

TOWN OF JENA, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012
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 JUL 10 2013



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF JENA, LOUISIANA
Annual Financial Statements
As of and for the Year Ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

The Honorable Murphy McMullin, Mayor
and Member 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, 2012, which collectively comprise the Town's basic financial statements, as listed in the table of contents

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Town of Jena, Louisiana as of and for the year ended December 31, 2012, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jena, Louisiana's basic financial statements. The combining and individual fund statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Silas Simmons, LLP

Natchez, Mississippi
May 17, 2013

Required Supplemental Information (Part I)

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

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, 2012. 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 position 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 position 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 position. Over time, increases or decreases in net position 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 position changed during this year. All changes in net position 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, 2012

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent year, the Town's assets exceeded its liabilities by \$11,498,026 (net position), this represents an increase of \$301,159 from last year. Of this total net asset amount, \$3,586,083 is unrestricted net position. The Town's net position are comprised of \$6,484,604 from governmental activities and \$5,013,422 from business-type activities.

The following is a condensed statement of the Town of Jena's net position as of December 31, 2012 and 2011:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets						
Current and other assets	\$ 2,806,549	\$ 2,499,044	\$ 1,740,958	\$ 1,894,398	\$ 4,547,507	\$ 4,393,442
Capital assets (net)	<u>3,765,370</u>	<u>3,551,704</u>	<u>3,601,450</u>	<u>3,834,491</u>	<u>7,366,820</u>	<u>7,386,195</u>
Total assets	<u>\$ 6,571,919</u>	<u>\$ 6,050,748</u>	<u>\$ 5,342,408</u>	<u>\$ 5,728,889</u>	<u>\$ 11,914,327</u>	<u>\$ 11,779,637</u>
Liabilities						
Other liabilities	\$ 87,315	\$ 67,552	\$ 328,986	\$ 325,218	\$ 416,301	\$ 392,770
Long-term liabilities	-	-	-	<u>190,000</u>	-	<u>190,000</u>
Total liabilities	<u>\$ 87,315</u>	<u>\$ 67,552</u>	<u>\$ 328,986</u>	<u>\$ 515,218</u>	<u>\$ 416,301</u>	<u>\$ 582,770</u>
Net position						
Invested in capital assets, net	\$ 3,765,370	\$ 3,551,704	\$ 3,411,450	\$ 3,464,491	\$ 7,176,820	\$ 7,016,195
Restricted for capital projects	10	10	-	-	10	10
Restricted for debt service	-	-	735,113	718,236	735,113	718,236
Unrestricted	<u>2,719,224</u>	<u>2,431,482</u>	<u>866,859</u>	<u>1,030,944</u>	<u>3,586,083</u>	<u>3,462,426</u>
Total net position	<u>\$ 6,484,604</u>	<u>\$ 5,983,196</u>	<u>\$ 5,013,422</u>	<u>\$ 5,213,671</u>	<u>\$ 11,498,026</u>	<u>\$ 11,196,867</u>

By far the largest portion of the Town's net position (\$7,176,820 or 62%) 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 (\$3,586,083 or 31%) unrestricted net position, which may be used to meet the government's on-going obligations to citizens and creditors and (\$735,123 or 7%) restricted net position, which have been designated for debt service.

The Town has total outstanding debt of \$190,000, which was used to finance some of the \$7,366,820 capital assets. Total liabilities of \$416,301 are equal to 4% of the total net position.

The Town's governmental activities increased net position by \$501,408. This increase is primarily due to excess sales tax revenues. The Town's business-type activities decreased net position by \$200,249. This decrease is primarily due to operating losses from the sewer system services.

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Government-Wide Financial Analysis (continued)

The following is a summary of the statement of activities for the years ended December 31, 2012 and 2011.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue						
Program revenue	\$ 562,002	\$ 915,344	\$ 1,761,958	\$ 1,940,269	\$ 2,323,960	\$ 2,855,613
General revenue and transfers	<u>1,447,838</u>	<u>1,126,262</u>	<u>8,432</u>	<u>272,788</u>	<u>1,456,270</u>	<u>1,399,050</u>
Total revenue and transfers	<u>\$ 2,009,840</u>	<u>\$ 2,041,606</u>	<u>\$ 1,770,390</u>	<u>\$ 2,213,057</u>	<u>\$ 3,780,230</u>	<u>\$ 4,254,663</u>
Expenses						
General and administrative	\$ 402,545	\$ 329,968	\$ -	\$ -	\$ 402,545	\$ 329,968
Public safety	671,236	637,291	-	-	671,236	637,291
Parks and streets	294,219	301,929	-	-	294,219	301,929
Sanitation	194,389	141,398	-	-	194,389	141,398
Recreation	95,217	86,967	-	-	95,217	86,967
Combined utilities	-	-	1,962,433	2,169,317	1,962,433	2,169,317
Interest on long-term debt	-	-	8,206	17,925	8,206	17,925
Total expenses	<u>\$ 1,657,606</u>	<u>\$ 1,497,553</u>	<u>\$ 1,970,639</u>	<u>\$ 2,187,242</u>	<u>\$ 3,628,245</u>	<u>\$ 3,684,795</u>
Increase (decrease) in net position	<u>\$ 352,234</u>	<u>\$ 544,053</u>	<u>\$ (200,249)</u>	<u>\$ 25,815</u>	<u>\$ 151,985</u>	<u>\$ 569,868</u>
Net position, beginning	\$ 5,983,196	\$ 5,456,263	\$ 5,213,671	\$ 5,187,856	\$ 11,196,867	\$ 10,644,119
Prior period adjustment	<u>149,174</u>	<u>(17,120)</u>	<u>-</u>	<u>-</u>	<u>149,174</u>	<u>(17,120)</u>
Net position, beginning, as restated	<u>\$ 6,132,370</u>	<u>\$ 5,439,143</u>	<u>\$ 5,213,671</u>	<u>\$ 5,187,856</u>	<u>\$ 11,346,041</u>	<u>\$ 10,626,999</u>
Net position, ending	<u>\$ 6,484,604</u>	<u>\$ 5,983,196</u>	<u>\$ 5,013,422</u>	<u>\$ 5,213,671</u>	<u>\$ 11,498,026</u>	<u>\$ 11,196,867</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, 2012

Government-Wide Financial Analysis (continued)

Business-Type Activities (continued)

