	1,303,217
Cash and cash equivalents, end of year	<u>\$ 1,364,605</u>
<u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Operating loss	\$ (276,719)
<u>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities</u>	
Depreciation	\$ 301,750
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable - customers	49,753
Intergovernmental receivables	(4,382)
Prepaid expenses	(57,142)
Inventory	923
Increase (decrease) in:	
Accounts payable	(2,455)
Customer deposits	3,797
Total adjustments	<u>\$ 292,244</u>
Net cash provided by operating activities	<u>\$ 15,525</u>

See accompanying notes to the basic financial statements.

Notes to the Basic Financial Statements

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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.

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.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 fund:

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal 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.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2011, taxes of 6.24 mills were levied on property with assessed valuations totaling \$21,310,897, after abatements and exemptions and were dedicated as follows:

General corporate purposes	Mills	6.24
Total taxes levied were	\$	132,980

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, 2011, 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.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies.

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.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Town Council no later than fifteen days prior to the beginning of each year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with 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, 2011, the municipality had unrestricted cash and cash equivalents totaling \$2,734,756 and restricted cash and cash equivalents of \$889,995 as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Demand deposits	\$ 2,031,787	\$ 569,760	\$ 2,601,547
Time deposits	702,569	320,235	1,022,804
Cash on hand	<u>400</u>	<u>-</u>	<u>400</u>
Total	<u>\$ 2,734,756</u>	<u>\$ 889,995</u>	<u>\$ 3,624,751</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, 2011, the municipality had \$3,636,470 in deposits (collected bank balances). These deposits are secured from risk by \$2,846,386 of federal deposit insurance and \$3,254,109 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 3 - CASH AND CASH EQUIVALENTS (continued)

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.

NOTE 4 - RECEIVABLES

Class of Receivable	General Fund	Sales Tax Fund	Enterprise Fund	Total
Taxes:				
Ad valorem	\$ 12,570	\$ -	\$ -	\$ 12,570
Intergovernmental				
State	21,906	-	-	21,906
Local	-	-	9,160	9,160
Accounts	35,573	-	337,451	373,024
Other	59,269	116,991	2,188	178,448
Allowance for uncollectibles	-	-	(75,853)	(75,853)
Total	\$ 129,318	\$ 116,991	\$ 272,946	\$ 519,255

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" as of December 31, 2011, follows:

	Interfund	
	Receivable	Payable
General fund	\$ 10,961	\$ 3,598
Nonmajor governmental funds	-	14,774
Enterprise fund	10,229	2,818
Totals	\$ 21,190	\$ 21,190

Interfund transfers during the year ended December 31, 2011, were as follows:

	Operating Transfers	
	In	Out
General fund	\$ 985,362	\$ -
Special revenue fund	-	1,251,113
Enterprise fund	685,751	420,000
Totals	\$ 1,671,113	\$ 1,671,113

