

TOWN OF JONESVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS

AS OF JUNE 30, 2017
AND FOR THE YEAR THEN ENDED

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF JONESVILLE, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2017
With Supplementary Information Schedules

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TOWN OF JONESVILLE, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2017
With Supplementary Information Schedules

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INDEPENDENT AUDITOR'S REPORT

The Mayor and the Board of Aldermen
Town of Jonesville
Jonesville, Louisiana

Report on the Financial Statements

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 Jonesville, Louisiana (the Town), as of and for the year ended June 30, 2017, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2017, 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 on pages 3-8 and 32-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head, and the Schedule of Compensation of the Governing Board described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head, and the Schedule of Compensation of the Governing Board 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 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, and the Schedule of Compensation of the Governing Board are 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 December 20, 2017, on our consideration of the Town'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's internal control over financial reporting and compliance.

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

Silas Simmons, CPA

Natchez, Mississippi
December 20, 2017

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

The management of the Town of Jonesville, Louisiana (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. This management discussion and analysis (MD&A) is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Town presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement 34 and the subsequent amendments issued with Governmental Accounting Standards Board Statement 63. 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 34 and the subsequent amendments issued with GASB Statement 63 to provide the readers with a concise "entity-wide" statement of net position and statement of activities, which seeks 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 fiscal 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 electric, water, gas, and sewer departments.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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 fiscal year, the Town's assets exceeded its liabilities by \$18,850,512 (net position); this represents an increase of \$575,381 from last fiscal year. This increase in net position is primarily due to the increase of the operating expenses generated by the utility system. Of this total net position amount, \$1,525,931 represents unrestricted net position. The Town's net position is comprised of \$3,337,077 from governmental activities and \$15,513,435 from business-type activities.

The following is a condensed statement of the Town of Jonesville's net position as of June 30, 2017 and 2016:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets:						
Current and other assets	\$ 604,459	\$ 283,008	\$ 1,313,800	\$ 1,043,171	\$ 1,918,259	\$ 1,326,179
Capital assets, net	<u>2,972,121</u>	<u>3,079,993</u>	<u>22,011,750</u>	<u>22,542,958</u>	<u>24,983,871</u>	<u>25,622,951</u>
Total assets	<u>\$ 3,576,580</u>	<u>\$ 3,363,001</u>	<u>\$ 23,325,550</u>	<u>\$ 23,586,129</u>	<u>\$ 26,902,130</u>	<u>\$ 26,949,130</u>
Deferred outflows of resources:						
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Liabilities:						
Other liabilities	\$ 108,716	\$ 205,103	\$ 475,321	\$ 766,411	\$ 584,037	\$ 971,514
Long-term liabilities	<u>130,787</u>	<u>133,330</u>	<u>7,336,794</u>	<u>7,569,155</u>	<u>7,467,581</u>	<u>7,702,485</u>
Total liabilities	<u>\$ 239,503</u>	<u>\$ 338,433</u>	<u>\$ 7,812,115</u>	<u>\$ 8,335,566</u>	<u>\$ 8,051,618</u>	<u>\$ 8,673,999</u>
Deferred inflows of resources:						
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net position						
Net investment in capital assets	\$ 2,839,252	\$ 2,944,648	\$ 14,472,956	\$ 15,971,209	\$ 17,312,208	\$ 18,915,857
Restricted for:						
Debt service	8,743	8,101	3,630	3,630	12,373	11,731
Airport improvements	-	6,802	-	-	-	6,802
Unrestricted	<u>489,082</u>	<u>65,017</u>	<u>1,036,849</u>	<u>(724,276)</u>	<u>1,525,931</u>	<u>(659,259)</u>
Total net position	<u>\$ 3,337,077</u>	<u>\$ 3,024,568</u>	<u>\$ 15,513,435</u>	<u>\$ 15,250,563</u>	<u>\$ 18,850,512</u>	<u>\$ 18,275,131</u>

By far the largest portion of the Town's net position (\$17,312,208 or 92%) 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 is 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.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Government-Wide Financial Analysis (continued)

The Town has total outstanding debt of \$7,702,364. Of this total outstanding debt, \$6,577,336 was used to finance capital assets. The remaining debt of \$1,125,028 was not used to finance capital assets. Total liabilities of \$8,051,618 are equal to 43% of the total net position.

The Town made an adjustment to the beginning balance of a restricted cash account in the utility fund. A restatement to record the effects of the adjustments increased total net position by \$75,000.

The Town's governmental activities decreased net position by \$312,509. Business-type activities increased net position by \$187,872. Transfers from the business-type activities to the governmental activities amounted to \$557,906.

The following is a summary of the statement of activities:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenue:						
Program revenue	\$ 251,899	\$ 218,914	\$ 3,645,080	\$ 3,460,529	\$ 3,896,979	\$ 3,679,443
General revenue and transfers	1,424,037	935,093	(393,775)	(405,798)	1,030,262	529,295
Total revenue and transfers	\$ 1,675,936	\$ 1,154,007	\$ 3,251,305	\$ 3,054,731	\$ 4,927,241	\$ 4,208,738
Expenses:						
General and administrative	\$ 376,969	\$ 365,307	\$ -	\$ -	\$ 376,969	\$ 365,307
Public safety - police	288,494	269,350	-	-	288,494	269,350
Public safety - fire	9,901	11,540	-	-	9,901	11,540
Public works - streets	325,279	370,485	-	-	325,279	370,485
Public works - sanitation	251,542	239,338	-	-	251,542	239,338
Recreation	21,885	22,844	-	-	21,885	22,844
Airport	85,617	95,333	-	-	85,617	95,333
Combined utility	-	-	2,876,251	3,896,866	2,876,251	3,896,866
Interest on long-term debt	3,740	4,698	187,182	211,831	190,922	216,529
Total expenses	\$ 1,363,427	\$ 1,378,895	\$ 3,063,433	\$ 4,108,697	\$ 4,426,860	\$ 5,487,592
Increase (decrease) in net position	\$ 312,509	\$ (224,888)	\$ 187,872	\$ (1,053,966)	\$ 500,381	\$ (1,278,854)
Net position, beginning	3,024,568	3,232,504	15,250,563	15,212,505	18,275,131	18,445,009
Prior period Adjustments	-	16,952	75,000	1,092,024	75,000	1,108,976
Net position, ending	\$ 3,337,077	\$ 3,024,568	\$ 15,513,435	\$ 15,250,563	\$ 18,850,512	\$ 18,275,131

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Government-Wide Financial Analysis (continued)

Governmental Activities

The governmental activities of the Town include General Government, Public Safety, Public Works, Recreation, Airport, and Industrial Development. 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 enterprise funds 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 revenue and expenses related to the provision of electric, water, gas, sewer services, and payment of interest on long-term debt.