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

	Operating Revenues			
	Water	Gas	Sewer	Total
Year ended December 31, 2011	\$ 738,282	\$ 895,240	\$ 259,076	\$ 1,892,598
Year ended December 31, 2012	<u>736,231</u>	<u>755,848</u>	<u>250,879</u>	<u>1,742,958</u>
Increase (decrease) between years	<u>\$ (2,051)</u>	<u>\$ (139,392)</u>	<u>\$ (8,197)</u>	<u>\$ (149,640)</u>
	Operating Expenses			
	Water	Gas	Sewer	Total
Year ended December 31, 2011	\$ 783,260	\$ 828,777	\$ 557,280	\$ 2,169,317
Year ended December 31, 2012	<u>674,186</u>	<u>722,253</u>	<u>565,994</u>	<u>1,962,433</u>
Increase (decrease) between years	<u>\$ (109,074)</u>	<u>\$ (106,524)</u>	<u>\$ 8,714</u>	<u>\$ (206,884)</u>
	Operating Income (Loss)			
	Water	Gas	Sewer	Total
Year ended December 31, 2011	\$ (44,978)	\$ 66,463	\$ (298,204)	\$ (276,719)
Year ended December 31, 2012	<u>62,045</u>	<u>33,595</u>	<u>(315,115)</u>	<u>(219,475)</u>
Increase (decrease) between years	<u>\$ 107,023</u>	<u>\$ (32,868)</u>	<u>\$ (16,911)</u>	<u>\$ 57,244</u>

The reasons for the major fluctuations noted above are as follows

Revenues decreased by approximately 8% during the year primarily due to decreases in customer utility consumption. Expenses decreased by approximately 10% because of decreases in the water and 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 three governmental fund types. They are the General, Special Revenue, and Capital Projects Fund. The Town also maintains two fiduciary or Agency Funds. They are the Payroll Clearing Fund and the Accounts Payable Clearing Fund. The General Fund and Special Revenue Fund are presented separately in the Governmental Funds Balance Sheet (Statement C) and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E), because they are considered to be major funds.

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

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 \$2,719,234, which is an increase of \$287,742. The increase was primarily due to a positive net change in the sales tax fund. \$10 is reserved for capital projects, and the remaining fund balance of \$2,719,224 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 \$200,249 and an operating loss in the municipal utilities system of \$219,475. These decreases are the result of an operating loss in the sewer system of \$315,115. The gas and water systems showed an operating income of \$33,595 and \$62,045, respectively.

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

General Fund and Sales Tax Special Revenue Fund Budgetary Highlights

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

General Fund

Budgeted amounts were amended during the year:

The General Fund has an overall negative variance of \$36,543. This variance was primarily due to general government expenses related to the rehabilitation of the Strand Theatre not being budgeted.

TOWN OF JENA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Fund Financial Statements - Proprietary Funds (continued)

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

Sales Tax Special Revenue Fund

Tax revenues were higher than expected. General expenditures were higher than budgeted. Operating transfers-out were lower than budgeted. Overall the Sales Tax Special Revenue Fund had a positive variance of \$44,871

Capital Asset and Debt Administration

The total investment in net capital assets as of December 31, 2012, is \$7,366,820

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

- 1 Purchased a dump truck for \$6,375
- 2 Purchased a Ford F-150 for \$17,674
- 3 Purchased a grader for \$5,007
4. Upgrades to Chlorination System for \$11,600.
5. Upgrades to Town Hall Roof for \$14,889
6. Rehabilitation to Strand Theatre exterior for \$85,135.
7. Purchased land for future recreational use for \$3,000
- 8 Purchased mosquito fogger equipment for \$10,454.
- 9 Purchased new street lights for \$35,946.
10. Purchased a street sweeper for \$15,500
- 11 Upgrades and repairs to equipment for \$7,492
- 12 Purchased a new hauling trailer for \$3,975.
- 13 Upgrades and repairs to concession stand and recreation fields for \$20,000
- 14 Construction of park walking trails and bridges for \$133,303.
- 15 Upgrades and repairs to the pool for \$12,000.

Current Financial Factors

The Town saw continuing increases in sales tax revenue throughout the year 2012. That increase in revenue is set aside for future investments in fixed assets. Jena's first quarter 2013 sales tax collections reflected a 6.5% increase compared to the same period last year. Town officials continue to be encouraged by the high employment rate in the parish with only a 4.6% unemployment rate in early 2013. Other major revenue sources for the Town of Jena vary in the business units based on weather conditions, both temperature and amount of rainfall.

Requests for Information

This financial report is designed to provide a general overview of the Town of Jena's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Cory Floyd, Municipal Clerk, 2908 East Oak Street, Jena, Louisiana 71342.

Basic Financial Statements

Government-Wide Financial Statements

TOWN OF JENA, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,448,617	\$ 393,433	\$ 2,842,050
Receivables (net of allowances for uncollectibles)	295,943	290,478	586,421
Internal balances	(10,550)	10,550	-
Other assets	-	183,686	183,686
Restricted assets	72,539	862,811	935,350
Capital assets (net)	<u>3,765,370</u>	<u>3,601,450</u>	<u>7,366,820</u>
Total assets	\$ 6,571,919	\$ 5,342,408	\$ 11,914,327
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 14,776	\$ 18,323	\$ 33,099
Payable from restricted assets	72,539	120,663	193,202
Bonds and certificates payable, due within one year	<u>-</u>	<u>190,000</u>	<u>190,000</u>
Total liabilities	\$ 87,315	\$ 328,986	\$ 416,301
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	\$ 3,765,370	\$ 3,411,450	\$ 7,176,820
Restricted for capital projects	10	-	10
Restricted for debt service	-	735,113	735,113
Unrestricted	<u>2,719,224</u>	<u>866,859</u>	<u>3,586,083</u>
Total net position	\$ 6,484,604	\$ 5,013,422	\$ 11,498,026

