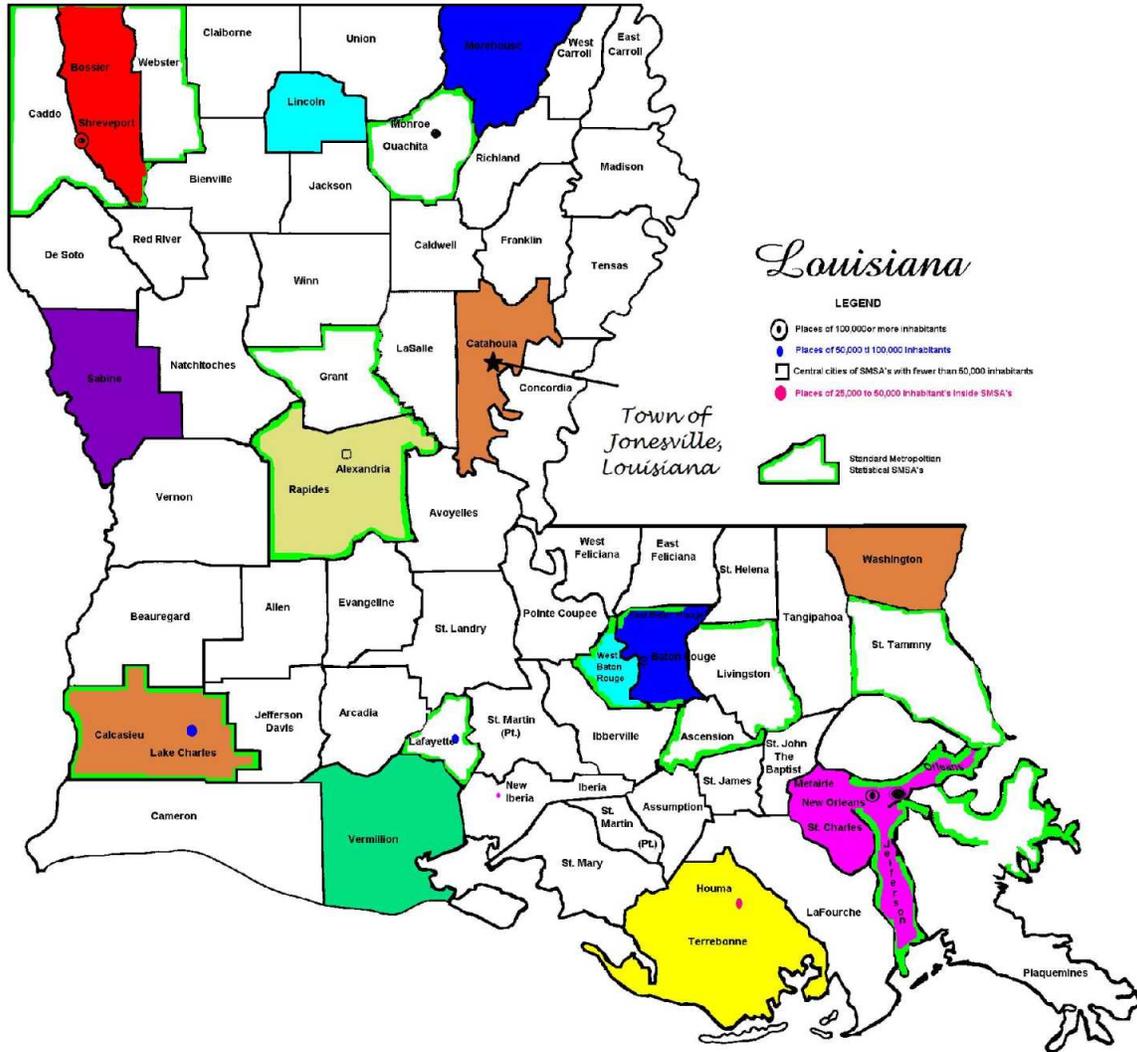


TOWN OF JONESVILLE, LOUISIANA

Annual Financial Statements

June 30, 2019

TOWN OF JONESVILLE, LOUISIANA



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

TOWN OF JONESVILLE, LOUISIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Town of Jonesville, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jonesville's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, on our consideration of the Town of Jonesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Jonesville's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
December 17, 2019