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

	Operating Revenues Net of Purchases				
	Electric	Water	Gas	Sewer	Total
Fiscal year ended June 30, 2016	\$ 367,354	\$ 328,656	\$ 212,426	\$ 360,076	\$ 1,268,512
Fiscal year ended June 30, 2017	<u>1,418,696</u>	<u>364,710</u>	<u>202,355</u>	<u>395,327</u>	<u>2,381,088</u>
Increase (decrease) from prior year	<u>\$ 1,051,342</u>	<u>\$ 36,054</u>	<u>\$ (10,071)</u>	<u>\$ 35,251</u>	<u>\$ 1,112,576</u>

	Operating Expenses				
	Electric	Water	Gas	Sewer	Total
Fiscal year ended June 30, 2016	\$ 591,367	\$ 693,228	\$ 137,248	\$ 553,433	\$ 1,975,276
Fiscal year ended June 30, 2017	<u>404,694</u>	<u>560,863</u>	<u>120,129</u>	<u>545,642</u>	<u>1,631,328</u>
Increase (decrease) from prior year	<u>\$ (186,673)</u>	<u>\$ (132,365)</u>	<u>\$ (17,119)</u>	<u>\$ (7,791)</u>	<u>\$ (343,948)</u>

	Net Income (Loss) From Operations				
	Electric	Water	Gas	Sewer	Total
Fiscal year ended June 30, 2016	\$ (224,013)	\$ (364,572)	\$ 75,178	\$ (193,357)	\$ (706,764)
Fiscal year ended June 30, 2017	<u>1,014,002</u>	<u>(196,153)</u>	<u>82,226</u>	<u>(150,315)</u>	<u>749,760</u>
Increase (decrease) from prior year	<u>\$ 1,238,015</u>	<u>\$ 168,419</u>	<u>\$ 7,048</u>	<u>\$ 43,042</u>	<u>\$ 1,456,524</u>

The Town's expenses have begun to level out and decrease during 2017.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Government-Wide Financial Analysis (continued)

Business-Type Activities (continued)

Electric, water, and sewer operating revenues increased, while gas revenues decreased. The gas, water, sewer, and electric systems showed increases in operating income for 2017.

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 two individual governmental fund types. These fund types are the general fund and the debt service fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E) for the General Fund and the Debt Service Fund, which are both considered to be major funds.

The Town adopts an annual budget for the general fund. A statement of revenues, expenditures, and changes in fund balance for the general fund is presented in the required supplementary 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's governmental funds (general fund and debt service fund) reported an ending fund balance of \$497,825, which is an increase of \$417,905. This increase is due to an increase in intergovernmental revenues of approximately \$907,081 in the current year when compared to the prior year. \$8,743 of the ending fund balance is restricted.

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 electric, 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 shows an increase in ending fund balance of \$187,872 from the prior fiscal year. The water and sewer departments decreased fund balance by the following amounts: \$196,153 and \$150,315, respectively. The gas and electric departments increased fund balance by \$82,226 and \$1,014,002, respectively. The increase in the overall fund balance is primarily due to the substantial increase in operating revenues in the amount of \$1,112,576.

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 Budgetary Highlights

The original general fund budget was properly approved, heard, and amended during the fiscal year.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Fund Financial Statements – Proprietary Funds (continued)

General Fund Budgetary Highlights (continued)

Revenues were under budgeted amounts by \$354,033. Expenditures were \$233,511 more than provided for in the budget due to more expenditures required for the general expenditures.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2017, is \$17,312,208.

There were no new major capital assets purchased or constructed in fiscal 2017.

Requests for Information

This financial report is designed to provide a general overview of the Town of Jonesville, Louisiana'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 Cindy Sanders, Municipal Clerk, Post Office Box 428, Jonesville, Louisiana 71343.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 455,390	\$ 331,441	\$ 786,831
Receivables (net of allowance for uncollectibles)	33,099	169,500	202,599
Receivables from third party management	19,173	55,794	74,967
Restricted assets	96,797	757,065	853,862
Capital assets (net)	2,972,121	22,011,750	24,983,871
Total assets	\$ 3,576,580	\$ 23,325,550	\$ 26,902,130
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Total deferred outflows of resources	\$ -	\$ -	\$ -
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 99,899	\$ 69,744	\$ 169,643
Payable from restricted assets		172,876	172,876
Other liabilities	6,735	-	6,735
Notes payable, due within one year	2,082	30,701	32,783
Notes payable, due beyond one year	130,787	128,491	259,278
Bonds payable, due within one year	-	202,000	202,000
Bonds payable, due beyond one year	-	7,208,303	7,208,303
Total liabilities	\$ 239,503	\$ 7,812,115	\$ 8,051,618
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Total deferred inflows of resources	\$ -	\$ -	\$ -
<u>NET POSITION</u>			
Net investment in capital assets	\$ 2,839,252	\$ 14,472,956	\$ 17,312,208
Restricted for:			
Debt service	8,743	3,630	12,373
Airport improvements	-		-
Unrestricted	489,082	1,036,849	1,525,931
Total net position	\$ 3,337,077	\$ 15,513,435	\$ 18,850,512

