

TOWN OF JENA, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2010
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

6/29/11



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF JENA, LOUISIANA
Annual Financial Statements
As of and for the Year Ended December 31, 2010

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report-----		1-2
Required Supplemental Information (Part I)		
Management's Discussion and Analysis-----		3-8
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Assets-----	A	9
Statement of Activities-----	B	10
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet-----	C	11
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets-----	D	12
Statement of Revenues, Expenditures, and Changes in Fund Balances-----	E	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities-----	F	14
Proprietary Funds:		
Statement of Net Assets-----	G	15
Statement of Revenues, Expenses, and Changes in Net Assets-----	H	16
Statement of Cash Flows-----	I	17
Notes to the Basic Financial Statements-----		18-31
Required Supplemental Information (Part II)		
Budgetary Comparison Schedule - General Fund-----		32
Budgetary Comparison Schedule - Special Revenue Fund-----		33
Notes to the Required Supplemental Information-----		34

TOWN OF JENA, LOUISIANA
Annual Financial Statements
As of and for the Year Ended December 31, 2010

TABLE OF CONTENTS

	Statement	Page
<u>Other Supplemental Information</u>		
Nonmajor Governmental Funds:		
Combining Balance Sheet		35
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance		36
Comparative/Combining Financial Statements and Schedules		
General Fund		37
Comparative Balance Sheet		38
Statement of Revenues, Expenditures, and Changes in Fund Balances		39
Sales Tax Special Revenue Fund		40
Comparative Balance Sheet		41
Statement of Revenues, Expenditures, and Changes in Fund Balances		42
Debt Service Fund		43
Comparative Balance Sheet		44
Statement of Revenues, Expenditures, and Changes in Fund Balances		45
Capital Projects Fund		46
LCDBG Public Facilities Program Balance Sheet		47
LCDBG Public Facilities Program Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance		48
Utility System Enterprise Fund		49
Comparative Balance Sheet		50-51
Municipal Utilities System:		
Comparative Statement of Operating Revenues and Expenses -		
All Departments		52
Water System		53
Natural Gas System		54
Sewer System		55
Fiduciary Funds (Agency)		56
Combining Balance Sheets		57

TOWN OF JENA, LOUISIANA

**Annual Financial Statements
As of and for the Year Ended December 31, 2010**

TABLE OF CONTENTS

	Statement	Page
Report on Internal Control and Compliance		
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 <i>Government Auditing Standards</i>-----		58-59
Schedule of Findings and Questioned Costs-----		60



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

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

www.silasimmons.com

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, 2010, 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, 2010, 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 19, 2011, 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 32 through 34 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 19, 2011

Required Supplemental Information (Part I)

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

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, 2010. 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, 2010

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 \$10,644,119 (net assets); this represents an increase of \$477,880 from last year. Of this total net asset amount, \$3,674,988 is unrestricted net assets. The Town's net assets are comprised of \$5,456,263 from governmental activities and \$5,187,856 from business-type activities.

The following is a condensed statement of the Town of Jena's net assets as of December 31, 2010 and 2009:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Assets						
Current and other assets	\$ 2,737,475	\$ 2,469,114	\$ 1,821,342	\$ 1,867,511	\$ 4,558,817	\$ 4,336,625
Capital assets (net)	<u>2,752,178</u>	<u>2,391,452</u>	<u>4,058,053</u>	<u>4,332,993</u>	<u>6,810,231</u>	<u>6,724,445</u>
Total assets	<u>\$ 5,489,653</u>	<u>\$ 4,860,566</u>	<u>\$ 5,879,395</u>	<u>\$ 6,200,504</u>	<u>\$ 11,369,048</u>	<u>\$ 11,061,070</u>
Liabilities						
Other liabilities	\$ 33,390	\$ 30,881	\$ 321,539	\$ 318,950	\$ 354,929	\$ 349,831
Long-term liabilities	-	-	<u>370,000</u>	<u>545,000</u>	<u>370,000</u>	<u>545,000</u>
Total liabilities	<u>\$ 33,390</u>	<u>\$ 30,881</u>	<u>\$ 691,539</u>	<u>\$ 863,950</u>	<u>\$ 724,929</u>	<u>\$ 894,831</u>
Net assets						
Invested in capital assets, net	\$ 2,752,178	\$ 2,391,452	\$ 3,513,053	\$ 3,622,993	\$ 6,265,231	\$ 6,014,445
Restricted for capital projects	10	-	-	-	10	-
Restricted for debt service	-	1,111	703,890	684,333	703,890	685,444
Unrestricted	<u>2,704,075</u>	<u>2,437,122</u>	<u>970,913</u>	<u>1,029,228</u>	<u>3,674,988</u>	<u>3,466,350</u>
Total net assets	<u>\$ 5,456,263</u>	<u>\$ 4,829,685</u>	<u>\$ 5,187,856</u>	<u>\$ 5,336,554</u>	<u>\$ 10,644,119</u>	<u>\$ 10,166,239</u>

By far the largest portion of the Town's net assets (\$6,265,231 or 59%) 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 (\$3,674,988 or 34%) unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors and (\$703,890 or 7%) restricted net assets, which have been designated for debt service.

The Town has total outstanding debt of \$545,000, which was used to finance some of the \$6,810,231 capital assets. Total liabilities of \$724,929 are equal to 7% of the total net assets.

The Town's governmental activities increased net assets by \$626,578. This increase is primarily due to excess sales tax revenues. The Town's business-type activities decreased net assets by \$148,698. This decrease is primarily due to an operating loss generated by the sewer department.

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

Government-Wide Financial Analysis (continued)

The following is a summary of the statement of activities for the years ended December 31, 2010 and 2009:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue						
Program revenue	\$ 676,305	\$ 639,463	\$ 2,024,280	\$ 2,061,808	\$ 2,700,585	\$ 2,701,271
General revenue and transfers	<u>1,431,577</u>	<u>1,489,971</u>	<u>(77,142)</u>	<u>(124,537)</u>	<u>1,354,435</u>	<u>1,365,434</u>
Total revenue and transfers	<u>\$ 2,107,882</u>	<u>\$ 2,129,434</u>	<u>\$ 1,947,138</u>	<u>\$ 1,937,271</u>	<u>\$ 4,055,020</u>	<u>\$ 4,066,705</u>
Expenses						
General and administrative	\$ 364,937	\$ 495,431	\$ -	\$ -	\$ 364,937	\$ 495,431
Public safety	641,558	642,790	-	-	641,558	642,790
Parks and streets	260,019	229,012	-	-	260,019	229,012
Sanitation	136,206	121,243	-	-	136,206	121,243
Recreation	78,584	66,419	-	-	78,584	66,419
Combined utilities	-	-	2,070,169	2,166,719	2,070,169	2,166,719
Interest on long-term debt	-	1,188	25,667	30,773	25,667	31,961
Total expenses	<u>\$ 1,481,304</u>	<u>\$ 1,556,083</u>	<u>\$ 2,095,836</u>	<u>\$ 2,197,492</u>	<u>\$ 3,577,140</u>	<u>\$ 3,753,575</u>
Increase (Decrease) in net assets	\$ 626,578	\$ 573,351	\$ (148,698)	\$ (260,221)	\$ 477,880	\$ 313,130
Net assets, beginning	<u>4,829,685</u>	<u>4,256,334</u>	<u>5,336,554</u>	<u>5,596,775</u>	<u>10,166,239</u>	<u>9,853,109</u>
Net assets, ending	<u>\$ 5,456,263</u>	<u>\$ 4,829,685</u>	<u>\$ 5,187,856</u>	<u>\$ 5,336,554</u>	<u>\$ 10,644,119</u>	<u>\$ 10,166,239</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, 2010