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 Utility Fund to the General Fund to cover payroll expenditures.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 311,088	\$ 252,035	\$ -	\$ 563,123
Total capital assets, not being depreciated	<u>\$ 311,088</u>	<u>\$ 252,035</u>	<u>\$ -</u>	<u>\$ 563,123</u>
Capital assets being depreciated				
Buildings	\$ 930,189	\$ 15,053	\$ -	\$ 945,242
Other improvements	398,924	74,571	-	473,495
Equipment	1,098,992	60,477	-	1,159,469
Infrastructure	1,601,740	780,405	-	2,382,145
Construction in progress	255,911	476,746	732,657	-
Total capital assets being depreciated	<u>\$ 4,285,756</u>	<u>\$ 1,407,252</u>	<u>\$ 732,657</u>	<u>\$ 4,960,351</u>
Less accumulated depreciation for:				
Buildings	\$ (169,060)	\$ (19,868)	\$ -	\$ (188,928)
Other improvements	(156,378)	(20,692)	-	(177,070)
Equipment	(818,296)	(35,411)	-	(853,707)
Infrastructure	(700,932)	(51,133)	-	(752,065)
Total accumulated depreciation	<u>\$ (1,844,666)</u>	<u>\$ (127,104)</u>	<u>\$ -</u>	<u>\$ (1,971,770)</u>
Total capital assets being depreciated, net	<u>\$ 2,441,090</u>	<u>\$ 1,280,148</u>	<u>\$ (732,657)</u>	<u>\$ 2,988,581</u>
Total capital assets, net	<u>\$ 2,752,178</u>	<u>\$ 1,532,183</u>	<u>\$ (732,657)</u>	<u>\$ 3,551,704</u>
Business-type activities:				
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	\$ 4,580,763	\$ -	\$ -	\$ 4,580,763
Natural gas distribution system	2,698,585	-	-	2,698,585
Water plant and system	2,994,774	50,976	-	3,045,750
Service equipment	960,131	27,211	-	987,342
Total capital assets being depreciated	<u>\$ 11,234,253</u>	<u>\$ 78,187</u>	<u>\$ -</u>	<u>\$ 11,312,440</u>
Less accumulated depreciation for:				
Sewer disposal system	\$ (2,677,459)	\$ (87,056)	\$ -	\$ (2,764,515)
Natural gas distribution system	(2,181,757)	(89,469)	-	(2,271,226)
Water plant and system	(1,570,812)	(86,690)	-	(1,657,502)
Service equipment	(776,721)	(38,534)	-	(815,255)
Total accumulated depreciation	<u>\$ (7,206,749)</u>	<u>\$ (301,749)</u>	<u>\$ -</u>	<u>\$ (7,508,498)</u>
Total capital assets being depreciated, net	<u>\$ 4,027,504</u>	<u>\$ (223,562)</u>	<u>\$ -</u>	<u>\$ 3,803,942</u>
Total capital assets, net	<u>\$ 4,058,053</u>	<u>\$ (223,562)</u>	<u>\$ -</u>	<u>\$ 3,834,491</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense of \$127,104 for the year ended December 31, 2011, was charged to the following governmental functions:

General government	\$	17,346
Public safety:		
Police		16,416
Fire		6,419
Public works:		
Parks and streets		51,844
Sanitation		14,127
Recreation		<u>20,952</u>
 Total	 \$	 <u>127,104</u>

NOTE 7 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

Payables at December 31, 2011, are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Payable from unrestricted assets:			
Accounts payable	\$ 21,972	\$ 21,505	\$ 43,477
 Total payable from unrestricted assets	 <u>\$ 21,972</u>	 <u>\$ 21,505</u>	 <u>\$ 43,477</u>
Payable from restricted assets:			
Meter deposits	\$ -	\$ 118,178	\$ 118,178
Deposits held in protest (ad valorem)	45,580	-	45,580
Accrued liabilities and other payables	<u>-</u>	<u>5,535</u>	<u>5,535</u>
 Total payable from restricted assets	 <u>\$ 45,580</u>	 <u>\$ 123,713</u>	 <u>\$ 169,293</u>

NOTE 8 - LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2011:

	<u>Enterprise Fund</u>	
	Sales Tax	
	Bond	<u>Totals</u>
Long-term obligations at beginning of year	\$ 545,000	\$ 545,000
Additions	-	-
Deductions	(175,000)	(175,000)
Long-term obligations at end of year	<u>\$ 370,000</u>	<u>\$ 370,000</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

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, 2011:

	Enterprise Fund
	Sales Tax Bond
Current portion	\$ 180,000
Long-term portion	190,000
Totals	\$ 370,000

Long-term debt as of December 31, 2011, is comprised of the following:

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.

\$ 370,000

Total

\$ 370,000

The annual requirements to amortize all outstanding debt as of December 31, 2011, including interest payments are as follows:

	Enterprise Fund		Totals
	Sewer Sales Tax Bonds		
	Principal	Interest	
2012	\$ 180,000	\$ 12,600	\$ 192,600
2013	190,000	4,275	194,275
	\$ 370,000	\$ 16,875	\$ 386,875

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, 2011, the statutory limit was \$7,458,814.

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.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

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.