Town of Jonesville

PO Box 428

Jonesville, Louisiana 71343

Tel: (318) 339-8596

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town, we offer readers of the Town of Jonesville's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

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

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$4,718,266 (*net position*). This is a \$390,409 increase from last year.
- The Town had total revenue of \$1,292,593 in which \$492,037 came from taxes and \$360,252 came from intergovernmental revenue. This is a \$470,540 decrease from last year's revenues, mainly due to a decrease in intergovernmental revenue in the amount of \$574,774.
- The Town had total expenditures of \$2,476,976, which is a \$921,880 decrease from last year. This decrease is due mainly to a decrease in capital outlay in the amount of \$952,742.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$14,867,669 (*net position*). This is a \$316,622 decrease from last year.
- The Town had total revenue of \$4,014,715, including operating revenues of \$3,955,585, non-operating revenues of \$1,014, and capital contributions of \$58,116. This is a \$66,104 decrease from last year. This decrease is due mainly to a decrease in other fees/charges in the amount of \$115,366.
- The Town had total expenses of \$3,587,025, including operating expenses of \$3,412,999 and non-operating expenses of \$174,026. This is a \$25,164 decrease from last year. A decrease in utility purchases in the amount of \$86,992 is the main cause of this decrease.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

USING THIS ANNUAL REPORT

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

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

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

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

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

MD&A

GOVERNMENTAL FUNDS

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
ASSETS			
Cash & Investments	\$ 192,918	\$ 214,443	11.2
Receivables	22,074	25,147	13.9
Restricted Assets	1,425,121	1,001,903	-30.0
Capital Assets, Net of Accumulated Depreciation	4,648,007	5,248,340	12.9
TOTAL ASSETS	<u>6,288,120</u>	<u>6,489,833</u>	3.2
LIABILITIES & NET POSITION			
Accounts, Salaries, & Other Payables	79,487	44,949	-43.5
Other Liabilities	-0-	35,988	100.0
Notes & Bonds Payable – Current	226,081	246,160	8.9
Notes & Bonds Payable – Noncurrent	1,654,695	1,444,470	-12.7
TOTAL LIABILITIES	<u>1,960,263</u>	<u>1,771,567</u>	-9.6
NET POSITION			
Net Investment in Capital Assets	2,767,231	3,557,710	28.6
Restricted	1,201,121	766,743	-36.2
Unrestricted	359,505	393,813	9.6
TOTAL NET POSITION	<u>\$ 4,327,857</u>	<u>\$ 4,718,266</u>	9.0

MD&A

GOVERNMENTAL FUNDS

Comparative Changes in Fund Balances

The following table reflects the Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
REVENUES			
Taxes	\$ 483,329	\$ 492,037	1.8
Licenses and Permits	131,498	135,699	3.2
Rentals	15,741	18,229	15.8
Charges for Services	148,132	143,294	-3.3
Fines and Forfeitures	20,051	61,177	205.1
Intergovernmental	935,026	360,252	-61.5
Other	29,356	81,905	179.0
TOTAL REVENUES	<u>1,763,133</u>	<u>1,292,593</u>	-26.7
 EXPENDITURES			
General & Administrative	395,895	453,134	14.5
Public Safety	296,868	287,146	-3.3
Public Works	651,436	606,666	-6.9
Recreation	35,258	8,769	-75.1
Airport	39,454	2,545	-93.6
Capital Outlay	1,797,731	844,989	-53.0
Debt Service	182,214	273,727	50.2
TOTAL EXPENDITURES	<u>3,398,856</u>	<u>2,476,976</u>	-27.1
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(1,635,723)</u>	 <u>(1,184,383)</u>	 -27.6
 OTHER FINANCING SOURCES (USES)			
Interest Income	750	732	-2.4
Loan Proceeds	1,900,000	39,269	-97.9
Transfers In (Out)	797,774	744,312	-6.7
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,698,524</u>	<u>784,313</u>	-70.9
 NET CHANGE IN FUND BALANCE	 1,062,801	 (400,070)	 -137.7
 FUND BALANCES--BEGINNING	 497,825	 1,560,626	 213.5
FUND BALANCES--ENDING	<u>\$ 1,560,626</u>	<u>\$ 1,160,556</u>	-25.6