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, 2009	\$ 662,887	\$ 1,077,940	\$ 238,882	\$ 1,979,709
Year ended December 31, 2010	<u>686,573</u>	<u>1,075,689</u>	<u>251,018</u>	<u>2,013,280</u>
Increase (decrease) between years	\$ <u>23,686</u>	\$ <u>(2,251)</u>	\$ <u>12,136</u>	\$ <u>33,571</u>
<u>Operating Expenses</u>				
	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Total</u>
Year ended December 31, 2009	\$ 605,708	\$ 1,038,461	\$ 522,550	\$ 2,166,719
Year ended December 31, 2010	<u>654,883</u>	<u>881,984</u>	<u>533,302</u>	<u>2,070,169</u>
Increase (decrease) between years	\$ <u>49,175</u>	\$ <u>(156,477)</u>	\$ <u>10,752</u>	\$ <u>(96,550)</u>
<u>Operating Income (Loss)</u>				
	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Total</u>
Year ended December 31, 2009	\$ 57,179	\$ 39,479	\$ (283,668)	\$ (187,010)
Year ended December 31, 2010	<u>31,690</u>	<u>193,705</u>	<u>(282,284)</u>	<u>(56,889)</u>
Increase (decrease) between years	\$ <u>(25,489)</u>	\$ <u>154,226</u>	\$ <u>1,384</u>	\$ <u>130,121</u>

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

Revenues increased by approximately 2% during the year primarily due to decreases in customer utility consumption. Expenses decreased by approximately 5% because of decreases in the gas 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 four governmental fund types. They are the General, Special Revenue, Debt Service, 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, 2010

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 \$2,704,085, which is an increase of \$265,852. The increase was primarily due to excess sales tax revenues. \$10 is reserved for capital projects, and the remaining fund balance of \$2,704,075 is unreserved.

Fund Financial Statements - Proprietary Funds

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

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary fund showed a decrease in ending fund balance of \$148,698 and an operating loss in the municipal utilities system of \$56,889. These decreases are the result of an operating loss in the sewer system of \$282,284. The water system showed an operating income of \$31,690, which is a decrease of \$25,489 from the prior year. The gas system showed an operating income of \$193,705, which is an increase of \$154,226 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 \$34,635. 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, 2010

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

Sales Tax Special Revenue Fund

Tax revenues were lower than expected. Capital outlays were less than budgeted. Overall the Sales Tax Special Revenue Fund had a positive variance of \$25,577.

Capital Asset and Debt Administration

The total investment in net capital assets as of December 31, 2010 is \$6,265,231.

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

1. Purchased a 2005 XL loader, Honda power unit, hydraulic winch, and trailer at a cost of \$45,000.
2. Walking and bike trail improvements were done at a cost of \$4,500.
3. Purchased a skid steerer for \$43,755.
4. Constructed a two-way fire substation for \$17,590.
5. Purchased a 2010 Ford Crown Victoria for \$22,103.
6. Purchased a 2003 Mercury Mountaineer for \$6,527.
7. Town Hall improvements were done at a cost of \$4,560.
8. Resurfaced and improvements to tennis courts at a cost of \$16,240.
9. Town of Jena skate park and park facility improvements at a cost of \$33,624.
10. New equipment and repairs for public safety were done at a cost of \$11,105.
11. Purchased a 2011 Ford F-350 for \$24,350.

The Town has two active construction projects at December 31, 2010, the Highway 84 Streetscape Project and the Wastewater Collection System Improvement project. See Note 7 in the Notes to the Basic Financial Statements for detailed information.

Current Financial Factors

During 2010, the net asset values increased over \$475,000; over \$175,000 of that is reflected in cash for investments in future economic development projects. The Town revenues reflected only a 0.3% decrease in total sales revenue during a time of severe national economic downturn.

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, 2010

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,576,328	\$ 460,984	\$ 3,037,312
Receivables (net of allowances for uncollectibles)	154,563	319,623	474,186
Internal balances	(5,285)	5,285	-
Other assets	-	193,217	193,217
Restricted assets	11,869	842,233	854,102
Capital assets (net)	<u>2,752,178</u>	<u>4,058,053</u>	<u>6,810,231</u>
Total assets	<u>\$ 5,489,653</u>	<u>\$ 5,879,395</u>	<u>\$ 11,369,048</u>
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 21,521	\$ 23,960	\$ 45,481
Payable from restricted assets	11,869	122,579	134,448
Bonds and certificates payable, due within one year	-	175,000	175,000
Bonds and certificates payable, beyond one year	<u>-</u>	<u>370,000</u>	<u>370,000</u>
Total liabilities	<u>\$ 33,390</u>	<u>\$ 691,539</u>	<u>\$ 724,929</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 2,752,178	\$ 3,513,053	\$ 6,265,231
Restricted for capital projects	10	-	10
Restricted for debt service	-	703,890	703,890
Unrestricted	<u>2,704,075</u>	<u>970,913</u>	<u>3,674,988</u>
Total net assets	<u>\$ 5,456,263</u>	<u>\$ 5,187,856</u>	<u>\$ 10,644,119</u>

See accompanying notes to the basic financial statements.