NOTE 9 - 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

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

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who 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 supplemental 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 rate was 14.25% from January 1, 2011 to June 30, 2011, and 16.75% from July 1, 2011 to December 31, 2011. 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, 2011, 2010, and 2009, were \$150,897, \$136,993, and \$132,026, respectively, equal to the required contributions for each year.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 - RETIREMENT SYSTEMS (continued)

Municipal Police Employees' Retirement System of Louisiana

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

Plan description - All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 35 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 supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809-7017.

Funding Policy - Plan members are required by state statute to contribute 10% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The Town's contribution rate was 25% from January 1, 2011 to June 30, 2011, and 26.5% from July 1, 2011 to December 31, 2011. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions to the System for the years ending December 31, 2011, 2010, and 2009, were \$26,162, \$17,451, and \$9,242, respectively, equal to the required contributions for each year.

NOTE 10 - SEGMENT INFORMATION FOR UTILITY FUND

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

	Water System	Gas System	Sewer System	Total
Operating revenue	\$ 738,282	\$ 895,240	\$ 259,076	\$ 1,892,598
Purchase of natural gas	-	(385,960)	-	(385,960)
Operating expense	(680,946)	(342,916)	(457,745)	(1,481,607)
Depreciation	(102,314)	(99,901)	(99,535)	(301,750)
Operating income (loss)	<u>\$ (44,978)</u>	<u>\$ 66,463</u>	<u>\$ (298,204)</u>	<u>\$ (276,719)</u>
Nonoperating revenues (expenses)				
Interest income				7,037
Interest expense				(17,925)
Grants				47,671
Operating transfers - in				685,751
Operating transfers - out				<u>(420,000)</u>
Net increase in net assets				<u>\$ 25,815</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - COMPENSATION PAID TO MAYOR AND TOWN COUNCIL

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following reflects compensation paid to the Mayor and members of the Town Council of the Town of Jena, Louisiana, for the year ending December 31, 2011:

Mayor, Murphy McMillin	\$ 43,264
Town Council:	
Donnie Kendrick	3,750
Donald G. Richardson	3,750
Carl Newburg	3,750
David Paul Jones	3,750
Tommy Sandifer	<u>3,750</u>
 Total	 <u>\$ 62,014</u>

NOTE 12 - RISK MANAGEMENT

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

NOTE 13 - 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.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to the governmental activities. The adjustment was due to a misposting in revenue recognition in the previous years and is as follows:

<u>Governmental Activities</u>	
General Fund	\$17,120

The adjustment in the general fund is in connection with ad valorem taxes receivable.

NOTE 15 - SUBSEQUENT EVENT

On January 17, 2012, the Town entered into a legally binding agreement with Walker Construction Co., Inc. for work on the Strand Theatre Facade Restoration Project. The sum of the cost of the work and the contractor's fee is guaranteed by the contractor not to exceed \$98,370, subject to changes in the work as provided in the contract documents.

Required Supplemental Information (Part II)

TOWN OF JENA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 230,500	\$ 230,500	\$ 233,504	\$ 3,004
Licenses and permits	201,225	201,225	197,510	(3,715)
Intergovernmental revenues	240,651	240,651	101,486	(139,165)
Charges for services	305,900	305,900	310,740	4,840
Fines and forfeitures	100,000	100,000	90,261	(9,739)
Contributions	2,000	2,000	39,964	37,964
Other	3,100	3,100	4,652	1,552
Total revenues	\$ 1,083,376	\$ 1,083,376	\$ 978,117	\$ (105,259)
Expenditures				
Current				
General government	\$ 430,039	\$ 430,039	\$ 353,654	\$ 76,385
Public safety:				
Police	437,971	437,971	436,253	1,718
Fire	224,060	224,060	219,957	4,103
Animal control	4,800	4,800	4,659	141
Public works:				
Parks and streets	388,158	588,158	542,472	45,686
Sanitation	131,091	131,091	130,171	920
Recreation	85,463	85,463	79,587	5,876
Total expenditures	\$ 1,701,582	\$ 1,901,582	\$ 1,766,753	\$ 134,829
Revenues over (under) expenditures	\$ (618,206)	\$ (818,206)	\$ (788,636)	\$ 29,570
Other Financing Sources (Uses)				
Operating transfers - in	\$ 620,000	\$ 936,000	\$ 985,362	\$ 49,362
Total other financing sources (uses)	\$ 620,000	\$ 936,000	\$ 985,362	\$ 49,362
Excess of revenues and other sources over expenditures and other uses	\$ 1,794	\$ 117,794	\$ 196,726	\$ 78,932
Fund balance - beginning of year	\$ 350,046	\$ 350,046	\$ 350,046	\$ -
Prior period adjustment	(17,120)	(17,120)	(17,120)	-
Fund balance - beginning, as restated	\$ 332,926	\$ 332,926	\$ 332,926	\$ -
Fund balance - end of year	\$ 334,720	\$ 450,720	\$ 529,652	\$ 78,932

