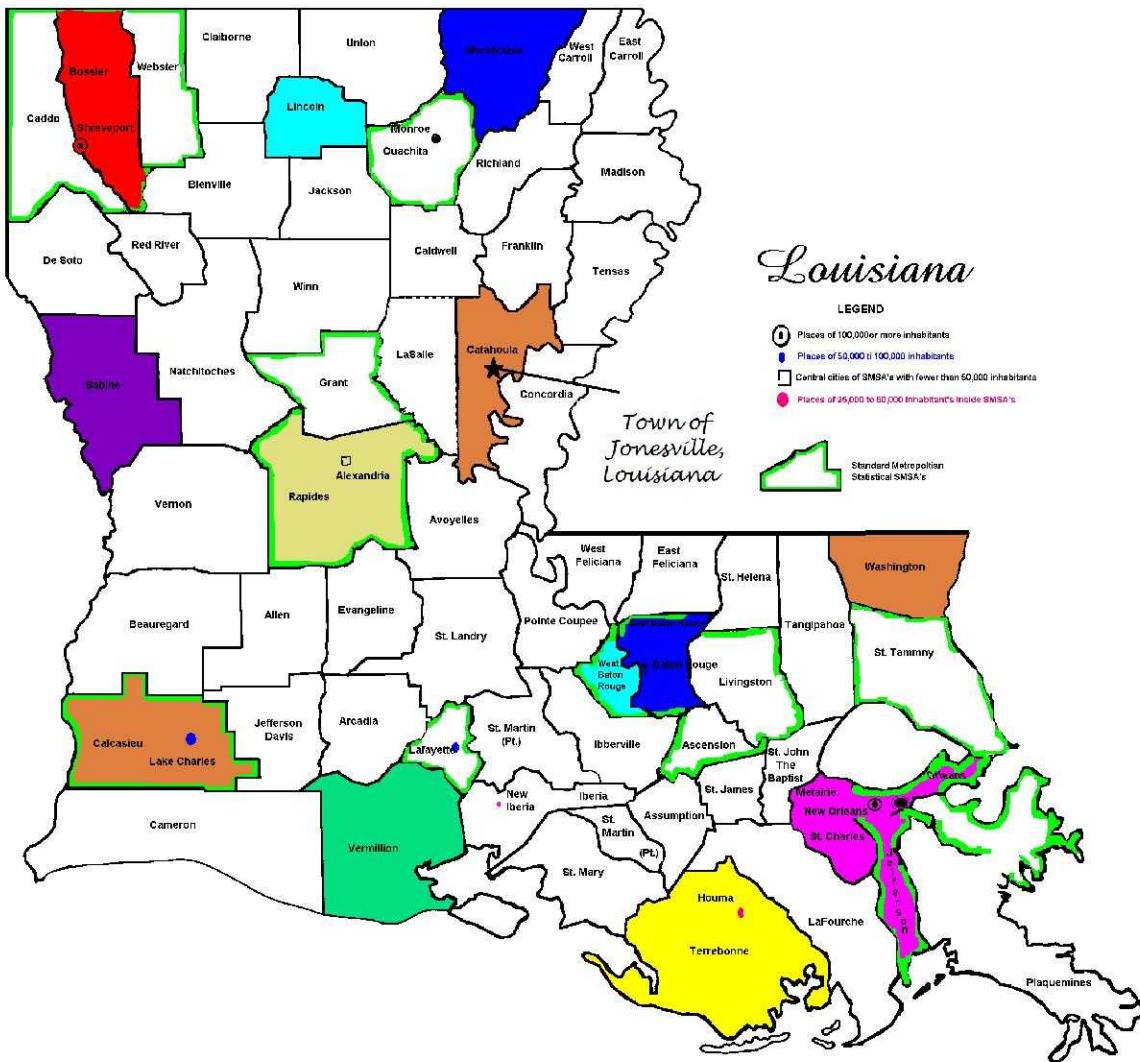


TOWN OF JONESVILLE, LOUISIANA

Annual Financial Statements

June 30, 2020

TOWN OF JONESVILLE, LOUISIANA



The Town of Jonesville was incorporated under the Lawrason Act, and operates under the Mayor-Town Council form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), streets, sanitation, recreation, public improvements, planning and zoning, provision of gas, electric, and water utilities, sewer services, airport facilities, and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

TOWN OF JONESVILLE, LOUISIANA
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June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Milton Ceasar, Mayor
& Members of the Town Council
Jonesville, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 and the business-type activities of the Town of Jonesville, as of June 30, 2020, and the respective changes in financial position, and, where applicable, 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 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 Jonesville's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was 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 Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2021, on our consideration of the Town of Jonesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Jonesville's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
February 24, 2021

Town of Jonesville

PO Box 428

Jonesville, Louisiana 71343

Tel: (318) 339-8596

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town, we offer readers of the Town of Jonesville's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$4,720,427 (*net position*). This is a \$2,161 increase from last year.
- The Town had total revenue of \$1,279,854 in which \$477,165 came from taxes and \$436,026 came from intergovernmental revenue. This is a \$13,471 decrease from last year's revenues, mainly due to a decrease in tax revenue in the amount of \$14,872.
- The Town had total expenditures of \$1,973,058, which is a \$503,918 decrease from last year. This decrease is due mainly to a decrease in capital outlay in the amount of \$666,045.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$14,629,658 (*net position*). This is a \$238,011 decrease from last year.
- The Town had total revenue of \$3,689,219, including operating revenues of \$3,688,748, non-operating revenues of \$471, and capital contributions of \$-0-. This is a \$325,496 decrease from last year. This decrease is due mainly to a decrease in electric sales in the amount of \$133,743.
- The Town had total expenses of \$3,396,085, including operating expenses of \$3,234,859 and non-operating expenses of \$161,226. This is a \$190,940 decrease from last year. A decrease in utility purchases in the amount of \$83,577 and other operating expenses in the amount of \$67,754 is the main cause of this decrease.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Town is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Town's annual report consists of financial statements that show information about the Town's funds, enterprise funds and governmental funds.