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

TOWN OF JONESVILLE, LOUISIANA

STATEMENT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses), Revenues, and Changes		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	
Governmental Activities								
General government	\$ 376,969	\$ 29,745	\$ -	\$ -	\$ (347,224)	\$ (347,224)	\$ -	\$ (347,224)
Public safety:								
Police	288,494	70,471	-	-	(218,023)	(218,023)	-	(218,023)
Fire	9,901	-	-	-	(9,901)	(9,901)	-	(9,901)
Public works:								
Streets	325,279	-	-	-	(325,279)	(325,279)	-	(325,279)
Sanitation	251,542	151,683	-	-	(99,859)	(99,859)	-	(99,859)
Recreation	21,885	-	-	-	(21,885)	(21,885)	-	(21,885)
Airport	85,617	-	-	-	(85,617)	(85,617)	-	(85,617)
Interest on long-term debt	3,740	-	-	-	(3,740)	(3,740)	-	(3,740)
Total governmental activities	\$ 1,363,427	\$ 251,899	\$ -	\$ -	\$ (1,111,528)	\$ (1,111,528)	\$ -	\$ (1,111,528)
Business-Type Activities								
Electric	\$ 1,632,734	\$ 2,532,018	\$ -	\$ -	\$ 899,284	\$ -	\$ 899,284	\$ 899,284
Water	560,864	345,044	-	-	(215,820)	-	(215,820)	(215,820)
Gas	319,964	385,801	-	-	65,837	-	65,837	65,837
Sewer	549,871	382,217	-	-	(167,654)	-	(167,654)	(167,654)
Total business-type activities	\$ 3,063,433	\$ 3,645,080	\$ -	\$ -	\$ 581,647	\$ -	\$ 581,647	\$ 581,647
Total	\$ 4,426,860	\$ 3,896,979	\$ -	\$ -	\$ (529,881)	\$ (1,111,528)	\$ 581,647	\$ (529,881)
General revenue:								
Property taxes						\$ 88,337	\$ -	\$ 88,337
Sales taxes						606,504	-	606,504
Beer taxes						5,302	-	5,302
Occupational licenses						103,929	-	103,929
Investment earnings						-	1,045	1,045
Other general revenues						62,059	163,086	225,145
Transfers						557,906	(557,906)	-
Total general revenues and transfers						\$ 1,424,037	\$ (393,775)	\$ 1,030,262
Change in net position						\$ 312,509	\$ 187,872	\$ 500,381
Net position - beginning						\$ 3,024,568	\$ 15,250,563	\$ 18,275,131
Prior period adjustment						-	75,000	75,000
Net position - beginning (as restated)						\$ 3,024,568	\$ 15,325,563	\$ 18,350,131
Net position - ending						\$ 3,337,077	\$ 15,513,435	\$ 18,850,512

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF JONESVILLE, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2017

	Major Funds		Total Governmental Funds
	General Fund	Debt Service Fund	
<u>ASSETS</u>			
Cash	\$ 455,390	\$ -	\$ 455,390
Receivables (net of allowance for uncollectibles)	33,099	-	33,099
Due from other governments	19,173	-	19,173
Restricted cash and cash equivalents	96,797	-	96,797
Total assets	<u>\$ 604,459</u>	<u>\$ -</u>	<u>\$ 604,459</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 77,051	\$ -	\$ 77,051
Accrued liabilities	22,848	-	22,848
Due to other governments	-	-	-
Other liabilities	6,735	-	6,735
Total liabilities	<u>\$ 106,634</u>	<u>\$ -</u>	<u>\$ 106,634</u>
Fund balances:			
Restricted for:			
Debt service	\$ 8,743	\$ -	\$ 8,743
Unassigned	489,082	-	489,082
Total fund balances	<u>\$ 497,825</u>	<u>\$ -</u>	<u>\$ 497,825</u>
Total liabilities and fund balances	<u>\$ 604,459</u>	<u>\$ -</u>	<u>\$ 604,459</u>

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

TOWN OF JONESVILLE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 497,825
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,972,121
Long-term debt used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>(132,869)</u>
Net Position of Governmental Activities (Statement A)	<u><u>\$ 3,337,077</u></u>

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

TOWN OF JONESVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Major Funds		Total Governmental Funds
	General Fund	Debt Service Fund	
<u>REVENUES</u>			
Taxes	\$ 88,337	\$ -	\$ 88,337
Licenses and permits	103,929	-	103,929
Rentals	29,745	-	29,745
Intergovernmental	611,806	-	611,806
Charges for services	151,683	-	151,683
Fines and forfeitures	70,471	-	70,471
Other	60,747	-	60,747
Total revenues	\$ 1,116,718	\$ -	\$ 1,116,718
<u>EXPENDITURES</u>			
General government	\$ 373,273	\$ -	\$ 373,273
Public safety:			
Police	280,201	-	280,201
Public works:			
Streets	318,922	-	318,922
Sanitation	251,542	-	251,542
Recreation	16,568	-	16,568
Airport	9,997	-	9,997
Debt service:			
Principal	-	2,476	2,476
Interest	-	3,740	3,740
Total expenditures	\$ 1,250,503	\$ 6,216	\$ 1,256,719
Deficiency of revenues under expenditures	\$ (133,785)	\$ (6,216)	\$ (140,001)
<u>OTHER FINANCING SOURCES</u>			
Transfers in	\$ 551,690	\$ 6,216	\$ 557,906
Total other financing sources	\$ 551,690	\$ 6,216	\$ 557,906
Net change in fund balance	\$ 417,905	\$ -	\$ 417,905
Fund balances - beginning	\$ 79,920	\$ -	\$ 79,920
Fund balances - ending	\$ 497,825	\$ -	\$ 497,825

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

TOWN OF JONESVILLE, 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 JUNE 30, 2017

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

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$	417,905
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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 depreciation exceeded capital outlays in the current period.		(107,872)
--	--	-----------

The proceeds of long-term debt provide current financial resources to government funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of the principal of long-term debt is an expenditure in the government funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Payment of debt principal		2,476
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Change in Net Position of Governmental Activities (Statement B)	\$	312,509
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The accompanying notes are an integral part of this financial statement.