See accompanying notes to the basic financial statements

TOWN OF JENA, LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012

	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
<u>GOVERNMENTAL ACTIVITIES</u>								
General government	\$ 402,545	\$ -	\$ -	\$ 113,855	\$ (288,690)	\$ (288,690)	\$ -	\$ (288,690)
Public safety	671,236	208,497	18,250	4,447	(440,042)	(440,042)	-	(440,042)
Parks and streets	294,219	1,086	10,876	16,000	(266,257)	(266,257)	-	(266,257)
Sanitation	194,389	176,838	-	-	(17,551)	(17,551)	-	(17,551)
Recreation	95,217	12,153	-	-	(83,064)	(83,064)	-	(83,064)
Total governmental activities	<u>\$ 1,657,606</u>	<u>\$ 398,574</u>	<u>\$ 29,126</u>	<u>\$ 134,302</u>	<u>\$ (1,095,604)</u>	<u>\$ (1,095,604)</u>	<u>\$ -</u>	<u>\$ (1,095,604)</u>
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water	\$ 674,186	\$ 736,231	\$ -	\$ 6,333	\$ 68,378	\$ -	\$ 68,378	\$ 68,378
Gas	722,253	755,848	-	6,334	39,929	-	39,929	39,929
Sewer	565,994	250,879	-	6,333	(308,782)	-	(308,782)	(308,782)
Interest on long-term debt	8,206	-	-	-	(8,206)	-	(8,206)	(8,206)
Total business-type activities	<u>\$ 1,970,639</u>	<u>\$ 1,742,958</u>	<u>\$ -</u>	<u>\$ 19,000</u>	<u>\$ (208,681)</u>	<u>\$ -</u>	<u>\$ (208,681)</u>	<u>\$ (208,681)</u>
Total	<u>\$ 3,628,245</u>	<u>\$ 2,141,532</u>	<u>\$ 29,126</u>	<u>\$ 153,302</u>	<u>\$ (1,304,285)</u>	<u>\$ (1,095,604)</u>	<u>\$ (208,681)</u>	<u>\$ (1,304,285)</u>
General Revenues								
Taxes						\$ 1,231,602	\$ -	\$ 1,231,602
Licenses and permits						183,540	-	183,540
Intergovernmental revenues						5,762	-	5,762
Investment earnings						4,557	6,164	10,721
Other general revenues						24,645	-	24,645
Transfers						(2,268)	2,268	-
Total general revenues and transfers						<u>\$ 1,447,838</u>	<u>\$ 8,432</u>	<u>\$ 1,456,270</u>
Change in net position								
						<u>\$ 352,234</u>	<u>\$ (200,249)</u>	<u>\$ 151,985</u>
Net position - beginning						\$ 5,983,196	\$ 5,213,671	\$ 11,196,867
Prior period adjustment						149,174	-	149,174
Net position - beginning, as restated						<u>\$ 6,132,370</u>	<u>\$ 5,213,671</u>	<u>\$ 11,346,041</u>
Net position - ending						<u>\$ 6,484,604</u>	<u>\$ 5,013,422</u>	<u>\$ 11,498,026</u>

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

TOWN OF JENA, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2012

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Sales Tax Fund		
ASSETS				
Cash and cash equivalents	\$ 402,636	\$ 2,034,007	\$ 11,974	\$ 2,448,617
Receivables (net of allowances for uncollectibles)	150,395	145,548	-	295,943
Due from other funds	10,952	-	-	10,952
Restricted cash	72,539	-	-	72,539
Total assets	\$ 636,522	\$ 2,179,555	\$ 11,974	\$ 2,828,051
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 14,776	\$ -	\$ -	\$ 14,776
Due to other funds	9,538	-	11,964	21,502
Deposits held in protest (ad valorem)	72,539	-	-	72,539
Total liabilities	\$ 96,853	\$ -	\$ 11,964	\$ 108,817
Fund balances.				
Restricted for:				
Capital projects	\$ -	\$ -	\$ 10	\$ 10
Assigned for:				
General fund	72,539	-	-	72,539
Unassigned, reported in:				
General Fund	467,130	-	-	467,130
Special Revenue Fund	-	2,179,555	-	2,179,555
Total fund balances	\$ 539,669	\$ 2,179,555	\$ 10	\$ 2,719,234
Total liabilities and fund balances	\$ 636,522	\$ 2,179,555	\$ 11,974	\$ 2,828,051

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 POSITION**

DECEMBER 31, 2012

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 2,719,234
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>3,765,370</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 6,484,604</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, 2012

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Sales Tax Fund		
REVENUES				
Taxes	\$ 226,446	\$ 1,005,156	\$ -	\$ 1,231,602
Licenses and permits	183,540	-	-	183,540
Intergovernmental revenues	140,893	26,197	-	167,090
Charges for services	309,245	-	-	309,245
Fines and forfeitures	89,329	-	-	89,329
Investment earnings	228	4,329	-	4,557
Contributions	2,100	-	-	2,100
Other revenues	24,645	-	-	24,645
Total revenues	\$ 976,426	\$ 1,035,682	\$ -	\$ 2,012,108
EXPENDITURES				
General government	\$ 507,296	\$ 16,843	\$ -	\$ 524,139
Public safety	650,769	-	-	650,769
Parks and streets	299,968	-	-	299,968
Sanitation	157,983	-	-	157,983
Recreation	238,413	-	-	238,413
Total expenditures	\$ 1,854,429	\$ 16,843	\$ -	\$ 1,871,272
Excess (deficiency) of revenues over (under) expenditures	\$ (878,003)	\$ 1,018,839	\$ -	\$ 140,836
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ 841,000	\$ -	\$ -	\$ 841,000
Transfers - out	-	(843,268)	-	(843,268)
Total other financing sources (uses)	\$ 841,000	\$ (843,268)	\$ -	\$ (2,268)
Net change in fund balances	\$ (37,003)	\$ 175,571	\$ -	\$ 138,568
Fund balances - beginning	\$ 529,652	\$ 1,901,830	\$ 10	\$ 2,431,492
Prior period adjustment	47,020	102,154	-	149,174
Fund balance - beginning, as restated	\$ 576,672	\$ 2,003,984	\$ 10	\$ 2,580,666
Fund balances - ending	\$ 539,669	\$ 2,179,555	\$ 10	\$ 2,719,234

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, 2012

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

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 138,568

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. 213,666

Change in Net position of Governmental Activities, Statement B \$ 352,234

See accompanying notes to the basic financial statements

Proprietary Funds

TOWN OF JENA, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

DECEMBER 31, 2012

	<u>Enterprise Fund</u>
<u>ASSETS</u>	
Current assets.	
Cash and cash equivalents	\$ 393,433
Receivables (net of allowances for uncollectibles)	284,812
Due from other governments	4,263
Other receivables	1,403
Due from other funds	16,908
Prepaid expenses	83,005
Inventory	<u>100,681</u>
Total current assets	<u>\$ 884,505</u>
Noncurrent assets	
Restricted assets	
Cash and cash equivalents	\$ 862,811
Capital assets (net of accumulated depreciation)	<u>3,601,450</u>
Total noncurrent assets	<u>\$ 4,464,261</u>
Total assets	<u>\$ 5,348,766</u>
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ 18,323
Due to other funds	<u>6,358</u>
Total current liabilities	<u>\$ 24,681</u>
Current liabilities payable from restricted assets	
Consumer meter deposits	\$ 118,123
Accrued interest	2,540
Sewer sales tax bonds	<u>190,000</u>
Total current liabilities payable from restricted assets	<u>\$ 310,663</u>
Total liabilities	<u>\$ 335,344</u>
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	\$ 3,411,450
Restricted for debt service	735,113
Unrestricted	<u>866,859</u>
Total net position	<u>\$ 5,013,422</u>