Our accountant has provided assurance in his independent accountant's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the accountant regarding the other information included in this report. A user of this report should read the independent accountant's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

The Town's financial statements provide detailed information about the most significant funds. The Town may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Town's enterprise fund uses the following accounting approach:

All of the Town's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

GOVERNMENTAL FUNDS

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2020:

	2019	2020	% Change
ASSETS			
Cash & Investments	\$ 214,443	\$ 101,479	-52.7
Receivables	25,147	31,099	23.7
Restricted Assets	1,001,903	919,171	-8.3
Capital Assets, Net of Accumulated Depreciation	5,248,340	5,168,978	-1.5
TOTAL ASSETS	<u>6,489,833</u>	<u>6,220,727</u>	-4.2
LIABILITIES & NET POSITION			
Accounts, Salaries, & Other Payables	44,949	38,410	-14.6
Other Liabilities	35,988	14,842	-58.8
Notes & Bonds Payable – Current	246,160	245,020	-0.5
Notes & Bonds Payable – Noncurrent	1,444,470	1,202,028	-16.8
TOTAL LIABILITIES	<u>1,771,567</u>	<u>1,500,300</u>	-15.3
NET POSITION			
Net Investment in Capital Assets	3,557,710	3,721,930	4.6
Restricted	766,743	674,151	-12.1
Unrestricted	393,813	324,346	-17.6
TOTAL NET POSITION	<u>\$ 4,718,266</u>	<u>\$ 4,720,427</u>	0.1

MD&A

GOVERNMENTAL FUNDS

Comparative Changes in Fund Balances

The following table reflects the Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2020:

	2019	2020	% Change
REVENUES			
Taxes	\$ 492,037	\$ 477,165	-3.0
Licenses and Permits	135,699	125,997	-7.2
Rentals	18,229	38,290	110.1
Charges for Services	143,294	130,088	-9.2
Fines and Forfeitures	61,177	67,784	10.8
Intergovernmental	360,252	436,026	21.0
Other	81,905	4,109	-95.0
TOTAL REVENUES	<u>1,292,593</u>	<u>1,279,459</u>	-1.0
EXPENDITURES			
General & Administrative	453,134	485,233	7.1
Public Safety	287,146	373,744	31.2
Public Works	606,666	642,060	5.8
Recreation	8,769	577	-93.4
Airport	2,545	6,820	168.0
Capital Outlay	844,989	178,944	-78.8
Debt Service	273,727	285,680	4.4
TOTAL EXPENDITURES	<u>2,476,976</u>	<u>1,973,058</u>	-20.4
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,184,383)</u>	<u>(693,599)</u>	-41.4
OTHER FINANCING SOURCES (USES)			
Interest Income	732	395	-46.0
Loan Proceeds	39,269	-0-	-100.0
Transfers In (Out)	744,312	531,145	-28.6
TOTAL OTHER FINANCING SOURCES (USES)	<u>784,313</u>	<u>531,540</u>	-32.2
NET CHANGE IN FUND BALANCE	(400,070)	(162,059)	-59.5
FUND BALANCES--BEGINNING	<u>1,560,626</u>	<u>1,160,556</u>	-25.6
FUND BALANCES--ENDING	<u>\$ 1,160,556</u>	<u>\$ 998,497</u>	-14.0

MD&A

ENTERPRISE FUNDS

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2020:

	2019	2020	% Change
ASSETS			
Cash	\$ 193,418	\$ 100,907	-47.8
Receivables	256,293	219,334	-14.4
Restricted Assets	881,961	979,432	11.1
Capital Assets, Net of Accumulated Depreciation	<u>20,941,675</u>	<u>20,404,407</u>	-2.6
TOTAL ASSETS	<u><u>22,273,347</u></u>	<u><u>21,704,080</u></u>	-2.6
LIABILITIES AND NET POSITION			
Accounts, Salaries, & Other Payables	51,435	42,100	-18.2
Accrued Liabilities	22,204	19,195	-13.6
Customer Deposits	201,530	217,439	7.9
Notes & Bonds Payable – Current Portion	213,000	191,000	-10.3
Notes & Bonds Payable – Noncurrent Portion	<u>6,917,509</u>	<u>6,604,688</u>	-4.5
TOTAL LIABILITIES	<u><u>7,405,678</u></u>	<u><u>7,074,422</u></u>	-4.5
NET POSITION			
Net Investment in Capital Assets	13,811,166	13,608,719	-1.5
Restricted	453,162	559,147	23.4
Unrestricted	603,341	461,792	-23.5
TOTAL NET POSITION	<u><u>\$ 14,867,669</u></u>	<u><u>\$ 14,629,658</u></u>	-1.6

MD&A

ENTERPRISE FUNDS

Comparative Changes in Net Position

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2020:

	2019	2020	% Change
OPERATING REVENUES			
Electric Sales	\$ 2,712,706	\$ 2,578,963	-4.9
Gas Sales	454,416	364,055	-19.9
Water Sales	350,664	359,615	2.6
Sewer Sales	373,306	340,099	-8.9
Other Fees/Charges	64,493	46,016	-28.7
TOTAL OPERATING REVENUES	<u>3,955,585</u>	<u>3,688,748</u>	-6.8
OPERATING EXPENSES			
Utility Purchases	1,816,546	1,732,969	-4.6
Administration/Personnel	272,734	257,661	-5.5
Repairs and Maintenance	73,417	83,194	13.3
Materials & Supply	65,211	73,260	12.4
Utilities	96,171	74,829	-22.2
Other Operating Expenses	543,432	475,678	-12.5
Depreciation	545,488	537,268	-1.5
TOTAL OPERATING EXPENSES	<u>3,412,999</u>	<u>3,234,859</u>	-5.2
OPERATING INCOME (LOSS)	<u>542,586</u>	<u>453,889</u>	-16.4
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	1,014	471	-53.6
Interest Expense	(174,026)	(161,226)	-7.4
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(173,012)</u>	<u>(160,755)</u>	-7.1
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	<u>369,574</u>	<u>293,134</u>	-20.7
Transfers In/(Out)	(744,312)	(531,145)	-28.6
Capital Contributions	58,116	-0-	-100.0
CHANGE IN NET POSITION	<u>(316,622)</u>	<u>(238,011)</u>	-24.8
TOTAL NET POSITION – BEGINNING	<u>15,184,291</u>	<u>14,867,669</u>	-2.1
TOTAL NET POSITION – ENDING	<u>\$ 14,867,669</u>	<u>\$ 14,629,658</u>	-1.6