TOWN OF JENA, LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses), Revenues, and Changes		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ 364,937	\$ -	\$ -	\$ 78,543	\$ (286,394)	\$ -	\$ (286,394)
Public safety	641,558	207,435	18,089	3,000	(413,034)	-	(413,034)
Parks and streets	260,019	1,245	10,876	21,000	(226,898)	-	(226,898)
Sanitation	136,206	175,251	-	150,676	189,721	-	189,721
Recreation	78,584	10,190	-	-	(68,394)	-	(68,394)
Total governmental activities	\$ 1,481,304	\$ 394,121	\$ 28,965	\$ 253,219	\$ (804,999)	\$ -	\$ (804,999)

BUSINESS-TYPE ACTIVITIES							
Water	\$ 654,883	\$ 686,573	\$ -	\$ -	\$ 31,690	\$ -	\$ 31,690
Gas	881,984	1,075,689	-	-	193,705	-	193,705
Sewer	533,302	251,018	-	11,000	(271,284)	-	(271,284)
Interest on long-term debt	25,667	-	-	-	(25,667)	-	(25,667)
Total business-type activities	\$ 2,095,836	\$ 2,013,280	\$ -	\$ 11,000	\$ (71,556)	\$ -	\$ (71,556)
Total	\$ 3,577,140	\$ 2,407,401	\$ 28,965	\$ 264,219	\$ (804,999)	\$ (71,556)	\$ (876,555)

General Revenues:

Taxes	\$ 1,118,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,118,685
Licenses and permits	205,728	-	-	-	-	-	205,728
Intergovernmental revenues	5,949	-	-	-	-	-	5,949
Investment earnings	7,180	-	-	-	11,755	-	18,935
Other general revenues	5,138	-	-	-	-	-	5,138
Transfers	88,897	-	-	-	(88,897)	-	-
Total general revenues and transfers	\$ 1,431,577	\$ -	\$ -	\$ -	\$ (77,142)	\$ -	\$ 1,354,435
Change in net assets	\$ 626,578	\$ -	\$ -	\$ -	\$ (148,698)	\$ -	\$ 477,880
Net assets - beginning	4,829,685	-	-	-	5,336,554	-	10,166,239
Net assets - ending	\$ 5,456,263	\$ -	\$ -	\$ -	\$ 5,187,856	\$ -	\$ 10,644,119

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

TOWN OF JENA, LOUISIANA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

DECEMBER 31, 2010

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 211,438	\$ 2,353,542	\$ 11,348	\$ 2,576,328
Receivables (net of allowances for uncollectibles)	154,076	487	-	154,563
Due from other funds	9,651	-	-	9,651
Restricted cash	<u>11,869</u>	<u>-</u>	<u>-</u>	<u>11,869</u>
 Total assets	 <u>\$ 387,034</u>	 <u>\$ 2,354,029</u>	 <u>\$ 11,348</u>	 <u>\$ 2,752,411</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 21,521	\$ -	\$ -	\$ 21,521
Due to other funds	3,598	-	11,338	14,936
Deposits held in protest (ad valorem)	<u>11,869</u>	<u>-</u>	<u>-</u>	<u>11,869</u>
 Total liabilities	 <u>\$ 36,988</u>	 <u>\$ -</u>	 <u>\$ 11,338</u>	 <u>\$ 48,326</u>
 Fund balances:				
Reserved for:				
Capital projects	\$ -	\$ -	\$ 10	\$ 10
Unreserved, reported in:				
General Fund	350,046	-	-	350,046
Special Revenue Fund	<u>-</u>	<u>2,354,029</u>	<u>-</u>	<u>2,354,029</u>
 Total fund balances	 <u>\$ 350,046</u>	 <u>\$ 2,354,029</u>	 <u>\$ 10</u>	 <u>\$ 2,704,085</u>
 Total liabilities and fund balances	 <u>\$ 387,034</u>	 <u>\$ 2,354,029</u>	 <u>\$ 11,348</u>	 <u>\$ 2,752,411</u>

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, 2010

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 2,704,085
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>2,752,178</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 5,456,263</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, 2010

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<u>REVENUES</u>				
Taxes	\$ 230,072	\$ 888,613	\$ -	\$ 1,118,685
Licenses and permits	205,728	-	-	205,728
Intergovernmental revenues	123,472	-	150,676	274,148
Charges for services	306,148	-	-	306,148
Fines and forfeitures	87,973	-	-	87,973
Investment earnings	94	7,086	-	7,180
Contributions	13,985	-	-	13,985
Other revenues	5,138	-	-	5,138
Total revenues	<u>\$ 972,610</u>	<u>\$ 895,699</u>	<u>\$ 150,676</u>	<u>\$ 2,018,985</u>
<u>EXPENDITURES</u>				
General government	\$ 339,562	\$ 15,180	\$ -	\$ 354,742
Public safety	668,755	-	-	668,755
Parks and streets	314,494	-	-	314,494
Sanitation	154,700	-	150,676	305,376
Recreation	110,963	-	-	110,963
Capital outlay	-	87,700	-	87,700
Total expenditures	<u>\$ 1,588,474</u>	<u>\$ 102,880</u>	<u>\$ 150,676</u>	<u>\$ 1,842,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (615,864)</u>	<u>\$ 792,819</u>	<u>\$ -</u>	<u>\$ 176,955</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers - in	\$ 652,750	\$ -	\$ -	\$ 652,750
Transfers - out	-	(562,742)	(1,111)	(563,853)
Total other financing sources (uses)	<u>\$ 652,750</u>	<u>\$ (562,742)</u>	<u>\$ (1,111)</u>	<u>\$ 88,897</u>
Net change in fund balances	\$ 36,886	\$ 230,077	\$ (1,111)	\$ 265,852
Fund balances - beginning	313,160	2,123,952	1,121	2,438,233
Fund balances - ending	<u>\$ 350,046</u>	<u>\$ 2,354,029</u>	<u>\$ 10</u>	<u>\$ 2,704,085</u>

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, 2010

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 265,852
--	------------

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.	<u>360,726</u>
---	----------------

Change in Net Assets of Governmental Activities, Statement B	<u>\$ 626,578</u>
--	-------------------

See accompanying notes to the basic financial statements.