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 846,000	\$ 846,000	\$ 944,714	\$ 98,714
Grants	-	-	116,253	116,253
Interest	<u>7,900</u>	<u>7,900</u>	<u>5,830</u>	<u>(2,070)</u>
Total revenues	<u>\$ 853,900</u>	<u>\$ 853,900</u>	<u>\$ 1,066,797</u>	<u>\$ 212,897</u>
Expenditures				
Current				
General government	\$ 15,300	\$ 15,300	\$ 14,198	\$ 1,102
Capital outlay	-	<u>254,000</u>	<u>253,685</u>	<u>315</u>
Total expenditures	<u>\$ 15,300</u>	<u>\$ 269,300</u>	<u>\$ 267,883</u>	<u>\$ 1,417</u>
Excess of revenues over expenditures	<u>\$ 838,600</u>	<u>\$ 584,600</u>	<u>\$ 798,914</u>	<u>\$ 214,314</u>
Other Financing Uses				
Operating transfers - out	<u>\$ (621,500)</u>	<u>\$ (984,400)</u>	<u>\$ (1,251,113)</u>	<u>\$ (266,713)</u>
Total other financing uses	<u>\$ (621,500)</u>	<u>\$ (984,400)</u>	<u>\$ (1,251,113)</u>	<u>\$ (266,713)</u>
Excess of revenues over expenditures and other uses	\$ 217,100	\$ (399,800)	\$ (452,199)	\$ (52,399)
Fund Balance - beginning of year	<u>2,354,029</u>	<u>2,354,029</u>	<u>2,354,029</u>	-
Fund Balance - end of year	<u>\$ 2,571,129</u>	<u>\$ 1,954,229</u>	<u>\$ 1,901,830</u>	<u>\$ (52,399)</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

Budgetary Comparison Schedule

1. Basis of Presentation

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

2. Budget Amendments and Revisions

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

See Independent Auditor's Report.

Other Supplemental Information

Nonmajor Governmental Funds

TOWN OF JENA, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2011

	<u>Fiduciary Funds</u>			<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Capital Projects Fund</u>	<u>Accounts Payable Clearing Fund</u>	<u>Payroll Clearing Fund</u>		
<u>ASSETS</u>					
Cash	\$ 10	\$ 6,769	\$ 8,005	\$ 14,774	\$ 14,784
Total assets	<u>\$ 10</u>	<u>\$ 6,769</u>	<u>\$ 8,005</u>	<u>\$ 14,774</u>	<u>\$ 14,784</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Due to other funds	\$ -	\$ 6,769	\$ 8,005	\$ 14,774	\$ 14,774
Total liabilities	<u>\$ -</u>	<u>\$ 6,769</u>	<u>\$ 8,005</u>	<u>\$ 14,774</u>	<u>\$ 14,774</u>
Fund Balances					
Reserved for					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
Total fund balances	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>
Total liabilities and fund balances	<u>\$ 10</u>	<u>\$ 6,769</u>	<u>\$ 8,005</u>	<u>\$ 14,774</u>	<u>\$ 14,784</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>REVENUES</u>		
Grants	\$ 262,443	\$ 262,443
Total revenues	<u>\$ 262,443</u>	<u>\$ 262,443</u>
<u>EXPENDITURES</u>		
Principal paid	\$ 262,443	\$ 262,443
Total expenditures	<u>\$ 262,443</u>	<u>\$ 262,443</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>
<u>OTHER FINANCING SOURCES</u>		
Operating transfers to general fund	\$ -	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>
Excess of expenditures over revenues and other financing sources	\$ -	\$ -
Fund balance - beginning of year	<u>10</u>	<u>10</u>
Fund balance - end of year	<u>\$ 10</u>	<u>\$ 10</u>

See Independent Auditor's Report.