MD&A

CAPITAL ASSETS & LONG-TERM DEBT

Capital Assets – Governmental Fund

At June 30, 2020, the Town had \$5,168,978 invested in capital assets, including the following:

Capital Assets at Year-End

	2019	2020
Land*	\$ 422,850	\$ 422,850
Buildings	1,079,801	1,079,801
Land Improvements	5,029,287	5,208,231
Machinery & Equipment	402,737	402,737
Vehicles	761,843	761,843
Accumulated Depreciation	(2,448,178)	(2,706,484)
Total	\$ 5,248,340	\$ 5,168,978

*Land in the amount of \$422,850 is not being depreciated.

Capital Assets – Enterprise Fund

At June 30, 2020, the Town had \$20,404,407 invested in capital assets, including the following:

Capital Assets at Year-End

	2019	2020
Land*	\$ 21,612	\$ 21,612
Buildings	11,579	11,579
Plant and Equipment	28,224,771	28,224,771
Accumulated Depreciation	(7,316,287)	(7,853,555)
Total	\$ 20,941,675	\$ 20,404,407

*Land in the amount of \$21,612 is not being depreciated.

MD&A

Long-Term Obligations – General Fund

The following is a summary of long-term obligation transactions for the year ended June 30, 2020:

	Bonds Payable	Notes Payable	Total
Long-term obligations at beginning of year	\$ 1,654,922	\$ 35,708	\$ 1,690,630
Additions to principal	-0-	-0-	-0-
Repayment of principal	<u>(235,535)</u>	<u>(8,047)</u>	<u>(243,582)</u>
Long-term obligations at end of year	\$ 1,419,387	\$ 27,661	\$ 1,447,048
Less current portion	<u>(235,300)</u>	<u>(9,720)</u>	<u>(245,020)</u>
Long-term portion	<u>\$ 1,184,087</u>	<u>\$ 17,941</u>	<u>\$ 1,202,028</u>

Long-Term Obligations – Enterprise Fund

The following is a summary of long-term obligation transactions for the year ended June 30, 2020:

	Bonds Payable	Notes Payable	Total
Long-term obligations at beginning of year	\$ 7,006,840	\$ 124,848	\$ 7,131,688
Additions to principal	760,000	-0-	760,000
Repayment of principal	<u>(1,093,000)</u>	<u>(3,000)</u>	<u>(1,096,000)</u>
Long-term obligations at end of year	\$ 6,673,840	\$ 121,848	\$ 6,795,688
Less current portion	<u>(188,000)</u>	<u>(3,000)</u>	<u>(191,000)</u>
Long-term portion	<u>\$ 6,485,840</u>	<u>\$ 118,848</u>	<u>\$ 6,604,688</u>

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Milton Ceasar, Mayor, at the Town of Jonesville, phone (318) 339-8596.

BASIC FINANCIAL STATEMENTS

Statement A

TOWN OF JONESVILLE, LOUISIANA
Statement of Net Position
June 30, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
CURRENT ASSETS			
Cash	\$ 101,479	\$ 100,907	\$ 202,386
Receivables (Net of Allowances for Uncollectible)	31,099	219,334	250,433
TOTAL CURRENT ASSETS	132,578	320,241	452,819
NON-CURRENT ASSETS			
Restricted Assets	919,171	979,432	1,898,603
Capital Assets (Net of Accumulated Depreciation)	5,168,978	20,404,407	25,573,385
TOTAL NON-CURRENT ASSETS	6,088,149	21,383,839	27,471,988
TOTAL ASSETS	6,220,727	21,704,080	27,924,807
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	38,410	42,100	80,510
Accrued Liabilities	14,842	7,349	22,191
Customer Deposits	-0-	217,439	217,439
Accrued Interest	-0-	11,846	11,846
Notes Payable, Current	9,720	3,000	12,720
Bonds Payable, Current	235,300	188,000	423,300
TOTAL CURRENT LIABILITIES	298,272	469,734	768,006
NON-CURRENT LIABILITIES			
Notes Payable	17,941	118,848	136,789
Bonds Payable	1,184,087	6,485,840	7,669,927
TOTAL NON-CURRENT LIABILITIES	1,202,028	6,604,688	7,806,716
TOTAL LIABILITIES	1,500,300	7,074,422	8,574,722
NET POSITION			
Net Investment in Capital Assets	3,721,930	13,608,719	17,330,649
Restricted	674,151	559,147	1,233,298
Unrestricted	324,346	461,792	786,138
TOTAL NET POSITION	\$ 4,720,427	\$ 14,629,658	\$ 19,350,085

The accompanying notes are an integral part of this statement.