See accompanying notes to the basic financial statements

TOWN OF JENA, LOUISIANA

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

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Enterprise Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Water sales	\$ 720,078
Gas sales	739,262
Sewer charges	245,376
Other operating revenue	<u>38,242</u>
Total operating revenues	<u>\$ 1,742,958</u>
<u>OPERATING EXPENSES</u>	
Personal services	\$ 766,594
Purchase of utilities provided	260,810
Materials and supplies	267,198
Repairs and maintenance	57,156
Depreciation	273,697
Utilities and telephone	86,409
Insurance	109,608
Bad debts	12,043
Other operating expenses	<u>128,918</u>
Total operating expenses	<u>\$ 1,962,433</u>
Operating Loss	<u>\$ (219,475)</u>
Nonoperating Revenues (Expenses)	
Interest earnings	\$ 6,164
Interest expense	(8,206)
Grants	<u>19,000</u>
Total nonoperating revenues (expenses)	<u>\$ 16,958</u>
Loss Before Transfers	\$ (202,517)
Transfers - in	402,268
Transfers - out	<u>(400,000)</u>
Change in Net Position	\$ (200,249)
Total net position - beginning	<u>5,213,671</u>
Total net position - ending	<u>\$ 5,013,422</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, 2012

	<u>Enterprise Fund</u>
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 1,712,543
Payments to suppliers for goods and services	(847,531)
Payments to and on behalf of employees for services	(766,594)
Net cash provided by operating activities	<u>\$ 98,418</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Operating transfers from other funds	\$ 395,589
Operating transfers to other funds	(396,460)
Net cash used for noncapital financing activities	<u>\$ (871)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital grants received	\$ 19,000
Purchase of capital assets	(40,656)
Principal paid on capital debt	(180,000)
Interest paid on capital debt	(11,201)
Net cash used for capital and related financing activities	<u>\$ (212,857)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on temporary investments	\$ 6,949
Net cash provided by investing activities	<u>\$ 6,949</u>
Net decrease in cash and cash equivalents	\$ (108,361)
Cash and cash equivalents, beginning of year	<u>1,364,605</u>
Cash and cash equivalents, end of year	<u>\$ 1,256,244</u>
<u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Operating loss	<u>\$ (219,475)</u>
<u>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities</u>	
Depreciation	\$ 273,697
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable - customers	(23,214)
Intergovernmental receivables	4,897
Prepaid expenses	52,096
Inventory	13,654
Increase (decrease) in:	
Accounts payable	180
Accrued liabilities	(3,362)
Customer deposits	(55)
Total adjustments	<u>\$ 317,893</u>
Net cash provided by operating activities	<u>\$ 98,418</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, 2012

INTRODUCTION

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

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

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

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

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

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

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The municipality reports the following major governmental funds.

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

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

The municipality reports the following major proprietary fund.

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

C. Deposits and Investments

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

D. Receivables and Payables

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

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

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

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

For the year ended December 31, 2012, taxes of 5.87 mills were levied on property with assessed valuations totaling \$23,230,664, after abatements and exemptions and were dedicated as follows:

General corporate purposes	Mills	5.87
Total taxes levied were	\$	136,364

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Inventories and Prepaid Items

Inventory is valued at replacement cost, which approximates market, using the first-in/first-out (FIFO) method. Inventory used for the maintenance of the utility system is accounted for in the Utility Fund as assets when purchased and recorded as expenses when consumed. Inventory for office use is accounted for in the General and Utility Funds as expenditures or expenses when purchased. Amounts of office inventory on hand are immaterial. Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid expenses in the enterprise fund.

F. Restricted Assets

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

G. Capital Assets

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

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

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

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

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

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

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

I. Long-Term Obligations

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

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

J. Fund Equity

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

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

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Fund Equity (continued)

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

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

K. Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 3 - CASH AND CASH EQUIVALENTS

At December 31, 2012, the municipality had unrestricted cash and cash equivalents totaling \$2,842,050 and restricted cash and cash equivalents of \$935,350 as follows.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Demand deposits	\$ 2,132,917	\$ 611,913	\$ 2,744,830
Time deposits	708,733	323,437	1,032,170
Cash on hand	<u>400</u>	<u>-</u>	<u>400</u>
Total	<u>\$ 2,842,050</u>	<u>\$ 935,350</u>	<u>\$ 3,777,400</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, 2012, the municipality had \$3,599,809 in deposits (collected bank balances). These deposits are secured from risk by \$2,816,833 of federal deposit insurance and \$3,509,161 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.

Effective January 1, 2013, non-interest bearing deposits no longer have unlimited FDIC coverage and will be subject to the \$250,000 limit. Had this been in effect at December 31, 2012, it would have resulted in deposits secured from risk by FDIC in the amount of \$658,662. Collectively with the pledged securities the Town would have been over collateralized by \$568,014.

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	\$ 31,126	\$ -	\$ -	\$ 31,126
Sales	-	118,798	-	118,798
Intergovernmental				
State	6,815	-	-	6,815
Local	-	-	4,263	4,263
Accounts	38,591	-	372,708	411,299
Other	73,863	26,750	1,403	102,016
Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>(87,896)</u>	<u>(87,896)</u>
Total	<u>\$ 150,395</u>	<u>\$ 145,548</u>	<u>\$ 290,478</u>	<u>\$ 586,421</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 4 - RECEIVABLES (continued)

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, 2012, follows

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 10,952	\$ 9,538
Nonmajor governmental funds	-	11,964
Enterprise fund	<u>16,908</u>	<u>6,358</u>
Totals	<u>\$ 27,860</u>	<u>\$ 27,860</u>

Interfund transfers during the year ended December 31, 2012, were as follows:

	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
General fund	\$ 841,000	\$ -
Special revenue fund	-	843,268
Enterprise fund	<u>402,268</u>	<u>400,000</u>
Totals	<u>\$ 1,243,268</u>	<u>\$ 1,243,268</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, 2012