Proprietary Funds

TOWN OF JENA, LOUISIANA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

DECEMBER 31, 2010

	<u>Enterprise Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 460,984
Receivables (net of allowances for uncollectibles)	311,351
Due from other governments	4,778
Other receivables	3,494
Due from other funds	23,657
Prepaid expenses	77,959
Inventory	<u>115,258</u>
Total current assets	\$ <u>997,481</u>
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	\$ 842,233
Capital assets (net of accumulated depreciation)	<u>4,058,053</u>
Total noncurrent assets	\$ <u>4,900,286</u>
Total assets	\$ <u><u>5,897,767</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 20,598
Accrued liabilities	3,362
Due to other funds	<u>18,372</u>
Total current liabilities	\$ <u>42,332</u>
Current liabilities payable from restricted assets	
Consumer meter deposits	\$ 114,381
Accrued interest	8,198
Sewer sales tax bonds	<u>175,000</u>
Total current liabilities payable from restricted assets	\$ <u>297,579</u>
Long-term liabilities	
Sewer sales tax bonds	\$ <u>370,000</u>
Total liabilities	\$ <u>709,911</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	\$ 3,513,053
Restricted for debt service	703,890
Unrestricted	<u>970,913</u>
Total net assets	\$ <u><u>5,187,856</u></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, 2010

	<u>Enterprise Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Water sales	\$ 673,262
Gas sales	1,054,833
Sewer charges	246,151
Other operating revenue	<u>39,034</u>
Total operating revenues	\$ <u>2,013,280</u>
<u>OPERATING EXPENSES</u>	
Personal services	\$ 718,675
Purchase of utilities provided	453,067
Materials and supplies	179,538
Repairs and maintenance	79,695
Depreciation	303,435
Utilities and telephone	95,187
Insurance	116,444
Bad debts	9,553
Other operating expenses	<u>114,575</u>
Total operating expenses	\$ <u>2,070,169</u>
Operating Loss	\$ <u>(56,889)</u>
Nonoperating Revenues (Expenses)	
Interest earnings	\$ 11,755
Interest expense	(25,667)
Grants	<u>11,000</u>
Total nonoperating revenues (expenses)	\$ <u>(2,912)</u>
Loss Before Transfers	\$ (59,801)
Transfers - in	421,103
Transfers - out	<u>(510,000)</u>
Change in Net Assets	\$ (148,698)
Total net assets - beginning	<u>5,336,554</u>
Total net assets - ending	\$ <u>5,187,856</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, 2010

	<u>Enterprise Fund</u>
<u>Cash Flows From Operating Activities</u>	
Cash received from customers	\$ 2,021,282
Payments to suppliers for goods and services	(1,092,124)
Payments to and on behalf of employees for services	(715,313)
Net cash provided by operating activities	<u>\$ 213,845</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Operating transfers from other funds	\$ 419,262
Operating transfers to other funds	(510,360)
Net cash used for noncapital financing activities	<u>\$ (91,098)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Capital grants received	\$ 11,000
Purchase of capital assets	(28,495)
Principal paid on capital debt	(165,000)
Interest paid on capital debt	(28,237)
Net cash used for capital and related financing activities	<u>\$ (210,732)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on temporary investments	\$ 12,249
Net cash provided by investing activities	<u>\$ 12,249</u>
Net decrease in cash and cash equivalents	\$ (75,736)
Cash and cash equivalents, beginning of year	<u>1,378,953</u>
Cash and cash equivalents, end of year	<u>\$ 1,303,217</u>
<u>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</u>	
Operating loss	\$ (56,889)
<u>Adjustments to Reconcile Operating Loss To Net Cash Provided By Operating Activities</u>	
Depreciation	\$ 303,435
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable - customers	16,666
Intergovernmental receivables	(1,047)
Prepaid expenses	(34,196)
Inventory	(9,283)
Increase (decrease) in:	
Accounts payable	(10,139)
Accrued liabilities	3,362
Customer deposits	1,936
Total adjustments	<u>\$ 270,734</u>
Net cash provided by operating activities	<u>\$ 213,845</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, 2010

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. Date of Management's Review

Management has evaluated subsequent events through May 19, 2011, the date on which the financial statements were available to be issued.

B. 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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The municipality reports the following major governmental funds:

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

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

The municipality reports the following major proprietary funds:

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

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

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

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

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

D. 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.

E. 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, 2010, taxes of 6.24 mills were levied on property with assessed valuations totaling \$21,861,920, after abatements and exemptions and were dedicated as follows:

General corporate purposes	6.24
Total taxes levied were	\$ 136,418

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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, 2010, are recorded as prepaid expenses in the enterprise fund.

G. 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.

H. Capital Assets

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

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

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

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

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

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences

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

J. 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.

K. Fund Equity

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

L. Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Town Council no later than fifteen days prior to the beginning of each year.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

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, 2010, the municipality had unrestricted cash and cash equivalents totaling \$3,037,312 and restricted cash and cash equivalents of \$854,102 as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Demand deposits	\$ 2,341,912	\$ 537,430	\$ 2,879,342
Time deposits	695,000	316,672	1,011,672
Cash on hand	<u>400</u>	<u>-</u>	<u>400</u>
Total	<u>\$ 3,037,312</u>	<u>\$ 854,102</u>	<u>\$ 3,891,414</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, 2010, the municipality had \$3,911,522 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$3,602,708 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

TOWN OF JENA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - RECEIVABLES

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Taxes:				
Ad valorem	\$ 75,928	\$ -	\$ -	\$ 75,928
Intergovernmental				
State	6,861	-	-	6,861
Local	-	-	4,778	4,778
Accounts	33,292	-	387,204	420,496
Other	38,176	487	3,494	42,157
Allowance for uncollectibles	(181)	-	(75,853)	(76,034)
Total	<u>\$ 154,076</u>	<u>\$ 487</u>	<u>\$ 319,623</u>	<u>\$ 474,186</u>

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, 2010, follows:

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 9,651	\$ 3,598
Nonmajor Governmental Funds	-	11,338
Enterprise Fund	23,657	18,372
Totals	<u>\$ 33,308</u>	<u>\$ 33,308</u>

Interfund transfers during the year ended December 31, 2010, were as follows:

	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund	\$ 652,750	\$ -
Special Revenue Fund	-	562,742
Nonmajor Governmental Funds	-	1,111
Enterprise Fund	421,103	510,000
Totals	<u>\$ 1,073,853</u>	<u>\$ 1,073,853</u>