Statement B

TOWN OF JONESVILLE, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2020

							NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	PROGRAM REVENUES			Net (Expenses) Revenue	GOVERNMENT		Total	
		Charges for Services	Capital Grants & Contributions	Governmental Activities		Business Type Activities			
GOVERNMENTAL ACTIVITIES	Expenses								
General Government	\$ (513,682)	\$ 125,997	\$ -0-	\$ (387,685)	\$ (387,685)			\$ (387,685)	
Public Safety:									
Police	(386,297)	-0-	-0-	(386,297)	(386,297)			(386,297)	
Fire	-0-	-0-	-0-	-0-	-0-			-0-	
Public Works:									
Streets	(582,828)	-0-	-0-	(582,828)	(582,828)			(582,828)	
Sanitation	(182,232)	130,088	-0-	(52,144)	(52,144)			(52,144)	
Recreation	(577)	-0-	-0-	(577)	(577)			(577)	
Airport	(101,124)	-0-	209,033	107,909	107,909			107,909	
Interest on Long-Term Debt	(42,098)	-0-	-0-	(42,098)	(42,098)			(42,098)	
TOTAL GOVERNMENTAL ACTIVITIES	(1,808,838)	256,085	209,033	(1,343,720)	(1,343,720)			(1,343,720)	
BUSINESS TYPE ACTIVITIES									
Electric	(1,906,411)	2,578,963	-0-	672,552	\$ 672,552			672,552	
Water	(466,173)	405,631	-0-	(60,542)	(60,542)			(60,542)	
Gas	(376,053)	364,055	-0-	(11,998)	(11,998)			(11,998)	
Sewer	(486,222)	340,099	-0-	(146,123)	(146,123)			(146,123)	
Interest on Long-Term Debt	(161,226)	-0-	-0-	(161,226)	(161,226)			(161,226)	
TOTAL BUSINESS TYPE ACTIVITIES	(3,396,085)	3,641,417	-0-	292,663	292,663			292,663	
TOTAL PRIMARY GOVERNMENT	\$ (5,204,923)	\$ 3,944,833	\$ 209,033	\$ (1,051,057)				(1,051,057)	
	GENERAL REVENUES								
	Taxes:								
	Ad Valorem Tax			80,895	-0-			80,895	
	Sales Tax			396,270	-0-			396,270	
	Fines			67,784	-0-			67,784	
	Rental			38,290	-0-			38,290	
	Intergovernmental			226,993	-0-			226,993	
	Investment Earnings			395	471			866	
	Other General Revenues			4,109	-0-			4,109	
	Transfers In (Out)			531,145	(531,145)			-0-	
	TOTAL GENERAL REVENUES			1,345,881	(530,674)			815,207	
	CHANGE IN NET POSITION								
	NET POSITION - BEGINNING								
	\$ 4,718,266								
	NET POSITION - ENDING								
	\$ 4,720,427								
	\$ 14,629,658								
	\$ 19,350,085								

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash & Cash Equivalents	\$ 101,479	\$ -0-	\$ -0-	\$ 101,479
Receivables (Net of Allowances for Uncollectable)	31,099	-0-	-0-	31,099
Due from Other Government	-0-	-0-	-0-	-0-
Restricted Cash and Cash Equivalents	152,854	746,638	19,679	919,171
TOTAL ASSETS	<u>285,432</u>	<u>746,638</u>	<u>19,679</u>	<u>1,051,749</u>
LIABILITIES				
Accounts, Salaries, and Other Payables	38,410	-0-	-0-	38,410
Accrued Liabilities	14,842	-0-	-0-	14,842
Due to Other Governments	-0-	-0-	-0-	-0-
Other Liabilities	-0-	-0-	-0-	-0-
TOTAL LIABILITIES	<u>53,252</u>	<u>-0-</u>	<u>-0-</u>	<u>53,252</u>
FUND BALANCES				
Restricted	152,854	746,638	19,679	919,171
Unassigned	79,326	-0-	-0-	79,326
TOTAL FUND BALANCES	<u>232,180</u>	<u>746,638</u>	<u>19,679</u>	<u>998,497</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 285,432</u>	<u>\$ 746,638</u>	<u>\$ 19,679</u>	<u>\$ 1,051,749</u>

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2020

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 998,497
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental Capital Assets	7,875,462
Less Accumulated Depreciation	<u>(2,706,484)</u>
	5,168,978
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
	<u>(1,447,048)</u>
Net Position of Governmental Activities (Statement A)	\$ <u>4,720,427</u>

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Taxes:				
Ad Valorem Tax	\$ 80,895	\$ -0-	\$ -0-	\$ 80,895
Sales Tax	-0-	396,270	-0-	396,270
Licenses and Permits	125,997	-0-	-0-	125,997
Rentals	38,290	-0-	-0-	38,290
Charges for Services	130,088	-0-	-0-	130,088
Fines and Forfeitures	67,784	-0-	-0-	67,784
Intergovernmental	436,026	-0-	-0-	436,026
Other	4,109	-0-	-0-	4,109
TOTAL REVENUES	883,189	396,270	-0-	1,279,459
EXPENDITURES				
General	485,233	-0-	-0-	485,233
Public Safety:				
Police	373,744	-0-	-0-	373,744
Fire	-0-	-0-	-0-	-0-
Public Works:				
Streets	438,355	16,482	4,991	459,828
Sanitation	182,232	-0-	-0-	182,232
Recreation	577	-0-	-0-	577
Airport	6,820	-0-	-0-	6,820
Capital Outlay	178,944	-0-	-0-	178,944
Debt Service	18,028	-0-	267,652	285,680
TOTAL EXPENDITURES	1,683,933	16,482	272,643	1,973,058
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(800,744)	379,788	(272,643)	(693,599)
OTHER FINANCING SOURCES (USES)				
Interest Income	395	-0-	-0-	395
Transfers In (Out)	645,005	(340,325)	226,465	531,145
TOTAL OTHER FINANCING SOURCES (USES)	645,400	(340,325)	226,465	531,540
NET CHANGE IN FUND BALANCE	(155,344)	39,463	(46,178)	(162,059)
FUND BALANCES--BEGINNING	\$ 387,524	707,175	65,857	1,160,556
FUND BALANCES--ENDING	\$ 232,180	\$ 746,638	\$ 19,679	\$ 998,497

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ (162,059)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	178,944	
Depreciation Expense	<u>(258,306)</u>	
		(79,362)

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Loan Proceeds	-0-	
Principal Paid	<u>243,582</u>	
		243,582

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

-0-

Changes in Net Position of Governmental Activities, Statement B	\$ <u>2,161</u>
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TOWN OF JONESVILLE, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2020

	BUSINESS-TYPE ACTIVITIES	ENTERPRISE FUND
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 100,907	
Receivables (Net of Allowances for Uncollectible)	219,334	
TOTAL CURRENT ASSETS	<u>320,241</u>	
NON-CURRENT ASSETS		
Restricted Assets	979,432	
Capital Assets (Net of Accumulated Depreciation)	20,404,407	
TOTAL NON-CURRENT ASSETS	<u>21,383,839</u>	
TOTAL ASSETS	<u>21,704,080</u>	
CURRENT LIABILITIES		
Accounts, Salaries, & Other Payables	42,100	
Accrued Liabilities	7,349	
TOTAL CURRENT LIABILITIES	<u>49,449</u>	
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Customer Deposits	217,439	
Accrued Interest	11,846	
Notes Payable – Current Portion	3,000	
Bonds Payable – Current Portion	188,000	
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>420,285</u>	
NON-CURRENT LIABILITIES		
Notes Payable	118,848	
Bond Payable (Net of Discount)	6,485,840	
TOTAL CURRENT LIABILITIES	<u>6,604,688</u>	
TOTAL LIABILITIES	<u>7,074,422</u>	
NET POSITION		
Net Investment in Capital Assets	13,608,719	
Restricted	559,147	
Unrestricted	461,792	
TOTAL NET POSITION	<u>\$ 14,629,658</u>	