Comparative/Combining Financial Statements and Schedules

GENERAL FUND

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

TOWN OF JENA, LOUISIANA
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 414,943	\$ 211,438
Receivables (net of allowance for doubtful accounts):		
Accounts	35,573	33,292
Taxes	12,570	75,747
Governmental	21,906	6,861
Other	59,269	38,176
Due from other funds	10,961	9,651
Restricted cash	<u>45,580</u>	<u>11,869</u>
 Total assets	 <u>\$ 600,802</u>	 <u>\$ 387,034</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Accounts payable	\$ 21,972	\$ 21,521
Due to other funds	3,598	3,598
Deposits held in protest (ad valorem)	<u>45,580</u>	<u>11,869</u>
 Total liabilities	 <u>\$ 71,150</u>	 <u>\$ 36,988</u>
 FUND BALANCE		
Assigned fund balance	\$ 45,580	\$ 11,869
Unassigned fund balance	<u>484,072</u>	<u>338,177</u>
 Total fund balance	 <u>\$ 529,652</u>	 <u>\$ 350,046</u>
 Total liabilities and fund balance	 <u>\$ 600,802</u>	 <u>\$ 387,034</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2011

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2010

	<u>2011</u>	<u>2010</u>
<u>REVENUES</u>		
Taxes	\$ 233,504	\$ 230,072
Licenses and permits	197,510	205,728
Intergovernmental	101,486	123,472
Charges for services	310,740	306,148
Fines and forfeits	90,261	87,973
Contributions	39,964	13,985
Other	<u>4,652</u>	<u>5,232</u>
Total revenues	\$ <u>978,117</u>	\$ <u>972,610</u>
<u>EXPENDITURES</u>		
General government	\$ 353,654	\$ 339,562
Public safety:		
Police	436,253	430,870
Fire	219,957	234,273
Animal control	4,659	3,612
Public works:		
Parks and streets	542,472	314,494
Sanitation	130,171	154,700
Recreation	<u>79,587</u>	<u>110,963</u>
Total expenditures	\$ <u>1,766,753</u>	\$ <u>1,588,474</u>
Revenues under expenditures	\$ <u>(788,636)</u>	\$ <u>(615,864)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating transfers - in	\$ <u>985,362</u>	\$ <u>652,750</u>
Total other financing sources (uses)	\$ <u>985,362</u>	\$ <u>652,750</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ <u>196,726</u>	\$ <u>36,886</u>
Fund balances - beginning of year	\$ 350,046	\$ 313,160
Prior period adjustment	<u>(17,120)</u>	<u>-</u>
Fund balance - beginning of year, as restated	<u>\$ 332,926</u>	<u>\$ -</u>
Fund balances - end of year	<u>\$ <u>529,652</u></u>	<u>\$ <u>350,046</u></u>

See Independent Auditor's Report.

SALES TAX SPECIAL REVENUE FUND

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

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

TOWN OF JENA, LOUISIANA
 SALES TAX SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash	\$ 1,425,636	\$ 1,997,904
Temporary investments (at cost)	359,203	355,638
Accounts receivable - grant	116,253	-
Accrued interest receivable	<u>738</u>	<u>487</u>
 Total assets	 <u>\$ 1,901,830</u>	 <u>\$ 2,354,029</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ -	\$ -
Fund balance		
Unassigned, fund balance	<u>\$ 1,901,830</u>	<u>\$ 2,354,029</u>
Total fund balance	<u>\$ 1,901,830</u>	<u>\$ 2,354,029</u>
Total liabilities and fund balance	<u>\$ 1,901,830</u>	<u>\$ 2,354,029</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