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, 2010

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 311,088	\$ -	\$ -	\$ 311,088
Total capital assets, not being depreciated	\$ 311,088	\$ -	\$ -	\$ 311,088
Capital assets being depreciated				
Buildings	\$ 912,599	\$ 17,590	\$ -	\$ 930,189
Other improvements	335,643	63,281	-	398,924
Equipment	974,861	124,131	-	1,098,992
Infrastructure	1,601,740	-	-	1,601,740
Construction in progress	-	255,911	-	255,911
Total capital assets being depreciated	\$ 3,824,843	\$ 460,913	\$ -	\$ 4,285,756
Less accumulated depreciation for:				
Buildings	\$ (149,940)	\$ (19,120)	\$ -	\$ (169,060)
Other improvements	(140,820)	(15,558)	-	(156,378)
Equipment	(800,170)	(18,126)	-	(818,296)
Infrastructure	(653,549)	(47,383)	-	(700,932)
Total accumulated depreciation	\$ (1,744,479)	\$ (100,187)	\$ -	\$ (1,844,666)
Total capital assets being depreciated, net	\$ 2,080,364	\$ 360,726	\$ -	\$ 2,441,090
Total capital assets, net	\$ 2,391,452	\$ 360,726	\$ -	\$ 2,752,178
<u>Business-type activities:</u>				
Capital assets, not being depreciated				
Land	\$ 30,549	\$ -	\$ -	\$ 30,549
Total capital assets, not being depreciated	\$ 30,549	\$ -	\$ -	\$ 30,549
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	-	-	2,994,774
Service equipment	949,816	28,495	(18,180)	960,131
Total capital assets being depreciated	\$ 11,223,938	\$ 28,495	\$ (18,180)	\$ 11,234,253
Less accumulated depreciation for:				
Sewer disposal system	\$ (2,559,570)	\$ (117,889)	\$ -	\$ (2,677,459)
Natural gas distribution system	(2,114,654)	(67,103)	-	(2,181,757)
Water plant and system	(1,493,264)	(77,548)	-	(1,570,812)
Service equipment	(754,006)	(40,895)	18,180	(776,721)
Total accumulated depreciation	\$ (6,921,494)	\$ (303,435)	\$ 18,180	\$ (7,206,749)
Total capital assets being depreciated, net	\$ 4,302,444	\$ (274,940)	\$ -	\$ 4,027,504
Total capital assets, net	\$ 4,332,993	\$ (274,940)	\$ -	\$ 4,058,053

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense of \$100,187 for the year ended December 31, 2010, was charged to the following governmental functions:

General government	\$ 14,755
Public safety:	
Police	10,917
Fire	3,766
Public works:	
Parks and streets	46,652
Sanitation	6,612
Recreation	<u>17,485</u>
Total	<u>\$ 100,187</u>

NOTE 7 - CONSTRUCTION COMMITMENTS

As of December 31, 2010, the Town had two active construction projects. The Town has begun preparation for the Highway 84 Streetscape project. The purpose of the project is to improve the sidewalk and parking area in front of Town Hall. The remaining cost of the project is \$186,950 and construction is expected to start in July 2011. As of December 31, 2010, the Town has spent \$17,535 on surveys, engineering, and inspection reports. The project is being funded by grants from the State of Louisiana and by the Town. The Town also began construction on the Wastewater Collection System Improvement project. The purpose of the project is to improve the wastewater collection system. The total cost of the project, with change orders up to December 31, 2010, is \$410,321. As of December 31, 2010, the Town has spent \$238,376 on the project with a construction commitment of \$171,945 remaining. The project is being funded by grants from the State of Louisiana and by the Town. As of December 31, 2010, the Town has received matching grants in the amount of \$150,676.

NOTE 8 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

Payables at December 31, 2010, are as follows:

	General Fund	Enterprise Fund	Total
Payable from unrestricted assets:			
Accounts payable	\$ 21,521	\$ 23,960	\$ 45,481
Total payable from unrestricted assets	<u>\$ 21,521</u>	<u>\$ 23,960</u>	<u>\$ 45,481</u>
Payable from restricted assets:			
Meter deposits	\$ -	\$ 114,381	\$ 114,381
Deposits held in protest (ad valorem)	11,869	-	11,869
Accrued liabilities and other payables	<u>-</u>	<u>8,198</u>	<u>8,198</u>
Total payable from restricted assets	<u>\$ 11,869</u>	<u>\$ 122,579</u>	<u>\$ 134,448</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2010:

	Enterprise Fund Sales Tax Bond	Totals
Long-term obligations at beginning of year	\$ 710,000	\$ 710,000
Additions	-	-
Deductions	(165,000)	(165,000)
Long-term obligations at end of year	<u>\$ 545,000</u>	<u>\$ 545,000</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2010:

	Enterprise Fund Sales Tax Bond
Current portion	\$ 175,000
Long-term portion	370,000
Totals	<u>\$ 545,000</u>

Long-term debt as of December 31, 2010, 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.

	\$ 545,000
Total	<u>\$ 545,000</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize all outstanding debt as of December 31, 2010, including interest payments are as follows:

	<u>Enterprise Fund</u>		
	<u>Sewer Sales Tax Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 175,000	\$ 20,588	\$ 195,588
2012	180,000	12,600	192,600
2013	190,000	4,275	194,275
	<u>\$ 545,000</u>	<u>\$ 37,463</u>	<u>\$ 582,463</u>

In accordance with R.S. 39:562, the municipality is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At December 31, 2010, the statutory limit was \$7,651,672.

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

The material provisions of the Sewer System Sales Tax Bond covenants are as follows:

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

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

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 - RETIREMENT SYSTEMS

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

Municipal Employees Retirement System of Louisiana

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 13.50% from January 1, 2010 to June 30, 2010, and 14.25% from July 1, 2010 to December 31, 2010. 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, 2010, 2009, and 2008, were \$136,993, \$132,026, and \$131,530, respectively, equal to the required contributions for each year.

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:

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 - RETIREMENT SYSTEMS (continued)

Municipal Police Employees' Retirement System of Louisiana (continued)

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 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The Town's contribution rate was 11% from January 1, 2010 to June 30, 2010, and 25% from July 1, 2010 to December 31, 2010. 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, 2010, 2009, and 2008 were \$17,451, \$9,242, and \$7,169, respectively, equal to the required contributions for each year.

NOTE 11 - SEGMENT INFORMATION FOR UTILITY FUND

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

	Water System	Gas System	Sewer System	Total
Operating revenue	\$ 686,573	\$ 1,075,689	\$ 251,018	\$ 2,013,280
Purchase of natural gas	-	(453,067)	-	(453,067)
Operating expense	(555,640)	(325,612)	(432,415)	(1,313,667)
Depreciation	(99,243)	(103,305)	(100,887)	(303,435)
Operating income (loss)	\$ 31,690	\$ 193,705	\$ (282,284)	\$ (56,889)
Nonoperating revenues (expenses)				
Interest income				11,755
Interest expense				(25,667)
Grants				11,000
Operating transfers - in				421,103
Operating transfers - out				(510,000)
Net loss				\$ (148,698)

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - COMPENSATION PAID TO MAYOR AND TOWN COUNCIL

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following reflects compensation paid to the Mayor and members of the Town Council of the Town of Jena, Louisiana, for the year ending December 31, 2010:

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 13 - RISK MANAGEMENT

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

NOTE 14 - CONTINGENT LIABILITIES

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

Required Supplemental Information (Part II)