PROPRIETARY FUNDS

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2017

	Enterprise Fund
	<u>Utility Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 331,441
Receivables (net of allowance for uncollectibles)	169,500
Receivable from third-party management	<u>55,794</u>
Total current assets	<u>\$ 556,735</u>
Noncurrent assets:	
Restricted assets	
Cash and cash equivalents	\$ 757,065
Capital assets (net of accumulated depreciation)	<u>22,011,750</u>
Total noncurrent assets	<u>\$ 22,768,815</u>
Total assets	<u>\$ 23,325,550</u>
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ 44,770
Accrued liabilities	24,974
Current portion of notes payable	<u>30,701</u>
Total current liabilities payable from current assets	<u>\$ 100,445</u>
Current liabilities payable from restricted assets	
Consumer deposits	\$ 172,876
Current portion of bonds payable	<u>202,000</u>
Total current liabilities payable from restricted assets	<u>\$ 374,876</u>
Long-term liabilities	
Note payable	\$ 128,491
Bond payable (net of discount)	<u>7,208,303</u>
Total long-term liabilities	<u>\$ 7,336,794</u>
Total liabilities	<u>\$ 7,812,115</u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 14,472,956
Restricted for debt service	3,630
Unrestricted	<u>1,036,849</u>
Total net position	<u>\$ 15,513,435</u>

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

TOWN OF JONESVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds
	<u>Utility Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Electricity sales	\$ 2,532,018
Water sales	345,044
Gas sales	385,801
Sewer charges	382,217
Other services	163,086
	<hr/>
Total operating revenues	\$ 3,808,166
<u>OPERATING EXPENSES</u>	
Personal services	\$ 326,646
Purchase of utilities provided	1,427,873
Materials and supplies	43,309
Repairs and maintenance	66,455
Depreciation	544,705
Utilities and telephone	37,938
Bad debts	5,579
Interest expense	187,182
Other operating expenses	423,746
	<hr/>
Total operating expenses	\$ 3,063,433
Operating income	<hr/> \$ 744,733
Nonoperating revenue	
Interest earnings	<hr/> \$ 1,045
	<hr/>
Total nonoperating income	\$ 1,045
Income before transfers	\$ 745,778
Transfers out	<hr/> (557,906)
Change in net position	<hr/> \$ 187,872
Total net position - beginning	\$ 15,250,563
Prior period adjustment	75,000
Total net position - beginning (as restated)	<hr/> \$ 15,325,563
Total net position - ending	<hr/> <hr/> \$ 15,513,435

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

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds
	<u>Utility Fund</u>
Cash flows from operating activities	
Receipts from customers and users	\$ 3,809,769
Payments to suppliers	(2,442,002)
Payments to employees	(345,955)
Net cash provided by operating activities	<u>\$ 1,021,812</u>
Cash flows from noncapital financing activities	
Transfers to other funds	\$ (557,906)
Net cash used for noncapital financing activities	<u>\$ (557,906)</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	\$ (13,500)
Principal paid on capital debt	(209,285)
Net cash used for capital and related financing activities	<u>\$ (222,785)</u>
Cash flows from investing activities	
Interest on temporary investments	\$ 1,045
Net cash provided by investing activities	<u>\$ 1,045</u>
Net increase in cash and cash equivalents	\$ 242,166
Cash and cash equivalents, beginning of year, restated	846,340
Cash and cash equivalents, end of year	<u>\$ 1,088,506</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	<u>\$ 744,733</u>
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	\$ 544,705
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivables	34,782
Accounts receivables - JCP	11,758
Increase (decrease) in:	
Accounts payable	(249,920)
Accrued liabilities	(19,309)
Customer deposits	(44,937)
Total adjustments	<u>\$ 277,079</u>
Net cash provided by operating activities	<u>\$ 1,021,812</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

INTRODUCTION

The Town of Jonesville, Louisiana (the Town) 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 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 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 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.

The Town follows the provisions of GASB Statement 63 of the Governmental Accounting Standards Board, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement 63 provides financial reporting guidance for deferred outflows and deferred inflows of resources as a consumption of net position applicable to a future reporting period and an acquisition of net position applicable to a future reporting period, respectively.

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.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The debt service fund is used to account for the accumulation of monies and payment of general long-term debt. Financing is to be provided by unrestricted general fund and proprietary revenues.

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.

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.

TOWN OF JONESVILLE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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. *Cash and Cash Equivalents*

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.

D. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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 fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

TOWN OF JONESVILLE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. *Receivables and Payables* (continued)

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Catahoula Parish. The Tax Assessor uses a normal calendar year-end for its property tax calendar. Assessments are made as of January 1 of the calendar year, and property tax bills are issued in November with due dates of December 31.

For the year ended June 30, 2017, taxes of 8.72 mills were levied on property with assessed valuations totaling \$9,482,150, after abatements and exemptions, and were dedicated as follows:

General corporate purposes		8.72 mills
Total taxes levied were	\$	82,684

E. *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, 2017, these amounts were considered to be immaterial.

F. *Restricted Assets - Utility Fund*

Restricted assets were applicable to the following at June 30, 2017:

Designated grant and loan deposits	\$	617,713
Consumer deposits		132,909
Debt service		<u>6,443</u>
Total restricted assets	\$	<u>757,065</u>

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.

TOWN OF JONESVILLE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. *Capital Assets* (continued)

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

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

H. *Compensated Absences*

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

I. *Long-Term Obligations*

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In accordance with GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, bond premiums and discounts for proprietary funds types are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs, except any portion related to prepaid insurance costs, is recognized as an expense in the period incurred. Prior to the issuance of GASB Statement 65, bond issue costs were recorded and amortized over the life of the specific bond issue.

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

TOWN OF JONESVILLE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. *Equity Classification*

Equity is classified as net position and displayed in three components: (1) net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets; (2) restricted net position – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributions, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation; and (3) unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The government-wide statement of net position reports \$12,373 of restricted net position, all of which is restricted by enabling legislation.

Fund financial statements –

The Town follows fund balance guidance established with 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; positive amounts are reported only in the general fund.

The Board of Aldermen 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 Board of Aldermen 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).

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. *Equity Classification* (continued)

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

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 15 days prior to the beginning of each fiscal 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 fiscal 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 fiscal year.
7. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. Budget amounts are as originally adopted, or as amended from time to time by the Town Council.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2017, the municipality has cash and cash equivalents (book balances) totaling \$1,640,693 as follows:

	Governmental Activities	Business-Type Activities	Totals
Demand deposits	\$ 486,436	\$ 1,064,904	\$ 1,551,340
Interest-bearing savings	65,426	23,492	88,918
Cash on hand	325	110	435
Total	\$ 552,187	\$ 1,088,506	\$ 1,640,693

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 June 30, 2017, the municipality had \$1,589,108 in deposits (collected bank balances). These deposits are secured from risk by \$413,918 of federal deposit insurance and \$2,438,788 of pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3). Therefore, the Town had no custodial credit risk related to its bank deposits at June 30, 2017.