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2020

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
OPERATING REVENUES	
Electric Sales	\$ 2,578,963
Gas Sales	364,055
Water Sales	359,615
Sewer Sales	340,099
Other Fees/Charges	46,016
TOTAL OPERATING REVENUES	<u>3,688,748</u>
OPERATING EXPENSES	
Utility Purchases	1,732,969
Administration/Personnel	257,661
Repairs and Maintenance	83,194
Materials and Supplies	73,260
Utilities	74,829
Other Operating Expenses	475,678
Depreciation	537,268
TOTAL OPERATING EXPENSES	<u>3,234,859</u>
OPERATING INCOME (LOSS)	<u>453,889</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Earnings	471
Interest Expense	(161,226)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(160,755)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	293,134
Transfers In/(Out)	(531,145)
Capital Contributions	-0-
CHANGE IN NET POSITION	<u>(238,011)</u>
TOTAL NET POSITION – BEGINNING	14,867,669
TOTAL NET POSITION – ENDING	<u>\$ 14,629,658</u>

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
June 30, 2020

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers & Users	\$ 3,741,616
Payments to Suppliers	(2,452,274)
Payments to Employees	(257,661)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,031,681</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In (Out)	(531,145)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(531,145)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Contributions & Grants	-0-
Construction of Capital Assets	-0-
Additions to Capital Debt	761,179
Interest Paid on Capital Debt	(161,226)
Principal Paid on Capital Debt	(1,096,000)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(496,047)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest & Dividends Received	471
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>471</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	4,960
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,075,379</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>1,080,339</u>
RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	100,907
Restricted Cash	979,432
TOTAL CASH AND CASH EQUIVALENTS	<u>1,080,339</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	<u>453,889</u>
Depreciation Expense	537,268
(Increase) Decrease in Accounts Receivable	36,959
Increase (Decrease) in Accounts Payables	(9,335)
Increase (Decrease) in Accrued Liabilities	(586)
Increase (Decrease) in Accrued Interest	(2,423)
Increase (Decrease) Customer Deposits	15,909
TOTAL ADJUSTMENTS	<u>577,792</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,031,681

The accompanying notes are an integral part of this statement.

**NOTES
TO THE BASIC
FINANCIAL STATEMENTS**

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Jonesville, Louisiana was incorporated December 16, 1903, 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, electric, and water utilities; sewer services; airport facilities; and general services.

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

GASB Statement 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 governing body, is legally separate, and is fiscally independent means that the municipality may, without the approval or consent of another government entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments 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, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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 fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal 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 and expenditures of the general government, except those required to be accounted for in a special revenue fund.
- The special revenue fund is used to account for all financial resources and expenditures of street improvements.
- The debt service fund is used to account for the accumulation of monies from dedicated sales tax for the payment of sales tax bonds issued for street improvements.

The municipality reports the following major proprietary fund:

The utility fund is used to account for the provision of gas, electric, 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.

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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

The proprietary fund distinguishes 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 ongoing operations. The principal operating revenues are charges for services and sales taxes. 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.

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The Town has 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 the purposes for which resources can be used:

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. 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;
- c. 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;
- d. 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;
- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

D. CASH & CASH EQUIVALENTS

The Town'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 investments policy allow the municipality to invest in collateralized certificate of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "Cash and Cash Equivalents" include all demand and savings accounts, and certificates of deposit under 90 days.

E. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal 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".

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

F. AD VALOREM TAXES

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following shows the amount of authorized and levied ad valorem taxes on property with assessed valuations totaling \$9,276,910.

General purposes	8.720 mills
Total taxes levied	\$80,896

G. INVENTORIES

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending June 30, 2020, these amounts were considered to be immaterial.

H. RESTRICTED ASSETS

Restricted assets include cash and cash investments, which are restricted for the following.

- Restricted assets were applicable to the following at June 30, 2020:

	<u>Governmental</u>
Bond Sinking/Reserve/Contingencies	\$ 97,022
Grant/Construction	75,511
Sales Tax	746,638
Total	<u>\$ 919,171</u>

	<u>Enterprise</u>
Customer Deposits	\$ 210,358
Bond Sinking/Reserve/Contingencies	769,074
Grant/Construction	-0-
Total	<u>\$ 979,432</u>

I. 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 the historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town of Jonesville maintains a threshold level of \$2,500 or more for capitalizing capital assets.

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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.

For the year ended June 30, 2020, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Governmental Activities	Life In Years
Land Improvements	30
Buildings	40
Machinery and Equipment	5-20
Vehicles	5-15

Business-Type Activities/Enterprise	Life In Years
Buildings	25
Infrastructure	20-50
Machinery and Equipment	5-20
Vehicles	5-15

J. COMPENSATED ABSENCES

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

K. 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.

L. FUND EQUITY

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

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

M. USE OF ESTIMATES

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

(2) CASH & CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. 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.

Louisiana Revised Statute 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 Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Deposits

It is the Town's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at year end. The categories are described as follows:

- ***Category 1*** – Insured or collateralized with securities held by the Town or by its agent in the Town's name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- ***Category 3*** – Uncollateralized.

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

	Catahoula/ LaSalle	Concordia Bank & Trust	Total
Bank Balances	\$ 1,272,738	\$ 827,170	\$ 2,099,908
Secured As Follows			
FDIC (<i>Category 1</i>)	500,000	250,000	750,000
Securities (<i>Category 2</i>)	2,016,261	1,138,753	3,155,014
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-
Total	\$ 2,516,261	\$ 1,388,753	\$ 3,905,014

All deposits were secured as of June 30, 2020.