TOWN OF JENA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 230,000	\$ 230,000	\$ 230,072	\$ 72
Licenses and permits	193,225	193,225	205,728	12,503
Intergovernmental revenues	161,326	161,326	123,472	(37,854)
Charges for services	303,900	303,900	306,148	2,248
Fines and forfeitures	144,000	144,000	87,973	(56,027)
Contributions	2,000	2,000	13,985	11,985
Other	12,300	12,300	5,232	(7,068)
Total revenues	<u>\$ 1,046,751</u>	<u>\$ 1,046,751</u>	<u>\$ 972,610</u>	<u>\$ (74,141)</u>
Expenditures				
Current				
General government	\$ 420,000	\$ 420,000	\$ 339,562	\$ 80,438
Public safety:				
Police	405,200	405,200	430,870	(25,670)
Fire	231,500	231,500	234,273	(2,773)
Animal control	5,700	5,700	3,612	2,088
Public works:				
Parks and streets	331,200	331,200	314,494	16,706
Sanitation	159,000	159,000	154,700	4,300
Recreation	91,900	91,900	110,963	(19,063)
Total expenditures	<u>\$ 1,644,500</u>	<u>\$ 1,644,500</u>	<u>\$ 1,588,474</u>	<u>\$ 56,026</u>
Revenues over (under) expenditures	<u>\$ (597,749)</u>	<u>\$ (597,749)</u>	<u>\$ (615,864)</u>	<u>\$ (18,115)</u>
Other Financing Sources (Uses)				
Operating transfers - in	\$ 600,000	\$ 600,000	\$ 652,750	\$ 52,750
Total other financing sources (uses)	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 652,750</u>	<u>\$ 52,750</u>
Excess of revenues and other sources over expenditures and other uses	\$ 2,251	\$ 2,251	\$ 36,886	\$ 34,635
Fund Balance - beginning of year	<u>313,160</u>	<u>313,160</u>	<u>313,160</u>	<u>-</u>
Fund Balance - end of year	<u>\$ 315,411</u>	<u>\$ 315,411</u>	<u>\$ 350,046</u>	<u>\$ 34,635</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 890,000	\$ 890,000	\$ 888,613	\$ (1,387)
Interest	11,000	11,000	7,086	(3,914)
Total revenues	<u>\$ 901,000</u>	<u>\$ 901,000</u>	<u>\$ 895,699</u>	<u>\$ (5,301)</u>
Expenditures				
Current				
General government	\$ 15,000	\$ 15,000	\$ 15,180	\$ (180)
Capital outlay	125,000	125,000	87,700	37,300
Total expenditures	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 102,880</u>	<u>\$ 37,120</u>
Excess of revenues over expenditures	<u>\$ 761,000</u>	<u>\$ 761,000</u>	<u>\$ 792,819</u>	<u>\$ 31,819</u>
Other Financing Uses				
Operating transfers - out	\$ (556,500)	\$ (556,500)	\$ (562,742)	\$ (6,242)
Total other financing uses	<u>\$ (556,500)</u>	<u>\$ (556,500)</u>	<u>\$ (562,742)</u>	<u>\$ (6,242)</u>
Excess of revenues over expenditures and other uses	<u>\$ 204,500</u>	<u>\$ 204,500</u>	<u>\$ 230,077</u>	<u>\$ 25,577</u>
Fund Balance - beginning of year	<u>2,123,952</u>	<u>2,123,952</u>	<u>2,123,952</u>	<u>-</u>
Fund Balance - end of year	<u>\$ 2,328,452</u>	<u>\$ 2,328,452</u>	<u>\$ 2,354,029</u>	<u>\$ 25,577</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010

Budgetary Comparison Schedule

1. Basis of Presentation

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

2. Budget Amendments and Revisions

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

Other Supplemental Information

Nonmajor Governmental Funds

TOWN OF JENA, LOUISIANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2010

	<u>Fiduciary Funds</u>					
	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Accounts Payable Clearing Fund</u>	<u>Payroll Clearing Fund</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>						
Cash	\$ -	\$ 10	\$ 6,757	\$ 4,581	\$ 11,338	\$ 11,348
Total assets	\$ -	\$ 10	\$ 6,757	\$ 4,581	\$ 11,338	\$ 11,348
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Due to other funds	\$ -	\$ -	\$ 6,757	\$ 4,581	\$ 11,338	\$ 11,338
Total liabilities	\$ -	\$ -	\$ 6,757	\$ 4,581	\$ 11,338	\$ 11,338
Fund Balances						
Reserved for						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	10	-	-	-	10
Total fund balances	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ 10
Total liabilities and fund balances	\$ -	\$ 10	\$ 6,757	\$ 4,581	\$ 11,338	\$ 11,348

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>REVENUES</u>			
Grants	\$ -	\$ 150,676	\$ 150,676
Total revenue	\$ -	\$ 150,676	\$ 150,676
<u>EXPENDITURES</u>			
Principal paid	\$ -	\$ 150,676	\$ 150,676
Total expenditures	\$ -	\$ 150,676	\$ 150,676
Revenues under expenditures	\$ -	\$ -	\$ -
<u>OTHER FINANCING SOURCES</u>			
Operating transfers to general fund	\$ (1,111)	\$ -	\$ (1,111)
Total other financing sources	\$ (1,111)	\$ -	\$ (1,111)
Excess of expenditures over revenues and other financing sources	\$ (1,111)	\$ -	\$ (1,111)
Fund balance - beginning of year	<u>1,111</u>	<u>10</u>	<u>1,121</u>
Fund balance - end of year	<u>\$ -</u>	<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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 211,438	\$ 156,543
Receivables (net of allowance for doubtful accounts):		
Accounts	33,292	31,333
Taxes	75,747	63,814
Governmental	6,861	6,916
Other	38,176	43,772
Due from other funds	9,651	7,602
Restricted cash	<u>11,869</u>	<u>34,061</u>
Total assets	<u>\$ 387,034</u>	<u>\$ 344,041</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 21,521	\$ 30,881
Due to other funds	3,598	-
Deposits held in protest (ad valorem)	<u>11,869</u>	<u>-</u>
Total liabilities	<u>\$ 36,988</u>	<u>\$ 30,881</u>
<u>FUND BALANCE</u>		
Unreserved, undesignated	<u>\$ 350,046</u>	<u>\$ 313,160</u>
Total fund balance	<u>\$ 350,046</u>	<u>\$ 313,160</u>
Total liabilities and fund balance	<u>\$ 387,034</u>	<u>\$ 344,041</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, 2010