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 ten days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES

Class of Receivable	General Fund	Enterprise Fund	Total
Taxes:			
Property tax	\$ 2,153	\$ -	\$ 2,153
Intergovernmental:			
State	1,345	-	1,345
Parish	17,827	-	17,827
Accounts	103,153	249,776	352,929
Other	-	496	496
Allowance for uncollectibles	(72,206)	(24,978)	(97,184)
Total	\$ 52,272	\$ 225,294	\$ 277,566

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.

The Town has outsourced its water and sewer utility billing system. Receivables due from third party represents the cash balance owed to the Town. The balance owed to the Town at June 30, 2017, is \$55,794.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES

There were no interfund receivables or payables at June 30, 2017.

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 422,850	\$ -	\$ -	\$ 422,850
Construction in progress	60,860	-	-	60,860
Total capital assets, not being depreciated	<u>\$ 483,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483,710</u>
Capital assets being depreciated				
Buildings	\$ 1,079,801	\$ -	\$ -	\$ 1,079,801
Land improvements	2,447,756	1,312	-	2,449,068
Machinery and equipment	342,158	-	(6,060)	336,098
Vehicles	705,122	-	-	705,122
Total capital assets being depreciated	<u>\$ 4,574,837</u>	<u>\$ 1,312</u>	<u>\$ (6,060)</u>	<u>\$ 4,570,089</u>
Less accumulated depreciation for:				
Buildings	\$ (528,566)	\$ (21,439)	\$ -	\$ (550,005)
Land improvements	(475,933)	(63,716)	-	(539,649)
Machinery and equipment	(307,274)	(11,266)	6,060	(312,480)
Vehicles	(666,781)	(12,763)	-	(679,544)
Total accumulated depreciation	<u>\$ (1,978,554)</u>	<u>\$ (109,184)</u>	<u>\$ 6,060</u>	<u>\$ (2,081,678)</u>
Total capital assets being depreciated, net	<u>\$ 2,596,283</u>	<u>\$ (107,872)</u>	<u>\$ -</u>	<u>\$ 2,488,411</u>
Governmental-type activities capital assets, net	<u>\$ 3,079,993</u>	<u>\$ (107,872)</u>	<u>\$ -</u>	<u>\$ 2,972,121</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 21,612	\$ -	\$ -	\$ 21,612
Total capital assets, not being depreciated	<u>\$ 21,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,612</u>
Capital assets being depreciated				
Buildings	\$ 11,579	\$ -	\$ -	\$ 11,579
Infrastructure	27,841,061	-	-	27,841,061
Machinery, equipment, and vehicles	345,215	13,500	-	358,715
Total capital assets being depreciated	<u>\$ 28,197,855</u>	<u>\$ 13,500</u>	<u>\$ -</u>	<u>\$ 28,211,355</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 - CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings	\$ (11,579)	\$ -	\$ -	\$ (11,579)
Infrastructure	(5,382,397)	(543,785)	-	(5,926,182)
Machinery, equipment, and vehicles	<u>(282,536)</u>	<u>(920)</u>	<u>-</u>	<u>(283,456)</u>
Total accumulated depreciation	<u>\$ (5,676,512)</u>	<u>\$ (544,705)</u>	<u>\$ -</u>	<u>\$ (6,221,217)</u>
Total capital assets being depreciated, net	<u>\$ 22,521,343</u>	<u>\$ (531,205)</u>	<u>\$ -</u>	<u>\$ 21,990,138</u>
Business-type activities capital assets, net	<u>\$ 22,542,955</u>	<u>\$ (531,205)</u>	<u>\$ -</u>	<u>\$ 22,011,750</u>

Depreciation expense of \$109,184 for the year ended June 30, 2017, was charged to the following governmental functions:

General government	\$ 3,696
Public safety:	
Police	8,293
Fire	9,901
Public works:	
Streets	6,357
Recreation	5,317
Airport	<u>75,620</u>
Total	<u>\$ 109,184</u>

NOTE 7 - CONSTRUCTION COMMITMENTS

As of June 30, 2017, the Town had no active construction projects. The CDBG MIP Disaster Generator project, the USDA Sewer project, and the USDA Water project were completed during the year.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2017, were as follows:

\$557,906 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.

NOTE 9 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$349,254 at June 30, 2017, were as follows:

	General Fund	Enterprise Fund	Total
Accounts	\$ 77,051	\$ 44,770	\$ 121,821
Accrued liabilities	22,848	24,974	47,822
Other liabilities	6,735	172,876	179,611
Total	<u>\$ 106,634</u>	<u>\$ 242,620</u>	<u>\$ 349,254</u>

NOTE 10 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2017:

	Bonds Payable	Notes Payable	Total
Long-term obligations at beginning of year	\$ 7,603,124	\$ 311,220	\$ 7,914,344
Repayment of principal	<u>(192,821)</u>	<u>(19,159)</u>	<u>(211,980)</u>
Long-term obligations at end of year	\$ 7,410,303	\$ 292,061	\$ 7,702,364
Less current portion	<u>(202,000)</u>	<u>(32,783)</u>	<u>(234,783)</u>
Long-term portion	<u>\$ 7,208,303</u>	<u>\$ 259,278</u>	<u>\$ 7,467,581</u>

Long-term debt as of June 30, 2017, is comprised of the following:

Revenue refunding bonds to refinance debt and pay electricity purchases in the amount of \$1,607,030, net of discount commencing on July 16, 2013, and payable in annual installments beginning at \$80,000 and changing from year to year until maturity on December 1, 2027, with an annual interest rate beginning at 1.5% and increasing annually.

\$ 1,125,028

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 - LONG-TERM OBLIGATIONS (continued)

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%.	132,869
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%.	3,158,000
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%.	3,125,000
United States Department of Agriculture - Rural Development certificate of indebtedness to purchase a bucket truck in the amount of \$120,000, commencing on June 15, 2009, and payable in monthly installments of \$1,245 until maturity on June 15, 2018, with an annual interest rate of 4.5%.	28,344
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%.	<u>133,123</u>
Total long-term debt	<u>\$ 7,702,364</u>

The annual requirements to amortize all outstanding debt as of June 30, 2017, including interest payments, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 234,783	\$ 193,261	\$ 428,044
2019	233,838	187,628	421,466
2020	207,502	181,402	388,904
2021	216,712	175,465	392,177
2022	492,300	405,256	897,556
2023-2027	1,244,449	690,157	1,934,606
2028-2032	1,044,439	486,207	1,530,646
2033-2037	905,846	378,925	1,284,771
2038-2042	1,017,215	281,756	1,298,971
2043-2047	1,146,129	172,472	1,318,601
2048-2052	<u>959,151</u>	<u>55,879</u>	<u>1,015,030</u>
Totals	<u>\$ 7,702,364</u>	<u>\$ 3,208,408</u>	<u>\$ 10,910,772</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 - RETIREMENT COMMITMENTS

The Town of Jonesville employees are all members of the Social Security system and are members of no other retirement plan. The expense of the Social Security is reflected in personal services in the various fund statements.