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2012, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 563,123	\$ 3,000	\$ -	\$ 566,123
Total capital assets, not being depreciated	<u>\$ 563,123</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 566,123</u>
Capital assets being depreciated				
Buildings	\$ 945,242	\$ 100,024	\$ -	\$ 1,045,266
Other improvements	473,495	153,302	-	626,797
Equipment	1,159,469	85,367	(85,956)	1,158,880
Infrastructure	2,382,145	-	-	2,382,145
Construction in progress	-	41,679	-	41,679
Total capital assets being depreciated	<u>\$ 4,960,351</u>	<u>\$ 380,372</u>	<u>\$ (85,956)</u>	<u>\$ 5,254,767</u>
Less accumulated depreciation for				
Buildings	\$ (188,928)	\$ (20,869)	\$ -	\$ (209,797)
Other improvements	(177,070)	(27,535)	-	(204,605)
Equipment	(853,707)	(41,084)	77,360	(817,431)
Infrastructure	(752,065)	(71,622)	-	(823,687)
Total accumulated depreciation	<u>\$ (1,971,770)</u>	<u>\$ (161,110)</u>	<u>\$ 77,360</u>	<u>\$ (2,055,520)</u>
Total capital assets being depreciated, net	<u>\$ 2,988,581</u>	<u>\$ 219,262</u>	<u>\$ (8,596)</u>	<u>\$ 3,199,247</u>
Total capital assets, net	<u>\$ 3,551,704</u>	<u>\$ 222,262</u>	<u>\$ (8,596)</u>	<u>\$ 3,765,370</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated				
Land	\$ 30,549	\$ -	\$ -	\$ 30,549
Total capital assets, not being depreciated	<u>\$ 30,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,549</u>
Capital assets being depreciated				
Sewer disposal system	\$ 4,580,763	\$ -	\$ -	\$ 4,580,763
Natural gas distribution system	2,698,585	-	-	2,698,585
Water plant and system	3,045,750	11,600	-	3,057,350
Service equipment	987,342	29,056	-	1,016,398
Total capital assets being depreciated	<u>\$ 11,312,440</u>	<u>\$ 40,656</u>	<u>\$ -</u>	<u>\$ 11,353,096</u>
Less accumulated depreciation for.				
Sewer disposal system	\$ (2,764,515)	\$ (106,548)	\$ -	\$ (2,871,063)
Natural gas distribution system	(2,271,226)	(67,103)	-	(2,338,329)
Water plant and system	(1,657,502)	(58,842)	-	(1,716,344)
Service equipment	(815,255)	(41,204)	-	(856,459)
Total accumulated depreciation	<u>\$ (7,508,498)</u>	<u>\$ (273,697)</u>	<u>\$ -</u>	<u>\$ (7,782,195)</u>
Total capital assets being depreciated, net	<u>\$ 3,803,942</u>	<u>\$ (233,041)</u>	<u>\$ -</u>	<u>\$ 3,570,901</u>
Total capital assets, net	<u>\$ 3,834,491</u>	<u>\$ (233,041)</u>	<u>\$ -</u>	<u>\$ 3,601,450</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense of \$161,110 for the year ended December 31, 2012, was charged to the following governmental functions

General government	\$	20,109
Public safety		
Police		18,867
Fire		6,112
Public works		
Parks and streets		62,251
Sanitation		28,665
Recreation		<u>25,106</u>
 Total	 \$	 <u>161,110</u>

NOTE 7 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

Payables at December 31, 2012, are as follows

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Payable from unrestricted assets:			
Accounts payable	\$ <u>14,776</u>	\$ <u>18,323</u>	\$ <u>33,099</u>
Total payable from unrestricted assets	\$ <u>14,776</u>	\$ <u>18,323</u>	\$ <u>33,099</u>
Payable from restricted assets:			
Meter deposits	\$ -	\$ 118,123	\$ 118,123
Deposits held in protest (ad valorem)	72,539	-	72,539
Accrued liabilities and other payables	<u>-</u>	<u>2,540</u>	<u>2,540</u>
Total payable from restricted assets	\$ <u>72,539</u>	\$ <u>120,663</u>	\$ <u>193,202</u>

NOTE 8 - LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2012:

	<u>Enterprise Fund</u>	
	<u>Sales Tax Bond</u>	<u>Totals</u>
Long-term obligations at beginning of year	\$ 370,000	\$ 370,000
Additions	-	-
Deductions	<u>(180,000)</u>	<u>(180,000)</u>
Long-term obligations at end of year	\$ <u>190,000</u>	\$ <u>190,000</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2012:

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

Long-term debt as of December 31, 2012, 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.

\$ 190,000

Total

\$ 190,000

The annual requirements to amortize all outstanding debt as of December 31, 2012, including interest payments, are as follows:

	Enterprise Fund		
	Sewer Sales Tax Bonds		
	Principal	Interest	
2013	\$ 190,000	\$ 4,275	\$ 194,275
	\$ 190,000	\$ 4,275	\$ 194,275

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, 2012, the statutory limit was \$8,130,732.

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

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

1. The Town will irrevocably pledge and dedicate the proceeds of the one percent (1%) sales and use tax authorized at a special election to the payment of principal and interest on the bonds.
2. The Town will establish service fees and charges at such rates as will yield annual revenues sufficient in amount to pay the costs of operating and maintaining the sewer system and to provide for the renewal and replacement of the sewer system.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

- 3 The Town will transfer monthly to a debt service sinking account accumulations for the payments of principal and interest due on the bonds.
- 4 The Town will establish a reserve account equal to the maximum future principal and interest due in any future year. Monies in this fund may be used for principal and interest payments, if necessary.
5. The Town may not create debt having priority over these bonds.

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

NOTE 9 - RETIREMENT SYSTEMS

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

Municipal Employees' Retirement System of Louisiana

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

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

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

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Town of Jena, Louisiana is required to contribute at an actuarially determined rate. The Town's contribution rate was 16.75% from January 1, 2012 to June 30, 2012, and 17.00% from July 1, 2012 to December 31, 2012. 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, 2012, 2011, and 2010, were \$176,723, \$150,897, and \$136,993, respectively, equal to the required contributions for each year.

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 9 - RETIREMENT SYSTEMS (continued)

Municipal Police Employees' Retirement System of Louisiana

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

Plan description - All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 35 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809-7017.

Funding Policy - Plan members are required by state statute to contribute 10.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The Town's contribution rate was 26.50% from January 1, 2012 to June 30, 2012, and 31.00% from July 1, 2012 to December 31, 2012. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by RS 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, 2012, 2011, and 2010, were \$23,825, \$26,162, and \$17,451, respectively, equal to the required contributions for each year.

NOTE 10 - SEGMENT INFORMATION FOR UTILITY FUND

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

	Water System	Gas System	Sewer System	Total
Operating revenue	\$ 736,231	\$ 755,848	\$ 250,879	\$ 1,742,958
Purchase of natural gas	-	(260,810)	-	(260,810)
Operating expense	(601,610)	(380,605)	(445,711)	(1,427,926)
Depreciation	(72,576)	(80,838)	(120,283)	(273,697)
Operating income (loss)	<u>\$ 62,045</u>	<u>\$ 33,595</u>	<u>\$ (315,115)</u>	<u>\$ (219,475)</u>
Nonoperating revenues (expenses)				
Interest income				6,164
Interest expense				(8,206)
Grants				19,000
Operating transfers - in				402,268
Operating transfers - out				<u>(400,000)</u>
Net decrease in net position				<u>\$ (200,249)</u>

TOWN OF JENA, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 11 - COMPENSATION PAID TO MAYOR AND TOWN COUNCIL

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following reflects compensation paid to the Mayor and members of the Town Council of the Town of Jena, Louisiana, for the year ending December 31, 2012

Mayor, Murphy McMillin	\$	43,264
Town Council		
Donnie Kendrick		3,900
Donald G. Richardson		3,900
Carl Newburg		3,900
David Paul Jones		3,900
Tommy Sandifer		<u>3,900</u>
 Total	 \$	 <u>62,764</u>

NOTE 12 - RISK MANAGEMENT

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

NOTE 13 - CONTINGENT LIABILITIES

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

NOTE 14 - PRIOR PERIOD ADJUSTMENT

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

<u>Governmental Activities</u>	
General Fund	\$ 47,020
Sales Tax Fund	\$ 102,154

The adjustment in the general fund is in connection with occupational licenses receivable. The adjustment in the sales tax fund is in connection with sales taxes receivable.