(3) INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2020, were as follows:

\$531,145 was transferred from the utility fund to the general fund.

Transfers are primarily used to move funds from:

- The proprietary funds to the general fund to cover expenses of general operations.

(4) RECEIVABLES

The receivables of \$250,433 at June 30, 2020, are as follows:

Class of Receivable	General Fund	Enterprise Fund	Total
Taxes:			
Property Taxes	\$ 3,696	\$ -0-	\$ 3,696
Intergovernmental:			
State	-0-	-0-	-0-
Parish	15,315	-0-	15,315
Accounts	-0-	246,365	246,365
Other	12,088	1,003	13,091
Allowance for Uncollectibles	-0-	(28,034)	(28,034)
Total	\$ 31,099	\$ 219,334	\$ 250,433

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

TOWN OF JONESVILLE, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(5) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2020, is as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Land*	\$ 422,850	\$ -0-	\$ -0-	\$ 422,850
Buildings	1,079,801	-0-	-0-	1,079,801
Land Improvements	5,029,287	178,944	-0-	5,208,231
Machinery & Equipment	402,737	-0-	-0-	402,737
Vehicles	761,843	-0-	-0-	761,843
Total Fixed Assets	7,696,518	178,944	-0-	7,875,462
Less Accumulated Depreciation	(2,448,178)	(258,306)	-0-	(2,706,484)
Net Capital Assets	\$ 5,248,340	\$ (79,362)	\$ -0-	\$ 5,168,978

*Land in the amount of \$422,850 is not being depreciated.

Depreciation expense of \$258,306 for the year ended June 30, 2020, was charged to the following governmental functions:

General Government	\$ 28,449
Public Safety:	
Police	12,553
Fire	-0-
Public Works:	
Streets	123,000
Sanitation	-0-
Recreation	-0-
Airport	94,304
Total Depreciation	\$ 258,306

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Land*	\$ 21,612	\$ -0-	\$ -0-	\$ 21,612
Buildings	11,579	-0-	-0-	11,579
Plant and Equipment	28,224,771	-0-	-0-	28,224,771
Total	28,257,962	-0-	-0-	28,257,962
Accumulated Depreciation	(7,316,287)	(537,268)	-0-	(7,853,555)
Net Capital Assets	\$ 20,941,675	\$ (537,268)	\$ -0-	\$ 20,404,407

* Land in the amount of \$21,612 is not being depreciated.

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

(6) LONG-TERM OBLIGATIONS

Governmental Funds

The following is a summary of long-term obligation transactions for the year ended June 30, 2020:

	Bonds Payable	Notes Payable	Total
Long-term obligations at beginning of year	\$ 1,654,922	\$ 35,708	\$ 1,690,630
Additions to principal	-0-	-0-	-0-
Repayment of principal	(235,535)	(8,047)	(243,582)
Long-term obligations at end of year	1,419,387	27,661	1,447,048
Less current portion	(235,300)	(9,720)	(245,020)
Long-term portion	\$ 1,184,087	\$ 17,941	\$ 1,202,028

Long-term debt for governmental funds as of June 30, 2020, is comprised of the following:

United States Department of Agriculture – Public Improvement Bond, Series 2012 indebtedness to construct a new Town Hall in the amount of \$139,900, commencing on January 24, 2014, and payable in monthly installments of \$518 until maturity on January 24, 2053, with an annual interest rate of 3.125%. \$ 126,388

Sales tax bonds in the amount of \$1,900,000, Series 2017 issued for street improvements, beginning November 2017 and commencing on November 2025, and due in semi-annual installments changing each year with a coupon rate of 2.425%. 1,293,000

Wells Fargo Equipment Finance – 2012 John Deere 310J Backhoe Loader
financed in the amount of \$37,351.33, beginning April 2019, commencing March
2023, payable in monthly installments of \$958.83, interest rate of 10.638%. 27,660

Total long-term debt \$ 1,447,048

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments, are as follows:

Year Ending June 30,	Bonds & Notes Payable
2021	\$ 287,338
2022	291,022
2023	286,752
2024	287,048
2025	290,800
2026-2030	31,080
2031-2035	31,080
2036-2040	31,080
2041-2045	31,080
2046-2050	31,080
2051-2055	16,031
Total	\$ 1,614,391

Enterprise Fund

The following is a summary of long-term obligation transactions for the year ended June 30, 2020:

	Bonds Payable	Notes Payable	Total
Long-term obligations at beginning of year	\$ 7,006,840	\$ 124,848	\$ 7,131,688
Additions to principal	760,000	-0-	760,000
Repayment of principal	<u>(1,093,000)</u>	<u>(3,000)</u>	<u>(1,096,000)</u>
Long-term obligations at end of year	6,673,840	121,848	6,795,688
Less current portion	<u>(188,000)</u>	<u>(3,000)</u>	<u>(191,000)</u>
Long-term portion	<u>\$ 6,485,840</u>	<u>\$ 118,848</u>	<u>\$ 6,604,688</u>

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

Long-term debt for the enterprise fund as of June 30, 2020, is comprised of the following:

Revenue refunding bonds to refinance debt and pay electricity purchases in the amount of \$760,000, net of discount commencing on March 20, 2020, and payable in annual installments beginning at \$65,000 and changing from year to year until maturity on June 30, 2028, with an annual coupon rate beginning at 2.250% and increasing annually.	\$ 751,746
Forty-year note payable to provide financing in the amount of \$205,000, to United States Department of Agriculture, dated December 1, 2010, with principal due annually and interest due semi-annually, with an annual interest rate of 3.00%.	121,848
Bond payable to United States Department of Agriculture, in the amount of \$3,326,000, with interest payments due semi-annually beginning December 1, 2012, and principal payments due annually commencing December 1, 2014, until maturity on December 1, 2051, with an annual interest rate of 2%.	2,976,545
Bond payable to United States Department of Agriculture, in the amount of \$3,292,000, with interest payments due semi-annually beginning December 1, 2012, and principal payments due annually commencing December 1, 2014, until maturity on December 1, 2051, with an annual interest rate of 2%.	<u>2,945,549</u>
Total long-term debt	<u>\$ 6,795,688</u>