NOTE 12 - 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:

	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Gas Utility</u>	<u>Sewer Service</u>	<u>Total</u>
Operating revenue	\$ 2,532,018	\$ 345,044	\$ 385,801	\$ 382,217	\$ 3,645,080
Purchase of utility	(1,228,039)	-	(199,834)	-	(1,427,873)
Operating expenses	(371,990)	(360,420)	(106,782)	(247,431)	(1,086,623)
Depreciation	(32,704)	(200,443)	(13,347)	(298,211)	(544,705)
Other operating revenue	<u>109,690</u>	<u>19,666</u>	<u>16,388</u>	<u>13,110</u>	<u>158,854</u>
Operating income (loss)	<u>\$ 1,008,975</u>	<u>\$ (196,153)</u>	<u>\$ 82,226</u>	<u>\$ (150,315)</u>	<u>\$ 744,733</u>

NOTE 13 - RISK MANAGEMENT

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

NOTE 14 - CONTINGENT LIABILITIES

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

NOTE 15 - SALES AND USE TAX REVENUES

The Town receives hard surface road tax and sanitation tax from Catahoula Parish. The Town received \$68,160 in hard surface road tax and \$160,663 in sanitation tax for the fiscal year ended June 30, 2017.

TOWN OF JONESVILLE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

NOTE 16 - PRIOR PERIOD ADJUSTMENT

A summary of net position adjustments to the beginning balance of a cash account in the utility fund:

<u>Utility Fund</u>	<u>July 1, 2016 Balance</u>	<u>Adjusted July 1, 2016 Balance</u>	<u>Prior Period Adjustment</u>
Cash	\$ -	\$ 75,000	\$ 75,000
			<u>Total</u>
Net position as of July 1, 2016			\$ 15,250,563
Prior period adjustments			<u>75,000</u>
Net position as of July 1, 2016 (as adjusted)			<u>\$ 15,325,563</u>

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

GENERAL FUND

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with, Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 81,600	\$ 82,685	\$ 88,337	\$ 5,652
Licenses and permits	136,500	136,500	103,929	(32,571)
Rentals	20,000	20,000	29,745	9,745
Intergovernmental	110,000	110,000	611,806	501,806
Charges for services	373,500	373,500	222,154	(151,346)
Other	40,000	40,000	60,747	20,747
Total revenues	<u>\$ 761,600</u>	<u>\$ 762,685</u>	<u>\$ 1,116,718</u>	<u>\$ 354,033</u>
Expenditures				
General government	\$ 300,376	\$ 300,376	\$ 373,273	\$ (72,897)
Public safety:				
Police	207,716	207,716	280,201	(72,485)
Public works:				
Streets	200,850	200,850	318,922	(118,072)
Sanitation	300,000	300,000	251,542	48,458
Recreation	7,500	7,500	16,568	(9,068)
Airport	550	550	9,997	(9,447)
Total expenditures	<u>\$ 1,016,992</u>	<u>\$ 1,016,992</u>	<u>\$ 1,250,503</u>	<u>\$ (233,511)</u>
Deficiency of revenues over expenditures	<u>\$ (255,392)</u>	<u>\$ (254,307)</u>	<u>\$ (133,785)</u>	<u>\$ 120,522</u>
Other Financing Sources (Uses)				
Operating transfers - in	\$ 480,000	\$ 480,000	\$ 551,690	\$ 71,690
Total other financing sources (uses)	<u>\$ 480,000</u>	<u>\$ 480,000</u>	<u>\$ 551,690</u>	<u>\$ 71,690</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 224,608	\$ 225,693	\$ 417,905	\$ 192,212
Fund balances, beginning of year	79,920	79,920	79,920	-
Fund balances, end of year	<u>\$ 304,528</u>	<u>\$ 305,613</u>	<u>\$ 497,825</u>	<u>\$ 192,212</u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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. There were no major special revenue funds.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD

YEAR ENDED JUNE 30, 2017

Agency Head: Hiram Evans, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 19,384
Benefits - insurance	332
Cell phone	<u>308</u>
Total	<u>\$ 20,024</u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF COMPENSATION OF THE GOVERNING BOARD
YEAR ENDED JUNE 30, 2017

The Governing Board of the Town of Jonesville, Louisiana consists of a Mayor and five Council Members. For the fiscal year ended June 30, 2017, the following compensations were paid:

Hiram Evans, Mayor	\$ 19,384
Stephen R. Mophett, Council Member	7,700
Josie Bullitts, Council Member	7,700
Tommy Branch, Council Member	7,400
Benny Vault, Council Member	7,600
Loria Hollins, Council Member	<u>7,700</u>
Total	\$ <u>57,484</u>

See Independent Auditor's Report.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

The Mayor and the Board of Aldermen
 Town of Jonesville
 Jonesville, Louisiana

We were engaged to audit, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Jonesville, Louisiana (the Town), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 20, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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'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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2017-1.

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.

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

A handwritten signature in cursive script that reads "Silas Simmons, LLP".

Natchez, Mississippi
December 20, 2017

SCHEDULES OF FINDINGS

TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Material noncompliance relating to the financial statements? | Yes |

TOWN OF JONESVILLE, LOUISIANA

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLANNED

FOR THE YEAR ENDED JUNE 30, 2017

SECTION I: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2017-1 General Fund Expenditures (Compliance Finding)
Condition: The Town of Jonesville, Louisiana's General Fund expenditures exceeded its budgeted amount by 23%. The budgeted amount of expenditures was \$1,016,992, and the actual expenditures were \$1,250,503. Louisiana Revised Statute 39:1311 requires that expenditures not exceed the budget by more than 5%
Criteria: Louisiana statute says that the government's expenditures must not surpass the budgeted amount of 5% or more.
Cause of Condition: There were unanticipated increases in general operating expenses that the Town was not able to make adjustments for in time..
Effect of Condition: Material weakness in internal controls.
Recommendation: We recommend that management review the budget to actual regularly during the year to ensure that the 5% threshold is not surpassed.
Response: Management will work to address this issue within the next fiscal year.