SALES TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2011

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2010

	<u>2011</u>	<u>2010</u>
<u>REVENUES</u>		
Taxes	\$ 944,714	\$ 888,613
Grants	116,253	-
Interest	5,830	7,086
Total revenues	<u>\$ 1,066,797</u>	<u>\$ 895,699</u>
<u>EXPENDITURES</u>		
Current - general government		
Operating expense	\$ 5,645	\$ 5,692
Collection expense	8,553	9,488
Capital outlay	253,685	87,700
Total expenditures	<u>\$ 267,883</u>	<u>\$ 102,880</u>
Excess of revenues over expenditures	<u>\$ 798,914</u>	<u>\$ 792,819</u>
<u>OTHER FINANCING USES</u>		
Operating transfers out	\$ (1,251,113)	\$ (562,742)
Total other financing uses	<u>\$ (1,251,113)</u>	<u>\$ (562,742)</u>
Excess of (deficiency) revenues over (under) expenditures and other financing sources	\$ (452,199)	\$ 230,077
Fund balances - beginning of year	<u>2,354,029</u>	<u>2,123,952</u>
Fund balances - end of year	<u>\$ 1,901,830</u>	<u>\$ 2,354,029</u>

See Independent Auditor's Report.

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, 2011
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash	\$ 10	\$ 10
Total assets	<u>\$ 10</u>	<u>\$ 10</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ -	\$ -
Fund balance	\$ 10	\$ 10
Total liabilities and fund balance	<u>\$ 10</u>	<u>\$ 10</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

CAPITAL PROJECTS FUND

LCDBG PUBLIC FACILITIES PROGRAM

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

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>REVENUES</u>		
Total revenues	\$ 262,443	\$ 150,676
<u>EXPENDITURES</u>		
Total expenditures	\$ 262,443	\$ 150,676
Revenues under expenditures	\$ -	\$ -
<u>OTHER FINANCING SOURCES</u>		
Total other financing sources	\$ -	\$ -
Excess of revenues and other financing sources over expenditures	\$ -	\$ -
Fund balance - beginning of year	<u>10</u>	<u>10</u>
Fund balance - end of year	<u>\$ 10</u>	<u>\$ 10</u>

See Independent Auditor's Report.

UTILITY SYSTEM ENTERPRISE FUND

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

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

TOWN OF JENA, LOUISIANA
ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 176,824	\$ 121,623
Temporary investments (at cost)	343,366	339,361
Receivables		
Accounts (net of allowance for doubtful accounts)	261,598	311,351
Intergovernmental	9,160	4,778
Other	2,188	3,494
Due from other funds	10,229	23,657
Prepaid expenses	135,101	77,959
Inventory	<u>114,335</u>	<u>115,258</u>
Total current assets	<u>\$ 1,052,801</u>	<u>\$ 997,481</u>
Noncurrent assets		
Restricted assets		
Meter deposit account	\$ 126,179	\$ 138,342
Sewer sales tax bond sinking account - cash	166,983	166,873
Sewer sales tax bond contingency account - cash	228,876	218,205
Sewer sales tax bond reserve account - cash	2,142	2,140
Sewer sales tax bond reserve account - certificate of deposit	<u>320,235</u>	<u>316,673</u>
Total restricted assets	<u>\$ 844,415</u>	<u>\$ 842,233</u>
Fixed assets		
Property, plant, and equipment	\$ 11,342,989	\$ 11,264,802
Accumulated depreciation	<u>(7,508,498)</u>	<u>(7,206,749)</u>
Fixed assets (net of accumulated depreciation)	<u>\$ 3,834,491</u>	<u>\$ 4,058,053</u>
Total assets	<u>\$ 5,731,707</u>	<u>\$ 5,897,767</u>