Required Supplemental Information (Part II)

TOWN OF JENA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 228,200	\$ 228,200	\$ 226,446	\$ (1,754)
Licenses and permits	196,825	196,825	183,540	(13,285)
Intergovernmental revenues	49,776	154,066	140,893	(13,173)
Charges for services	305,000	305,000	309,245	4,245
Fines and forfeitures	90,000	90,000	89,329	(671)
Contributions	2,000	2,000	2,100	100
Other	4,800	4,800	24,873	20,073
Total revenues	<u>\$ 876,601</u>	<u>\$ 980,891</u>	<u>\$ 976,426</u>	<u>\$ (4,465)</u>
Expenditures				
Current				
General government	\$ 383,859	\$ 418,859	\$ 507,296	\$ (88,437)
Public safety:				
Police	421,987	441,987	440,860	1,127
Fire	211,896	211,896	202,611	9,285
Animal control	5,000	5,000	7,298	(2,298)
Public works:				
Parks and streets	292,560	316,560	299,968	16,592
Sanitation	147,639	147,639	157,983	(10,344)
Recreation	70,490	279,490	238,413	41,077
Total expenditures	<u>\$ 1,533,431</u>	<u>\$ 1,821,431</u>	<u>\$ 1,854,429</u>	<u>\$ (32,998)</u>
Revenues under expenditures	<u>\$ (656,830)</u>	<u>\$ (840,540)</u>	<u>\$ (878,003)</u>	<u>\$ (37,463)</u>
Other Financing Sources				
Operating transfers - in	\$ 655,000	\$ 841,000	\$ 841,000	\$ -
Total other financing sources	<u>\$ 655,000</u>	<u>\$ 841,000</u>	<u>\$ 841,000</u>	<u>\$ -</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	<u>\$ (1,830)</u>	<u>\$ 460</u>	<u>\$ (37,003)</u>	<u>\$ (37,463)</u>
Fund balance - beginning of year	\$ 529,652	\$ 529,652	\$ 529,652	\$ -
Prior period adjustment	47,020	47,020	47,020	-
Fund balance - beginning, as restated	<u>\$ 576,672</u>	<u>\$ 576,672</u>	<u>\$ 576,672</u>	<u>\$ -</u>
Fund balance - end of year	<u>\$ 574,842</u>	<u>\$ 577,132</u>	<u>\$ 539,669</u>	<u>\$ (37,463)</u>

See Independent Auditor's Report

TOWN OF JENA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 940,000	\$ 990,000	\$ 1,005,156	\$ 15,156
Grants	-	-	26,197	26,197
Interest	<u>6,000</u>	<u>6,000</u>	<u>4,329</u>	<u>(1,671)</u>
Total revenues	<u>\$ 946,000</u>	<u>\$ 996,000</u>	<u>\$ 1,035,682</u>	<u>\$ 39,682</u>
Expenditures				
Current				
General government	\$ 15,100	\$ 17,700	\$ 16,843	\$ 857
Total expenditures	<u>\$ 15,100</u>	<u>\$ 17,700</u>	<u>\$ 16,843</u>	<u>\$ 857</u>
Excess of revenues over expenditures	<u>\$ 930,900</u>	<u>\$ 978,300</u>	<u>\$ 1,018,839</u>	<u>\$ 40,539</u>
Other Financing Uses				
Operating transfers - out	\$ (661,600)	\$ (847,600)	\$ (843,268)	\$ 4,332
Total other financing uses	<u>\$ (661,600)</u>	<u>\$ (847,600)</u>	<u>\$ (843,268)</u>	<u>\$ 4,332</u>
Excess of revenues over expenditures and other uses	<u>\$ 269,300</u>	<u>\$ 130,700</u>	<u>\$ 175,571</u>	<u>\$ 44,871</u>
Fund Balance - beginning of year	\$ 1,901,830	\$ 1,901,830	\$ 1,901,830	\$ -
Prior period adjustment	<u>102,154</u>	<u>102,154</u>	<u>102,154</u>	<u>-</u>
Fund balance - beginning, as restated	<u>\$ 2,003,984</u>	<u>\$ 2,003,984</u>	<u>\$ 2,003,984</u>	<u>\$ -</u>
Fund Balance - end of year	<u>\$ 2,273,284</u>	<u>\$ 2,134,684</u>	<u>\$ 2,179,555</u>	<u>\$ 44,871</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012

Budgetary Comparison Schedule

1 Basis of Presentation

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

2 Budget Amendments and Revisions

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

See Independent Auditor's Report

Other Supplemental Information

Nonmajor Governmental Funds

TOWN OF JENA, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	<u>Fiduciary Funds</u>			<u>Total Nonmajor Governmental Funds</u>	
	<u>Capital Projects Fund</u>	<u>Accounts Payable Clearing Fund</u>	<u>Payroll Clearing Fund</u>		<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 10	\$ 8,356	\$ 3,608	\$ 11,964	\$ 11,974
Total assets	<u>\$ 10</u>	<u>\$ 8,356</u>	<u>\$ 3,608</u>	<u>\$ 11,964</u>	<u>\$ 11,974</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Due to other funds	\$ -	\$ 8,356	\$ 3,608	\$ 11,964	\$ 11,964
Total liabilities	<u>\$ -</u>	<u>\$ 8,356</u>	<u>\$ 3,608</u>	<u>\$ 11,964</u>	<u>\$ 11,964</u>
Fund Balances					
Reserved for Capital projects	\$ 10	-	-	-	\$ 10
Total fund balances	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>
Total liabilities and fund balances	<u>\$ 10</u>	<u>\$ 8,356</u>	<u>\$ 3,608</u>	<u>\$ 11,964</u>	<u>\$ 11,974</u>

See Independent Auditor's Report

TOWN OF JENA, LOUISIANA
NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

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

See Independent Auditor's Report.