SECTION II: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

N/A

SECTION III: MANAGEMENT LETTER

NONE ISSUED

TOWN OF JONESVILLE, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Reference No.</u>	<u>Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Action/Partial Corrective Action Taken</u>
Section I – Internal Control and Compliance Material to the Financial Statements:				
2016-1	6-30-2015	The Town was unable to provide a customer meter deposits report that reconciled to the general ledger. It appeared additional meter deposits the Town would be liable for have been recorded on their third-party vendor’s records but not recorded on the Town’s general ledger. We were unable to determine the amount of the variance.	Yes	Subsequent to June 30, 2016, the Town had hired an outside CPA firm that has helped alleviate the deficiencies in the internal control system.
2016-2	6-30-2015	The Town’s audited financial statements were not completed and submitted to the LA Legislative Auditor’s office by the statutory date of December 31, 2016.	Yes	Management has worked to insure financial statements are submitted to the Legislative Auditor by the statutory due date.
2016-3	6-30-2016	The Town had not been filing their sales tax returns timely, resulting in noncompliance with state statutes regarding the filing of sales tax returns for providers of utility services to commercial customers.	Yes	Subsequent to June 30, 2016, the Town had hired an outside CPA firm that has helped alleviate the deficiencies in the internal control system.
2016-4	6-30-2016	The Town’s internal controls for financial reporting used during the fiscal year ended June 30, 2016, did not adequately support the balances reported in the financial statements. The audited financial statements for the fiscal year ended June 30, 2016, included a disclaimer of opinion on the Business-Type Activities and Proprietary Fund due to lack of sufficient appropriate audit evidence.	Yes	Subsequent to June 30, 2016, the Town had hired an outside CPA firm that has helped alleviate the deficiencies in the internal control system.

TOWN OF JONESVILLE, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Reference No.</u>	<u>Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Action/Partial Corrective Action Taken</u>
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Section II - Internal Control and Compliance Material to Federal Awards:

N/A

Section III - Management Letter:

None issued.

TOWN OF JONESVILLE, LOUISIANA
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017



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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To Town of Jonesville, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Jonesville, Louisiana (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2017. The Town's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are included in the attachment following this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Silas Simmons, LLP

Natchez, Mississippi
December 20, 2017

TOWN OF JONESVILLE, LOUISIANA
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Written Policies and Procedures

1. Procedures: Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
 - b) *Purchasing*, including (1) how purchases are initiated, (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) *Disbursements*, including processing, reviewing, and approving.
 - d) *Receipts*, including receiving, recording, and preparing deposits.
 - e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
 - h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
 - j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: We reviewed the written policies and procedures for the related functions listed in the above procedures.

During our review, we found that the Town had no written policies and procedures for budgeting, contracting, credit cards and other cards, travel and expense reimbursements, ethics, and debt service. We found that the Town did have written policies and procedures for purchasing, disbursements, receipts, and payroll personnel, but the ones in place needed to be updated in order to be in accordance with the Statewide Agreed Upon Procedures guideline.

Board (or Finance Committee, if applicable)

2. Procedures: Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Findings: We obtained a copy of the Town of Jonesville's board/committee minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the board's enabling legislation, charter, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly budget-to-actual comparisons on the General Fund and non-budgetary financial information for at least one meeting during the fiscal period.

During the above procedures, we noted that the budget to actual comparisons were reviewed quarterly instead of monthly. We also noted that the Board met monthly, and other nonbudgetary financial information was reviewed.

Bank Reconciliations

3. Procedures: Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Findings: We reviewed the bank statements for the Town's bank accounts with Concordia Bank & Trust and Catahoula LaSalle Bank and compared them to the general ledger to verify that management's listing is complete.

No exceptions were noted during the above procedures.

4. Procedures: Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Findings: We randomly selected one-third of the bank accounts on a three-year rotating basis and obtained the related bank statements and reconciliations for all months in the fiscal period. We reviewed the bank reconciliations to report whether they were prepared, included evidence that management or a board member had reviewed each statement, and included documentation that management had researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

During our review of the fourteen selected accounts, we noted no evidence of a member of management or board member review of the bank reconciliations that had been prepared by an external CPA.

Collections

5. Procedures: Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Findings: We reviewed a listing of cash/check/money order collection locations and management's representation to determine that the listing is complete.

No exceptions were noted during the above procedures.

6. Procedures: Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). For each cash collection location selected:
- a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded; (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party); and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period.
 - d) Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - e) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Findings: We performed testing for the location listed in the procedure #5. During testing, we obtained written documentation verifying whether each person responsible for collecting cash was bonded; had no responsibilities for depositing cash in the bank, recording related transactions, or reconciling bank statements; and had a separate cash register or drawer from other employees.

We obtained written documentation to determine whether the entity has a formal process to reconcile cash collections to the general ledger and subsidiary ledgers by a person that was not responsible for cash collections at the location. We selected the highest week of collections from the general ledger and traced daily collections to the deposit date on the bank statement to determine that the deposits were made within one day of collection. We also used sequentially numbered receipts to verify that cash collections were completely supported by documents.

No exceptions were noted during the above procedures.

7. Procedures: Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Findings: We reviewed written documentation to determine that the Town has a process specifically defined to determine completeness of collections for each revenue source by a person who is not responsible for collections.

During the above procedures, we noted that the Town did not have a formal written policy. The Town Clerk was able to orally communicate to us the process used by the Town, and they will work toward putting policies in written form.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Procedures: Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Findings: We reviewed a management listing of entity disbursements from the general ledger and obtained management's representation that the listing was complete.

No exceptions were noted during the above procedures.

9. Procedures: Using the disbursement population from procedure #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-Card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Findings: We obtained and reviewed documentation to determine that the board approves all disbursements. There is no electronic system in place for the Town, but they utilize paper purchase requisitions and purchase orders. We determined that the board reviewed and approved invoices before payment was processed.

No exceptions were noted during the above procedures.