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments, are as follows:

Year Ending June 30,	Bonds & Notes Payable
2021	\$ 338,090
2022	366,266
2023	367,057
2024	366,801
2025	368,474
2026-2030	1,582,655
2031-2035	1,420,180
2036-2040	1,443,180
2041-2045	1,435,192
2046-2050	1,388,000
2051-2055	551,093
Total	<u>\$ 9,626,988</u>

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

(7) SEGMENT INFORMATION FOR UTILITY FUND

The enterprise fund operated by the Town provides electric, water, gas, and sewer utility services. The following is a summary of segment information for enterprise funds:

	Electric Utility	Gas Utility	Water Utility	Sewer Service	Total
Operating Revenue	\$ 2,578,963	\$ 364,055	\$ 405,631	\$ 340,099	\$ 3,688,748
Purchase of Utility	(1,483,914)	(249,055)	-0-	-0-	(1,732,969)
Operating Expenses	(384,112)	(113,651)	(275,112)	(191,747)	(964,622)
Depreciation	(38,385)	(13,347)	(191,061)	(294,475)	(537,268)
Nonoperating Revenue	-0-	-0-	471	-0-	471
Nonoperating Expense	(38,025)	-0-	(63,153)	(60,048)	(161,226)
Operating Income (Loss)	\$ 634,527	\$ (11,998)	\$ (123,224)	\$ (206,171)	\$ 293,134

(8) RESTRICTED NET POSITION

- **Governmental Fund**

- The Town's debt service fund had restricted net position of \$674,151, which have been restricted for future payments of long-term debt.

- **Enterprise Funds**

- The Town's water fund had restricted net position of \$559,147, which arose from restricted monies as required by revenue bond indentures.

(9) ELECTED OFFICIALS

The following is a list of elected officials and their salary for the year ending June 30, 2020:

Name	Title	Term
Milton Ceasar	Mayor	1/1/2019 – 12/31/2022
Marcellus Cummings	Police Chief	1/1/2019 – 12/31/2022
Benny Vault, Sr	Council	1/1/2019 – 12/31/2022
Catina Branch	Council	1/1/2019 – 12/31/2022
Josie Bullitts	Council	1/1/2019 – 12/31/2022
Loria Hollins	Council	1/1/2019 – 12/31/2022
Bruce Lofton	Council	1/1/2019 – 12/31/2022

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

(10) 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 fiscal years.

(11) SALES AND USE TAX REVENUES

- A) The Town receives hard surface road tax and sanitation tax from Catahoula Parish. The Town received \$60,286 in hard surface road tax and \$142,103 in sanitation tax for the fiscal year ended June 30, 2020.
- B) The Town receives 1% sales and use tax from Catahoula Parish to be used for the purpose of hard surfacing, rehabilitation, and resurfacing of the streets located within the corporate limits of the Town. The Town received \$396,270 in sales tax for the fiscal year ended June 30, 2020.

(12) CONTINGENCIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public place and businesses. The coronavirus and actions taken to mitigate it have had and are expected to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Entity operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Town anticipates this could negatively affect its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

The Town is currently in pending litigation: Sonia Leeann Crawford, Sherria Floyd, and Charles Floyd Civil Suit No. 29,803-A, 7th JDC, Catahoula Parish. The Town is currently unable to determine if this litigation will negatively impact the financials.

(13) SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date through, February 24, 2021, of the independent auditor’s report for potential recognition or disclosure in the financial statements.

TOWN OF JONESVILLE, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(14) EXCESS EXPENDITURES OVER APPROPRIATION

The Town over spent it's budget by \$187,469 or 12.4% because expenditures for sanitation services were not budgeted.

REQUIRED SUPPLEMENTAL INFORMATION

Statement 1

TOWN OF JONESVILLE, LOUISIANA
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General and Special Revenue Funds
For the Year Ended June 30, 2020

	BUDGET AMOUNTS		Actual Amounts		VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis		
REVENUES					
Taxes	\$ 90,000	\$ 199,494	\$ 477,165	\$ 277,671	
Licenses and Permits	106,000	103,377	125,997	22,620	
Rentals	18,000	35,690	38,290	2,600	
Intergovernmental	650,000	599,743	130,088	(469,655)	
Fines	100,000	28,600	67,784	39,184	
Charges for Services	145,000	117,347	436,026	318,679	
Other	100,000	72,650	4,109	(68,541)	
TOTAL REVENUES	1,209,000	1,156,901	1,279,459	122,558	
EXPENDITURES					
General Government	451,421	475,224	485,233	(10,009)	
Public Safety:					
Police	310,579	374,182	373,744	438	
Fire	-0-	-0-	-0-	-0-	
Public Works:					
Streets	488,788	447,814	454,837	(7,023)	
Sanitation	140,000	10,830	182,232	(171,402)	
Recreation	9,110	1,727	577	1,150	
Airport	2,500	931	6,820	(5,889)	
Capital Outlay	766,000	181,563	178,944	2,619	
Debt Service	39,804	20,675	18,028	2,647	
TOTAL EXPENDITURES	2,208,202	1,512,946	1,700,415	(187,469)	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(999,202)	(356,045)	(420,956)	(64,911)	
OTHER FINANCING SOURCES (USES)					
Interest Income	700	375	395	20	
Transfer In/(Out)	-0-	-0-	304,680	304,680	
TOTAL OTHER FINANCING SOURCES (USES)	700	375	305,075	304,700	
NET CHANGE IN FUND BALANCE	\$ (998,502)	\$ (355,670)	(115,881)	\$ 239,789	
FUND BALANCE - BEGINNING					
FUND BALANCE - ENDING			\$ 1,094,699		
			\$ 978,818		

See independent auditors report.
The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

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.