Comparative/Combining Financial Statements and Schedules

GENERAL FUND

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

TOWN OF JENA, LOUISIANA
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 402,636	\$ 414,943
Receivables (net of allowance for doubtful accounts):		
Accounts	38,591	35,573
Taxes	31,126	12,570
Governmental	6,815	21,906
Other	73,863	59,269
Due from other funds	10,952	10,961
Restricted cash	<u>72,539</u>	<u>45,580</u>
Total assets	<u>\$ 636,522</u>	<u>\$ 600,802</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 14,776	\$ 21,972
Due to other funds	9,538	3,598
Deposits held in protest (ad valorem)	<u>72,539</u>	<u>45,580</u>
Total liabilities	<u>\$ 96,853</u>	<u>\$ 71,150</u>
<u>FUND BALANCE</u>		
Assigned fund balance	\$ 72,539	\$ 45,580
Unassigned fund balance	<u>467,130</u>	<u>484,072</u>
Total fund balance	<u>\$ 539,669</u>	<u>\$ 529,652</u>
Total liabilities and fund balance	<u>\$ 636,522</u>	<u>\$ 600,802</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, 2012

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011

	<u>2012</u>	<u>2011</u>
<u>REVENUES</u>		
Taxes	\$ 226,446	\$ 233,504
Licenses and permits	183,540	197,510
Intergovernmental	140,893	101,486
Charges for services	309,245	310,740
Fines and forfeits	89,329	90,261
Contributions	2,100	39,964
Other revenues	<u>24,873</u>	<u>4,652</u>
Total revenues	\$ <u>976,426</u>	\$ <u>978,117</u>
<u>EXPENDITURES</u>		
General government	\$ 507,296	\$ 353,654
Public safety:		
Police	440,860	436,253
Fire	202,611	219,957
Animal control	7,298	4,659
Public works.		
Parks and streets	299,968	542,472
Sanitation	157,983	130,171
Recreation	<u>238,413</u>	<u>79,587</u>
Total expenditures	\$ <u>1,854,429</u>	\$ <u>1,766,753</u>
Revenues under expenditures	\$ <u>(878,003)</u>	\$ <u>(788,636)</u>
<u>OTHER FINANCING SOURCES</u>		
Operating transfers - in	\$ <u>841,000</u>	\$ <u>985,362</u>
Total other financing sources	\$ <u>841,000</u>	\$ <u>985,362</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ <u>(37,003)</u>	\$ <u>196,726</u>
Fund balances - beginning of year	\$ 529,652	\$ 350,046
Prior period adjustment	<u>47,020</u>	<u>(17,120)</u>
Fund balance - beginning of year, as restated	\$ <u>576,672</u>	\$ <u>332,926</u>
Fund balances - end of year	<u>\$ 539,669</u>	<u>\$ 529,652</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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 1,671,736	\$ 1,425,636
Temporary investments (at cost)	362,271	359,203
Accounts receivable - grant	26,197	116,253
Accounts receivable - sales tax	118,798	-
Accrued interest receivable	<u>553</u>	<u>738</u>
Total assets	<u>\$ 2,179,555</u>	<u>\$ 1,901,830</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ -	\$ -
Fund balance		
Unassigned, fund balance	<u>\$ 2,179,555</u>	<u>\$ 1,901,830</u>
Total fund balance	<u>\$ 2,179,555</u>	<u>\$ 1,901,830</u>
Total liabilities and fund balance	<u>\$ 2,179,555</u>	<u>\$ 1,901,830</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, 2012
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011

	<u>2012</u>	<u>2011</u>
REVENUES		
Taxes	\$ 1,005,156	\$ 944,714
Grants	26,197	116,253
Interest	4,329	5,830
Total revenues	<u>\$ 1,035,682</u>	<u>\$ 1,066,797</u>
EXPENDITURES		
<i>Current - general government</i>		
Operating expense	\$ 5,648	\$ 5,645
Collection expense	11,195	8,553
Capital outlay	-	253,685
Total expenditures	<u>\$ 16,843</u>	<u>\$ 267,883</u>
Excess of revenues over expenditures	<u>\$ 1,018,839</u>	<u>\$ 798,914</u>
OTHER FINANCING USES		
Operating transfers out	\$ (843,268)	\$ (1,251,113)
Total other financing uses	<u>\$ (843,268)</u>	<u>\$ (1,251,113)</u>
Excess of (deficiency) revenues over (under) expenditures and other financing sources	<u>\$ 175,571</u>	<u>\$ (452,199)</u>
Fund balances - beginning of year	\$ 1,901,830	\$ 2,354,029
Prior period adjustment	102,154	-
Fund balances - beginning of year, as restated	<u>\$ 2,003,984</u>	<u>\$ 2,354,029</u>
Fund balances - end of year	<u>\$ 2,179,555</u>	<u>\$ 1,901,830</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, 2012
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ <u>10</u>	\$ <u>10</u>
Total assets	\$ <u>10</u>	\$ <u>10</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>10</u>	\$ <u>10</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA

CAPITAL PROJECTS FUND

LCDBG PUBLIC FACILITIES PROGRAM

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

YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>REVENUES</u>		
Total revenues	\$ _____ -	\$ <u>262,443</u>
<u>EXPENDITURES</u>		
Total expenditures	\$ _____ -	\$ <u>262,443</u>
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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 46,972	\$ 176,824
Temporary investments (at cost)	346,461	343,366
Receivables		
Accounts (net of allowance for doubtful accounts)	284,812	261,598
Intergovernmental	4,263	9,160
Other	1,403	2,188
Due from other funds	16,908	10,229
Prepaid expenses	83,005	135,101
Inventory	<u>100,681</u>	<u>114,335</u>
Total current assets	<u>\$ 884,505</u>	<u>\$ 1,052,801</u>
Noncurrent assets		
Restricted assets		
Meter deposit account	\$ 127,698	\$ 126,179
Sewer sales tax bond sinking account - cash	170,045	166,983
Sewer sales tax bond contingency account - cash	239,487	228,876
Sewer sales tax bond reserve account - cash	2,144	2,142
Sewer sales tax bond reserve account - certificate of deposit	<u>323,437</u>	<u>320,235</u>
Total restricted assets	<u>\$ 862,811</u>	<u>\$ 844,415</u>
Fixed assets		
Property, plant, and equipment	\$ 11,383,645	\$ 11,342,989
Accumulated depreciation	<u>(7,782,195)</u>	<u>(7,508,498)</u>
Fixed assets (net of accumulated depreciation)	<u>\$ 3,601,450</u>	<u>\$ 3,834,491</u>
Total assets	<u>\$ 5,348,766</u>	<u>\$ 5,731,707</u>