- continued -

TOWN OF JENA, LOUISIANA
ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>LIABILITIES</u>		
Current liabilities (payable from current assets)		
Accounts payable	\$ 18,143	\$ 20,598
Accrued liabilities	3,362	3,362
Due to other funds	<u>2,818</u>	<u>18,372</u>
Total current liabilities (payable from current assets)	<u>\$ 24,323</u>	<u>\$ 42,332</u>
Current liabilities (payable from restricted assets)		
Payable from meter deposit account		
Meter deposits	\$ 118,178	\$ 114,381
Payable from sewer sales tax bond sinking account		
Accrued interest	5,535	8,198
Sewer sales tax bonds payable	<u>180,000</u>	<u>175,000</u>
Total current liabilities (payable from restricted assets)	<u>\$ 303,713</u>	<u>\$ 297,579</u>
Total current liabilities	<u>\$ 328,036</u>	<u>\$ 339,911</u>
Long-term liabilities		
Sewer sales tax bonds payable	<u>\$ 190,000</u>	<u>\$ 370,000</u>
Total liabilities	<u>\$ 518,036</u>	<u>\$ 709,911</u>
<u>NET ASSETS</u>		
Investment in capital assets, net of related debt	\$ 3,464,491	\$ 3,513,053
Restricted for debt service	718,236	703,890
Unrestricted	<u>1,030,944</u>	<u>970,913</u>
Total net assets	<u>\$ 5,213,671</u>	<u>\$ 5,187,856</u>
Total liabilities and net assets	<u>\$ 5,731,707</u>	<u>\$ 5,897,767</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
ALL DEPARTMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 1,853,821	\$ 1,974,246
Other operating revenue	<u>38,777</u>	<u>39,034</u>
Total operating revenues	\$ <u>1,892,598</u>	\$ <u>2,013,280</u>
<u>OPERATING EXPENSES</u>		
Natural gas purchases	\$ 385,960	\$ 453,067
Salaries	532,293	557,661
Employee benefits	165,471	152,706
Payroll taxes	7,672	8,308
Operating supplies	224,387	179,538
Gas and oil	43,737	36,154
Utilities	87,379	87,666
Telephone	8,398	7,521
Repairs and maintenance	191,362	79,695
Depreciation	301,750	303,435
Travel	7	17
Training	8,077	5,912
Uniform rental	7,258	6,237
Professional fees	16,725	16,238
Office expense	725	493
Insurance	127,019	116,444
Dues and subscriptions	125	3,739
Lab reports and surveys	30,967	21,370
Drug testing	1,141	1,227
Bad debts	-	9,553
Miscellaneous	<u>28,864</u>	<u>23,188</u>
Total operating expenses	\$ <u>2,169,317</u>	\$ <u>2,070,169</u>
Operating loss	\$ <u>(276,719)</u>	\$ <u>(56,889)</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
WATER SYSTEM

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 723,159	\$ 673,262
Other operating revenue	<u>15,123</u>	<u>13,311</u>
Total operating revenues	\$ <u>738,282</u>	\$ <u>686,573</u>
<u>OPERATING EXPENSES</u>		
Salaries	\$ 204,396	\$ 217,146
Employee benefits	64,365	52,313
Payroll taxes	2,941	3,126
Operating supplies	151,829	123,251
Gas and oil	6,055	4,343
Utilities	36,404	37,037
Telephone	5,973	5,950
Repairs and maintenance	161,142	65,657
Depreciation	102,314	99,243
Travel	7	-
Training	540	870
Uniform rental	294	151
Professional fees	5,575	5,413
Office expense	150	43
Insurance	26,237	29,408
Dues and subscriptions	-	275
Lab reports and surveys	4,395	-
Bad debts	-	3,022
Miscellaneous	<u>10,643</u>	<u>7,635</u>
Total operating expenses	\$ <u>783,260</u>	\$ <u>654,883</u>
Operating income (loss)	\$ <u>(44,978)</u>	\$ <u>31,690</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
NATURAL GAS SYSTEM