Budget Amendments and Revisions

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

Other Information

TOWN OF JONESVILLE, LOUISIANA
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2020

Honorable Milton Ceasar, Mayor

Purpose	Amount
Salary	\$ 28,890
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	263
Travel	175
Registration Fees	-0-
Conference Travel	857
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

Other Reports

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

Honorable Milton Ceasar, Mayor
& Members of the Town Council
Jonesville, LA

We have audited, in accordance with the 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 and the business-type activities of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Jonesville's basic financial statements and have issued our report thereon dated February 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Jonesville'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 Jonesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Jonesville'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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jonesville's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items: **2020-1 Budget Variance and 2020-2 Bond Reserve Accounts Required by Bond Covenants.**

The Town of Jonesville's Response to Findings

The Town of Jonesville's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town of Jonesville's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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. However, this report is a public document and its distribution is not limited.

The Vercher Group

Jena, Louisiana
February 24, 2021

TOWN OF JONESVILLE
TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2020

We have audited the basic financial statements of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2020, and have issued our report thereon dated February 24, 2021. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2020, resulted in an unmodified opinion.

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

Internal Control

Material Weaknesses Yes

Significant Deficiencies Yes

Compliance

Compliance Material to Financial Statements Yes

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes

Other Conditions Yes

Type of Opinion on Compliance Unmodified

Qualified

For Major Programs

Disclaimer

Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes

c. Identification of Major Programs:

CFDA Number (s)	Name Of Federal Program (or Cluster)
Dollar threshold used to distinguish between Type A and Type B Programs:	\$
Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance?	<input type="checkbox"/> Yes <input type="checkbox"/> No

TOWN OF JONESVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2020

Section II – Financial Statement Findings

2020-1 Budget Variance (Compliance)

Condition: The Town had an unfavorable expenditure variance of \$187,469 or 12.4% in its governmental fund budget for the year ended June 30, 2020.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: The Town did not amend the original budget.

Effect of Condition: The general fund having an unfavorable expenditure variance and violating the Budget Act.

Recommendation: The Town should amend its budget when it exceeds a 5% variance.

Client Response: The Town will amend its budget when it exceeds a 5% variance.

2020-2 Bond Reserve Accounts Required by Bond Covenants (Compliance)

Condition: The Town did not maintain some of its bond reserve accounts as required by its bond covenants.

Criteria: The Town has multiple bond indentures which require bond reserve accounts to be funded.

Cause of Condition: The Town over/underfunding reserve accounts.

Effect of Condition: Potential noncompliance with bond indentures.

Recommendation: The Town should review bond covenants and maintain its reserve accounts in accordance with bond indenture requirements.

Client Response: The Town will review bond covenants and fund reserve accounts appropriately going forward.

Section III Federal Awards Findings and Questioned Costs

Not applicable.

TOWN OF JONESVILLE, LOUISIANA

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

FINDINGS:

2020-1 Budget Variance

Finding: The Town had an unfavorable expenditure variance of \$187,469 or 12.4% in its governmental fund budget for the year ended June 30, 2020. The Budget Act requires that budgets be amended when the variance exceeds 5%.

Corrective Action: The Town will amend its budget when it exceeds a 5% variance.

Contact Person: Milton Ceasar, Mayor

Anticipated Completion Date: June 30, 2021

2020-2 Bond Reserve Accounts Required by Bond Covenants

Finding: The Town did not maintain some of its bond reserve accounts as required by its bond covenants. The Town has multiple bond indentures which require bond reserve accounts to be funded.

Corrective Action: The Town will review bond covenants and fund reserve accounts appropriately going forward.

Contact Person: Milton Ceasar, Mayor

Anticipated Completion Date: June 30, 2021

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MANAGEMENT LETTER COMMENTS

During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Town's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2020-3 Restricted Cash and Customer Deposits Liability

Condition: The Town had an electric customer deposit liability of \$131,794 with only \$125,290 in restricted cash.

Criteria: The Town should have enough restricted cash to at least equal the customer deposit liability.

Cause of Condition: Not restricting cash to cover customer deposits.

Effect of Condition: Not having sufficient restricted cash to cover customer deposit liability.

Recommendation: The Town should transfer funds to the restricted accounts to cover the customer deposit liability and monitor these accounts periodically.

Client Response: The Town will transfer funds to the restricted accounts to cover the customer deposit liability and monitor these accounts periodically.

2020-4 Special Revenue Fund Transfers

Condition: The Town transferred restricted funds out of the special revenue fund to reimburse general fund for street repair/improvements expenditures.

Criteria: The special revenue fund is only to pay interest and principal on the bonds issued and any surplus may be used by the Town for any of the purposes for which the tax is authorized, or for the purpose of retiring bonds in advance of their maturities.

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MANAGEMENT LETTER COMMENTS

CURRENT YEAR MANAGEMENT LETTER COMMENTS (CONTINUED)

Cause of Condition: Town unaware of restricted fund requirements.

Effect of Condition: Potential improper usage of restricted funds.

Recommendation: We recommend the Town only use the restricted funds for debt service and street repair/improvements expenditures directly from the special revenue fund.

Client Response: The Town will only use the restricted funds for debt service and street repair/improvements expenditures directly from the special revenue fund.

TOWN OF JONESVILLE, LOUISIANA
June 30, 2020

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Town of Jonesville, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2019.

PRIOR YEAR FINDINGS

2019-1 Budget Variance (Unresolved)

Condition: The Town had an unfavorable expenditure variance of \$108,727 or 5.2% in its governmental fund budget for the year ended June 30, 2019.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: The Town did not amend the original budget.

Effect of Condition: The general fund having an unfavorable expenditure and violating the Budget Act.

Recommendation: The Town should amend its budget when it exceeds a 5% variance.

Client Response: The Town will amend its budget when it exceeds a 5% variance.

2019-2 Bond Reserve Accounts Required by Bond Covenants (Unresolved)

Condition: The Town did not maintain some of its bond reserve accounts as required by its bond indentures.

Criteria: The Town has multiple bond indentures which require bond reserve accounts to be funded.

Cause of Condition: Reserve account never being established and reserves not met.

Effect of Condition: Noncompliance with bond indentures.

Recommendation: The Town should establish and maintain its reserve accounts in accordance with bond indenture requirements.

Client Response: The Town has established bond reserve accounts and began funding the reserve accounts in prior audit period. The bond reserve accounts will be funded appropriately going forward.