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2009

	<u>2010</u>	<u>2009</u>
<u>REVENUES</u>		
Taxes	\$ 230,072	\$ 228,681
Licenses and permits	205,728	192,165
Intergovernmental	123,472	125,270
Charges for services	306,148	304,916
Fines and forfeits	87,973	170,730
Contributions	13,985	44,870
Other	<u>5,232</u>	<u>11,898</u>
Total revenues	\$ <u>972,610</u>	\$ <u>1,078,530</u>
<u>EXPENDITURES</u>		
General government	\$ 339,562	\$ 483,358
Public safety:		
Police	430,870	384,824
Fire	234,273	212,618
Animal control	3,612	3,855
Public works:		
Parks and streets	314,494	353,256
Sanitation	154,700	124,017
Recreation	<u>110,963</u>	<u>81,632</u>
Total expenditures	\$ <u>1,588,474</u>	\$ <u>1,643,560</u>
Revenues under expenditures	\$ <u>(615,864)</u>	\$ <u>(565,030)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating transfers - in	\$ 652,750	\$ 642,768
Operating transfers - out	<u>-</u>	<u>(18,891)</u>
Total other financing sources (uses)	\$ <u>652,750</u>	\$ <u>623,877</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ 36,886	\$ 58,847
Fund balances - beginning of year	<u>313,160</u>	<u>254,313</u>
Fund balances - end of year	<u>\$ 350,046</u>	<u>\$ 313,160</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash	\$ 1,997,904	\$ 1,772,276
Temporary investments (at cost)	355,638	350,225
Accrued interest receivable	<u>487</u>	<u>1,451</u>
Total assets	<u>\$ 2,354,029</u>	<u>\$ 2,123,952</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ -	\$ -
Fund Balance		
Unreserved, undesignated	<u>\$ 2,354,029</u>	<u>\$ 2,123,952</u>
Total fund balance	<u>\$ 2,354,029</u>	<u>\$ 2,123,952</u>
Total liabilities and fund balance	<u>\$ 2,354,029</u>	<u>\$ 2,123,952</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, 2010

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2009

	<u>2010</u>	<u>2009</u>
<u>REVENUES</u>		
Taxes	\$ 888,613	\$ 898,120
Interest	7,086	10,866
Total revenues	<u>\$ 895,699</u>	<u>\$ 908,986</u>
<u>EXPENDITURES</u>		
Current - general government		
Operating expense	\$ 5,692	\$ 5,679
Collection expense	9,488	8,503
Capital outlay	87,700	9,000
Total expenditures	<u>\$ 102,880</u>	<u>\$ 23,182</u>
Excess of revenues over expenditures	<u>\$ 792,819</u>	<u>\$ 885,804</u>
<u>OTHER FINANCING USES</u>		
Operating transfers to utility fund	\$ (562,742)	\$ (500,875)
Total other financing uses	<u>\$ (562,742)</u>	<u>\$ (500,875)</u>
Excess of revenues over expenditures and other financing sources	<u>\$ 230,077</u>	<u>\$ 384,929</u>
Fund balances - beginning of year	<u>2,123,952</u>	<u>1,739,023</u>
Fund balances - end of year	<u>\$ 2,354,029</u>	<u>\$ 2,123,952</u>

See Independent Auditor's Report.

DEBT SERVICE FUND

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

TOWN OF JENA, LOUISIANA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash	\$ -	\$ 1,111
Total assets	<u>\$ -</u>	<u>\$ 1,111</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ -	\$ -
Fund balance		
Reserved for debt service	\$ -	\$ 1,111
Total fund balance	\$ -	\$ 1,111
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 1,111</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2010

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2009

	<u>2010</u>	<u>2009</u>
<u>REVENUES</u>		
Interest	\$ -	\$ 25
Total revenues	\$ -	\$ 25
 <u>EXPENDITURES</u>		
Debt service		
Principal paid	\$ -	\$ 24,000
Interest	-	1,188
Total expenditures	\$ -	\$ 25,188
 Revenues under expenditures	\$ -	\$ (25,163)
 <u>OTHER FINANCING SOURCES</u>		
Operating transfers (out) in	\$ (1,111)	\$ 18,891
Total other financing sources	\$ (1,111)	\$ 18,891
 Excess (deficiency) of revenues over (under)		
Expenditures and other financing sources	\$ (1,111)	\$ (6,272)
 Fund balances - beginning of year	<u>1,111</u>	<u>7,383</u>
 Fund balances - end of year	<u>\$ -</u>	<u>\$ 1,111</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, 2010
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash	\$ <u>10</u>	\$ <u>10</u>
Total assets	\$ <u><u>10</u></u>	\$ <u><u>10</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ <u>-</u>	\$ <u>-</u>
Fund balance	\$ <u>10</u>	\$ <u>10</u>
Total liabilities and fund balance	\$ <u><u>10</u></u>	\$ <u><u>10</u></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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>REVENUES</u>		
Total revenues	\$ 150,676	\$ -
<u>EXPENDITURES</u>		
Total expenditures	\$ 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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 121,623	\$ 224,328
Temporary investments (at cost)	339,361	333,490
Receivables		
Accounts (net of allowance for doubtful accounts)	311,351	328,017
Intergovernmental	4,778	3,731
Other	3,494	3,988
Due from other funds	23,657	21,816
Prepaid expenses	77,959	43,763
Inventory	115,258	105,975
Total current assets	<u>\$ 997,481</u>	<u>\$ 1,065,108</u>
Noncurrent assets		
Restricted assets		
Meter deposit account	\$ 138,342	\$ 136,802
Sewer sales tax bond sinking account - cash	166,873	163,254
Sewer sales tax bond contingency account - cash	218,205	207,494
Sewer sales tax bond reserve account - cash	2,140	2,137
Sewer sales tax bond reserve account - certificate of deposit	316,673	311,448
Total restricted assets	<u>\$ 842,233</u>	<u>\$ 821,135</u>
Fixed assets		
Property, plant, and equipment	\$ 11,264,802	\$ 11,254,487
Accumulated depreciation	(7,206,749)	(6,921,494)
Fixed assets (net of accumulated depreciation)	<u>\$ 4,058,053</u>	<u>\$ 4,332,993</u>
Total assets	<u>\$ 5,897,767</u>	<u>\$ 6,219,236</u>