- continued -

TOWN OF JENA, LOUISIANA
 ENTERPRISE FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>LIABILITIES</u>		
Current liabilities (payable from current assets)		
Accounts payable	\$ 18,323	\$ 18,143
Accrued liabilities	-	3,362
Due to other funds	<u>6,358</u>	<u>2,818</u>
Total current liabilities (payable from current assets)	<u>\$ 24,681</u>	<u>\$ 24,323</u>
Current liabilities (payable from restricted assets)		
Payable from meter deposit account		
Meter deposits	\$ 118,123	\$ 118,178
Payable from sewer sales tax bond sinking account		
Accrued interest	2,540	5,535
Sewer sales tax bonds payable	<u>190,000</u>	<u>180,000</u>
Total current liabilities (payable from restricted assets)	<u>\$ 310,663</u>	<u>\$ 303,713</u>
Total current liabilities	<u>\$ 335,344</u>	<u>\$ 328,036</u>
Long-term liabilities		
Sewer sales tax bonds payable	<u>\$ -</u>	<u>\$ 190,000</u>
Total liabilities	<u>\$ 334,344</u>	<u>\$ 518,036</u>
<u>NET POSITION</u>		
Investment in capital assets, net of related debt	\$ 3,411,450	\$ 3,464,491
Restricted for debt service	735,113	718,236
Unrestricted	<u>866,859</u>	<u>1,030,944</u>
Total net position	<u>\$ 5,013,422</u>	<u>\$ 5,213,671</u>
Total liabilities and net position	<u>\$ 5,348,766</u>	<u>\$ 5,731,707</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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 1,704,716	\$ 1,853,821
Other operating revenue	<u>38,242</u>	<u>38,777</u>
 Total operating revenues	 \$ <u>1,742,958</u>	 \$ <u>1,892,598</u>
 <u>OPERATING EXPENSES</u>		
Natural gas purchases	\$ 260,810	\$ 385,960
Salaries	581,032	532,293
Employee benefits	177,162	165,471
Payroll taxes	8,400	7,672
Operating supplies	267,198	224,387
Gas and oil	43,314	43,737
Utilities	72,567	87,379
Telephone	13,842	8,398
Repairs and maintenance	57,156	191,362
Depreciation	273,697	301,750
Travel	750	7
Training	6,602	8,077
Uniform rental	9,208	7,258
Professional fees	24,077	16,725
Office expense	5,220	725
Insurance	109,608	127,019
Dues and subscriptions	2,416	125
Lab reports and surveys	23,905	30,967
Drug testing	1,200	1,141
Bad debts	12,043	-
Miscellaneous	<u>12,226</u>	<u>28,864</u>
 Total operating expenses	 \$ <u>1,962,433</u>	 \$ <u>2,169,317</u>
 Operating loss	 \$ <u>(219,475)</u>	 \$ <u>(276,719)</u>

See Independent Auditor's Report

TOWN OF JENA, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
WATER SYSTEM

YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 720,078	\$ 723,159
Other operating revenue	<u>16,153</u>	<u>15,123</u>
Total operating revenues	\$ <u>736,231</u>	\$ <u>738,282</u>
<u>OPERATING EXPENSES</u>		
Salaries	\$ 220,840	\$ 204,396
Employee benefits	60,027	64,365
Payroll taxes	3,183	2,941
Operating supplies	201,891	151,829
Gas and oil	3,158	6,055
Utilities	29,518	36,404
Telephone	5,983	5,973
Repairs and maintenance	13,567	161,142
Depreciation	72,576	102,314
Travel	405	7
Training	1,127	540
Uniform rental	874	294
Professional fees	9,202	5,575
Office expense	4,692	150
Insurance	33,163	26,237
Dues and subscriptions	1,283	-
Lab reports and surveys	4,424	4,395
Bad debts	4,137	-
Miscellaneous	<u>4,136</u>	<u>10,643</u>
Total operating expenses	\$ <u>674,186</u>	\$ <u>783,260</u>
Operating income (loss)	\$ <u>62,045</u>	\$ <u>(44,978)</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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 739,262	\$ 877,015
Other operating revenue	<u>16,586</u>	<u>18,225</u>
Total operating revenues	\$ <u>755,848</u>	\$ <u>895,240</u>
<u>OPERATING EXPENSES</u>		
Natural gas purchases	\$ 260,810	\$ 385,960
Salaries	133,168	119,691
Employee benefits	67,440	57,974
Payroll taxes	1,939	1,730
Operating supplies	41,935	43,334
Gas and oil	37,726	32,024
Utilities	5,174	5,401
Telephone	6,908	1,926
Repairs and maintenance	20,881	13,655
Depreciation	80,838	99,901
Travel	345	-
Training	4,800	7,042
Uniform rental	7,280	6,108
Professional fees	9,202	5,575
Office expense	27	-
Insurance	24,528	29,671
Dues and subscriptions	-	25
Lab reports and surveys	7,105	4,644
Drug testing	1,200	1,141
Bad debts	4,433	-
Miscellaneous	<u>6,514</u>	<u>12,975</u>
Total operating expenses	\$ <u>722,253</u>	\$ <u>828,777</u>
Operating income	\$ <u>33,595</u>	\$ <u>66,463</u>

See Independent Auditor's Report.

TOWN OF JENA, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
SEWER SYSTEM

YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES</u>		
Charges for sales and services	\$ 245,376	\$ 253,647
Other operating revenue	<u>5,503</u>	<u>5,429</u>
Total operating revenues	\$ <u>250,879</u>	\$ <u>259,076</u>
<u>OPERATING EXPENSES</u>		
Salaries	\$ 227,024	\$ 208,206
Employee benefits	49,695	43,132
Payroll taxes	3,278	3,001
Operating supplies	23,372	29,224
Gas and oil	2,430	5,658
Utilities	37,875	45,574
Telephone	951	499
Repairs and maintenance	22,708	16,565
Depreciation	120,283	99,535
Training	675	495
Uniform rental	1,054	856
Professional fees	5,673	5,575
Office expense	501	575
Insurance	51,917	71,111
Dues and subscriptions	1,133	100
Lab reports and surveys	12,376	21,928
Bad debts	3,473	-
Miscellaneous	<u>1,576</u>	<u>5,246</u>
Total operating expenses	\$ <u>565,994</u>	\$ <u>557,280</u>
Operating loss	\$ <u>(315,115)</u>	\$ <u>(298,204)</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, 2012
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2011

	<u>Agency Funds</u>		<u>Totals</u>	
	Accounts Payable Clearing Fund	Payroll Clearing Fund	2012	2011
	<u>Fund</u>	<u>Fund</u>	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>				
Cash	\$ 8,356	\$ 3,608	\$ 11,964	\$ 14,774
Total assets	<u>\$ 8,356</u>	<u>\$ 3,608</u>	<u>\$ 11,964</u>	<u>\$ 14,774</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Due to other funds	\$ 8,356	\$ 3,608	\$ 11,964	\$ 14,774
Total liabilities	<u>\$ 8,356</u>	<u>\$ 3,608</u>	<u>\$ 11,964</u>	<u>\$ 14,774</u>
Fund balance				
Unreserved, undesignated	\$ -	\$ -	\$ -	\$ -
Total fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 8,356</u>	<u>\$ 3,608</u>	<u>\$ 11,964</u>	<u>\$ 14,774</u>

See Independent Auditor's Report.

Report on Internal Control and Compliance



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

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

We have audited, 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, 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, 2012, and the related notes to the financial statements, which collectively comprise the Town of Jena, Louisiana's basic financial statements, and have issued our report thereon dated May 17, 2013

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Jena, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Town of Jena, Louisiana's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Members: American Institute of CPAs, Mississippi Society of CPAs, Louisiana Society of CPAs

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Natchez, Mississippi
May 17, 2013

TOWN OF JENA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

We have audited the basic financial statements of the Town of Jena, Louisiana as of and for the year ended December 31, 2012, and have issued our report thereon dated May 17, 2013. 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, 2012, 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