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 877,015	\$ 1,054,833
Other operating revenue	<u>18,225</u>	<u>20,856</u>
Total operating revenues	<u>\$ 895,240</u>	<u>\$ 1,075,689</u>
<u>OPERATING EXPENSES</u>		
Natural gas purchases	\$ 385,960	\$ 453,067
Salaries	119,691	126,567
Employee benefits	57,974	59,099
Payroll taxes	1,730	2,096
Operating supplies	43,334	27,485
Gas and oil	32,024	27,559
Utilities	5,401	5,076
Telephone	1,926	1,114
Repairs and maintenance	13,655	4,741
Depreciation	99,901	103,305
Travel	-	17
Training	7,042	4,137
Uniform rental	6,108	5,253
Professional fees	5,575	5,412
Insurance	29,671	32,889
Dues and subscriptions	25	2,345
Lab reports and surveys	4,644	5,319
Drug testing	1,141	1,227
Bad debts	-	4,070
Miscellaneous	<u>12,975</u>	<u>11,206</u>
Total operating expenses	<u>\$ 828,777</u>	<u>\$ 881,984</u>
Operating income	<u>\$ 66,463</u>	<u>\$ 193,705</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
SEWER SYSTEM

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 253,647	\$ 246,151
Other operating revenue	<u>5,429</u>	<u>4,867</u>
Total operating revenues	<u>\$ 259,076</u>	<u>\$ 251,018</u>
<u>OPERATING EXPENSES</u>		
Salaries	\$ 208,206	\$ 213,948
Employee benefits	43,132	41,294
Payroll taxes	3,001	3,086
Operating supplies	29,224	28,802
Gas and oil	5,658	4,252
Utilities	45,574	45,553
Telephone	499	457
Repairs and maintenance	16,565	9,297
Depreciation	99,535	100,887
Training	495	905
Uniform rental	856	833
Professional fees	5,575	5,413
Office expense	575	450
Insurance	71,111	54,147
Dues and subscriptions	100	1,119
Lab reports and surveys	21,928	16,051
Bad debts	-	2,461
Miscellaneous	<u>5,246</u>	<u>4,347</u>
Total operating expenses	<u>\$ 557,280</u>	<u>\$ 533,302</u>
Operating loss	<u>\$ (298,204)</u>	<u>\$ (282,284)</u>

See Independent Auditor's Report.

**FIDUCIARY FUNDS
(AGENCY)**

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

Agency Funds

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

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

TOWN OF JENA, LOUISIANA
FIDUCIARY FUNDS
COMBINING BALANCE SHEETS

DECEMBER 31, 2011
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010

	<u>Agency Funds</u>		<u>Totals</u>	
	<u>Accounts Payable Clearing Fund</u>	<u>Payroll Clearing Fund</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>				
Cash	\$ 6,769	\$ 8,005	\$ 14,774	\$ 11,338
Total assets	<u>\$ 6,769</u>	<u>\$ 8,005</u>	<u>\$ 14,774</u>	<u>\$ 11,338</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Due to other funds	\$ 6,769	\$ 8,005	\$ 14,774	\$ 11,338
Total liabilities	<u>\$ 6,769</u>	<u>\$ 8,005</u>	<u>\$ 14,774</u>	<u>\$ 11,338</u>
Fund balance				
Unreserved, undesignated	\$ -	\$ -	\$ -	\$ -
Total fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 6,769</u>	<u>\$ 8,005</u>	<u>\$ 14,774</u>	<u>\$ 11,338</u>

See Independent Auditor's Report.

Report on Internal Control and Compliance



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**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, 2011, which collectively comprise the Town of Jena, Louisiana's basic financial statements, and have issued our report thereon dated May 9, 2012. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jena, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Jena, Louisiana's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Management, Town Council, federal awarding agencies, pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silas Simmons, LLP

Natchez, Mississippi
May 9, 2012

TOWN OF JENA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

We have audited the basic financial statements of the Town of Jena, Louisiana as of and for the year ended December 31, 2011, and have issued our report thereon dated May 9, 2012. 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, 2011, resulted in an unqualified opinion.

Section I: Summary of Auditor's Reports

A. Financial Statements:

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

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

1. Internal control over financial reporting:

a. Material weakness(es) identified? No

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

2. Compliance:

a. Material noncompliance relating to the financial statements? No

C. Federal Awards

Not applicable.

D. Management Letter

1. Was a management letter issued? No

Section II: Financial Statement Findings

Status of Prior Year Findings

None.

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

None.

Section III: Federal Awards, Findings, and Questioned Costs

Not applicable.