- continued -

TOWN OF JENA, LOUISIANA
ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>LIABILITIES</u>		
Current liabilities (payable from current assets)		
Accounts payable	\$ 20,598	\$ 30,737
Accrued liabilities	3,362	-
Due to other funds	<u>18,372</u>	<u>18,732</u>
Total current liabilities (payable from current assets)	<u>\$ 42,332</u>	<u>\$ 49,469</u>
Current liabilities (payable from restricted assets)		
Payable from meter deposit account		
Meter deposits	\$ 114,381	\$ 112,445
Payable from sewer sales tax bond sinking account		
Accrued interest	8,198	10,768
Sewer sales tax bonds payable	<u>175,000</u>	<u>165,000</u>
Total current liabilities (payable from restricted assets)	<u>\$ 297,579</u>	<u>\$ 288,213</u>
Total current liabilities	<u>\$ 339,911</u>	<u>\$ 337,682</u>
Long-term liabilities		
Sewer sales tax bonds payable	<u>\$ 370,000</u>	<u>\$ 545,000</u>
Total liabilities	<u>\$ 709,911</u>	<u>\$ 882,682</u>
<u>NET ASSETS</u>		
Investment in capital assets, net of related debt	\$ 3,513,053	\$ 3,622,993
Restricted for debt service	703,890	684,333
Unrestricted	<u>970,913</u>	<u>1,029,228</u>
Total net assets	<u>\$ 5,187,856</u>	<u>\$ 5,336,554</u>
Total liabilities and net assets	<u>\$ 5,897,767</u>	<u>\$ 6,219,236</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 1,974,246	\$ 1,942,628
Other operating revenue	<u>39,034</u>	<u>37,081</u>
Total operating revenues	\$ <u>2,013,280</u>	\$ <u>1,979,709</u>
<u>OPERATING EXPENSES</u>		
Natural gas purchases	\$ 453,067	\$ 624,107
Salaries	557,661	541,234
Employee benefits	152,706	145,498
Payroll taxes	8,308	8,159
Operating supplies	179,538	182,194
Gas and oil	36,154	21,094
Utilities	87,666	73,168
Telephone	7,521	6,891
Repairs and maintenance	79,695	54,010
Depreciation	303,435	321,876
Travel	17	57
Training	5,912	1,428
Uniform rental	6,237	6,693
Professional fees	16,238	15,468
Office expense	493	70
Insurance	116,444	118,373
Dues and subscriptions	3,739	630
Lab reports and surveys	21,370	18,159
Drug testing	1,227	1,073
Bad debts	9,553	8,746
Miscellaneous	<u>23,188</u>	<u>17,791</u>
Total operating expenses	\$ <u>2,070,169</u>	\$ <u>2,166,719</u>
Operating loss	\$ <u>(56,889)</u>	\$ <u>(187,010)</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

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

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 673,262	\$ 650,472
Other operating revenue	<u>13,311</u>	<u>12,415</u>
Total operating revenues	\$ <u>686,573</u>	\$ <u>662,887</u>
<u>OPERATING EXPENSES</u>		
Salaries	\$ 217,146	\$ 209,641
Employee benefits	52,313	50,791
Payroll taxes	3,126	3,027
Operating supplies	123,251	124,072
Gas and oil	4,343	2,941
Utilities	37,037	27,652
Telephone	5,950	5,419
Repairs and maintenance	65,657	13,894
Depreciation	99,243	109,472
Travel	-	23
Training	870	165
Uniform rental	151	242
Professional fees	5,413	5,156
Office expense	43	34
Insurance	29,408	45,051
Dues and subscriptions	275	575
Bad debts	3,022	2,848
Miscellaneous	<u>7,635</u>	<u>4,705</u>
Total operating expenses	\$ <u>654,883</u>	\$ <u>605,708</u>
Operating income	\$ <u>31,690</u>	\$ <u>57,179</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 1,054,833	\$ 1,057,749
Other operating revenue	<u>20,856</u>	<u>20,191</u>
Total operating revenues	<u>\$ 1,075,689</u>	<u>\$ 1,077,940</u>
 <u>OPERATING EXPENSES</u>		
Natural gas purchases	\$ 453,067	\$ 624,107
Salaries	126,567	122,522
Employee benefits	59,099	55,177
Payroll taxes	2,096	2,121
Operating supplies	27,485	27,761
Gas and oil	27,559	14,620
Utilities	5,076	4,281
Telephone	1,114	1,089
Repairs and maintenance	4,741	16,409
Depreciation	103,305	107,032
Travel	17	34
Training	4,137	-
Uniform rental	5,253	5,630
Professional fees	5,412	5,156
Insurance	32,889	31,022
Dues and subscriptions	2,345	25
Lab reports and surveys	5,319	4,657
Drug testing	1,227	1,073
Bad debts	4,070	4,844
Miscellaneous	<u>11,206</u>	<u>10,901</u>
Total operating expenses	<u>\$ 881,984</u>	<u>\$ 1,038,461</u>
Operating income	<u>\$ 193,705</u>	<u>\$ 39,479</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

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

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 246,151	\$ 234,407
Other operating revenue	<u>4,867</u>	<u>4,475</u>
Total operating revenues	\$ <u>251,018</u>	\$ <u>238,882</u>
<u>OPERATING EXPENSES</u>		
Salaries	\$ 213,948	\$ 209,071
Employee benefits	41,294	39,530
Payroll taxes	3,086	3,011
Operating supplies	28,802	30,361
Gas and oil	4,252	3,533
Utilities	45,553	41,235
Telephone	457	383
Repairs and maintenance	9,297	23,707
Depreciation	100,887	105,372
Travel	-	-
Training	905	1,263
Uniform rental	833	821
Professional fees	5,413	5,156
Office expense	450	36
Insurance	54,147	42,300
Dues and subscriptions	1,119	30
Lab reports and surveys	16,051	13,502
Bad debts	2,461	1,054
Miscellaneous	<u>4,347</u>	<u>2,185</u>
Total operating expenses	\$ <u>533,302</u>	\$ <u>522,550</u>
Operating loss	<u>\$ (282,284)</u>	<u>\$ (283,668)</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, 2010
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009

	<u>Agency Funds</u>		<u>Totals</u>	
	<u>Accounts Payable Clearing Fund</u>	<u>Payroll Clearing Fund</u>	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>				
Cash	\$ 6,757	\$ 4,581	\$ 11,338	\$ 10,686
Total assets	\$ 6,757	\$ 4,581	\$ 11,338	\$ 10,686
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Due to other funds	\$ 6,757	\$ 4,581	\$ 11,338	\$ 10,686
Total liabilities	\$ 6,757	\$ 4,581	\$ 11,338	\$ 10,686
Fund balance				
Unreserved, undesignated	\$ -	\$ -	\$ -	\$ -
Total fund balance	\$ -	\$ -	\$ -	\$ -
Total liabilities and fund balance	\$ 6,757	\$ 4,581	\$ 11,338	\$ 10,686

See Independent Auditor's Report.

Report on Internal Control and Compliance


SILAS SIMMONS LLP

 CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

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

www.silasimmons.com

**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, 2010, which collectively comprise the Town of Jena, Louisiana's basic financial statements, and have issued our report thereon dated May 19, 2011. 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 19, 2011

TOWN OF JENA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

We have audited the basic financial statements of the Town of Jena, Louisiana as of and for the year ended December 31, 2010, and have issued our report thereon dated May 19, 2011. 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, 2010, 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.