10. Procedures: Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Findings: We reviewed Town documentation to determine whether the party responsible for processing payment is prohibited from adding vendors to the Town's purchasing/disbursement system

During our review of collections, we noted that clerks are able to add vendors for payments.

11. Procedures: Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Findings: We inquired of management regarding their practices in initiating and approving disbursements for the Town to determine that the Mayor approves all purchases and does not initiate any purchases.

During the above procedure, we noted that the Town Clerk is able to both initiate purchases and sign checks.

12. Procedures: Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Findings: We observed that the unused checks were kept in a locked vault in a room that accounts payable clerks have access to, but they do not have signatory authority. The Town Clerk has both access and signatory authority.

13. Procedures: If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Findings: We inquired of management to determine whether a signature stamp or signature machine was used. The Mayor has a signature stamp that is kept in his office. It is only used with his knowledge and in case of emergency.

No exceptions were noted during the above procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Procedures: Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards (cards), including card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Findings: We inquired of management and received a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards, including the card numbers and the names of the persons who maintained possession of the cards. We also received representation from management that the listing was complete.

No exceptions were noted during the above procedures.

15. Procedures: Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement of combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Findings: We obtained the combined monthly statements for the Visa cards and Sam's Club Card used by the Town and selected the month with the largest dollar activity for each statement. We reviewed to determine whether there was evidence that was reviewed and approved, in writing, by someone other than the authorized card holder. We also reviewed the statements to determine finance charges and/or late fees were assessed on the statement.

We noted that the monthly combined statements and supporting documentation were reviewed and approved by either the Town Clerk or an accounts payable clerk and were also reviewed by the Mayor. The Sam's Club Card had an interest charge of \$5.53, and the Visa had a finance charge of \$1.57.

16. Procedures: Using the monthly statements or combined statements selected under procedure #15, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the entity's documentation of the business/public purpose to the loan requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Findings: Using the combined monthly statements from procedure #15, we obtained supporting documentation for all transactions to determine whether there was an original itemized receipt, documentation of the business/public purpose, and other required written documentation. We reviewed the monthly statements to compare the transaction's detail to the Louisiana Public Bid Law. We also compared the Town's documentation of business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution.

No exceptions were noted during the above procedures.

Travel and Expense Reimbursement

17. Procedures: Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Findings: We inquired of management to obtain records of all travel and related expense reimbursements by person during the fiscal period.

No exceptions were noted during the above procedures.

18. Procedures: Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Findings: We obtained the Town's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration.

During the above procedures, we noted that the Town did not have a formal written policy, but the Clerk was able to orally communicate the policy to us. We recommended that they be put into writing as soon as possible.

19. Procedures: Using the listing or general ledger from procedure #17, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (procedure #18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating.)
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: Using the listing from procedure #17, we selected the two people who incurred the travel costs during the fiscal period. We reviewed the expense report to compare the documentation to written policies. The Town pays each payee 54 cents per mile. We obtained the supporting documentation for each expense to determine the business purpose. We also determined that the board approves each expense report.

No exceptions were noted during the above procedures.

Contracts

20. Procedures: Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Findings: We obtained a management's listing of contracts and determined that the listing was complete.

No exceptions were noted during the above procedures.

21. Procedures: Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Findings: We reviewed the top five contracts to determine whether they support the service arrangement and amount paid, compare the contract's detail with Louisiana Public Bid Law. We also reviewed the contract and related documentation to determine if the contract was amended and whether or not the largest payment complied with the terms and conditions of the contract. We also reviewed contract documentation and board minutes to determine whether there was documentation of board approval.

No exceptions were noted during the above procedures.

Payroll and Personnel

22. Procedures: Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Findings: We obtained a listing of employees with their related salaries and randomly selected five employees to determine if compensation paid to them was in compliance with the terms of their employment contract. We also checked for any changes made to hourly pay rates/salaries during the fiscal period. None of the five employees selected received a raise during the fiscal year.

No exceptions were noted during the above procedures.

23. Procedures: Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory time). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his or her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Findings: We selected 25 employees to determine if each selected employee documented their daily attendance and leave, whether there was written documentation that supervisors approved the attendance and leave of the selected employees/officials, and whether there is written documentation that the Town maintained written leave record on the selected employees.

No exceptions were noted during the above procedures.

24. Procedures: Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Findings: We inquired with management as to whether any employees/officials were terminated during the fiscal period. Five employees were terminated during the year; however, no termination payments were made.

No exceptions were noted during the above procedures.

25. Procedures: Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Findings: We reviewed remittances and cancelled checks to verify payroll taxes were remitted timely to appropriate agencies. The Town does not participate in any retirement plans, other than Social Security.

No exceptions were noted during the above procedures.

Ethics (excluding nonprofits)

26. Procedures: Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel," obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Findings: We obtained the personnel files on the five employees selected in procedure #22 from management to determine whether ethics training/compliance documentation was completed.

No exceptions were noted during the above procedures.

27. Procedures: Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Findings: We inquired with management whether any alleged ethics violations were reported to the Town during the fiscal year.

No exceptions were noted during the above procedures.

Debt Service (excluding nonprofits)

28. Procedures: If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Findings: No debt was issued during the fiscal period. Therefore, this procedure was not applicable.

No exceptions were noted during the above procedures.

29. Procedures: If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the Town and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Findings: We obtained supporting documentation in relation to the outstanding debt during the fiscal period to determine that the Town made scheduled debt service payments and maintained debt reserves, as required by covenants.

No exceptions were noted during the above procedures.

30. Procedures: If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Findings: The Town did not have tax millages related to debt service. Therefore, this procedure was not applicable.

No exceptions were noted during the above procedures.

Other

31. Procedures: Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings: We inquired with management whether the Town had any misappropriations of public funds or assets. Per management, the Town was not aware of any missed appropriations.

No exceptions were noted during the above procedures.

32. Procedures: Observe and report whether the Town has posted on its premises and website the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: We observed whether the entity had posted on its premises the notice required by R.S. 24:523:1. The notice required by R.S. 24:523:1 was posted in the lobby of the building for both employees and customers to see.

No exceptions were noted during the above procedures.

33. Procedures: If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings: We did not observe or otherwise identify any exceptions regarding management's representations.

No exceptions were noted during the above procedures.

Management's Response:

Management will work to correct the above exceptions during the next fiscal year.