MD&A

ENTERPRISE FUNDS

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
ASSETS			
Cash	\$ 334,331	\$ 193,418	-42.2
Receivables	302,928	256,293	-15.4
Restricted Assets	729,052	881,961	21.0
Capital Assets, Net of Accumulated Depreciation	21,462,168	20,941,675	-2.4
TOTAL ASSETS	<u>22,828,479</u>	<u>22,273,347</u>	-2.4
LIABILITIES AND NET POSITION			
Accounts, Salaries, & Other Payables	83,284	51,435	-38.3
Accrued Liabilities	24,794	22,204	-10.5
Customer Deposits	184,386	201,530	9.3
Notes & Bonds Payable – Current Portion	220,578	213,000	-3.4
Notes & Bonds Payable – Noncurrent Portion	7,131,146	6,917,509	-3.0
TOTAL LIABILITIES	<u>7,644,188</u>	<u>7,405,678</u>	-3.1
NET POSITION			
Net Investment in Capital Assets	14,110,444	13,811,166	-2.1
Restricted	326,907	453,162	38.6
Unrestricted	746,940	603,341	-19.2
TOTAL NET POSITION	<u>\$ 15,184,291</u>	<u>\$ 14,867,669</u>	-2.1

MD&A

ENTERPRISE FUNDS

Comparative Changes in Net Position

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
OPERATING REVENUES			
Electric Sales	\$ 2,623,627	\$ 2,712,706	3.4
Gas Sales	531,260	454,416	-14.5
Water Sales	335,993	350,664	4.4
Sewer Sales	387,285	373,306	-3.6
Other Fees/Charges	179,859	64,493	-64.2
TOTAL OPERATING REVENUES	<u>4,058,024</u>	<u>3,955,585</u>	-2.5
OPERATING EXPENSES			
Utility Purchases	1,903,538	1,816,546	-4.6
Administration/Personnel	276,580	272,734	-1.4
Repairs and Maintenance	128,276	73,417	-42.8
Materials & Supply	59,160	65,211	10.2
Utilities	73,031	96,171	31.7
Other Operating Expenses	443,101	543,432	22.7
Depreciation	549,582	545,488	-0.8
TOTAL OPERATING EXPENSES	<u>3,433,268</u>	<u>3,412,999</u>	-0.6
OPERATING INCOME (LOSS)	<u>624,756</u>	<u>542,586</u>	-13.2
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	1,545	1,014	-34.4
Interest Expense	(178,921)	(174,026)	-2.7
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(177,376)</u>	<u>(173,012)</u>	-2.5
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	447,380	369,574	-17.4
Transfers In/(Out)	(797,774)	(744,312)	-6.7
Capital Contributions	21,250	58,116	173.5
CHANGE IN NET POSITION	(329,144)	(316,622)	-3.8
TOTAL NET POSITION – BEGINNING	<u>15,513,435</u>	<u>15,184,291</u>	-2.1
TOTAL NET POSITION – ENDING	<u>\$ 15,184,291</u>	<u>\$ 14,867,669</u>	-2.1

MD&A

CAPITAL ASSETS & LONG-TERM DEBT

Capital Assets – Governmental Fund

At June 30, 2019, the Town had \$5,248,340 invested in capital assets, including the following:

Capital Assets at Year-End

	<u>2018</u>	<u>2019</u>
Land*	\$ 422,850	\$ 422,850
Buildings	1,079,801	1,079,801
Land Improvements	2,738,803	5,029,287
Machinery & Equipment	345,558	402,737
Vehicles	705,122	761,843
Construction in Progress	1,559,396	-0-
Accumulated Depreciation	<u>(2,203,523)</u>	<u>(2,448,178)</u>
Total	<u>\$ 4,648,007</u>	<u>\$ 5,248,340</u>

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

Capital Assets – Enterprise Fund

At June 30, 2019, the Town had \$20,941,675 invested in capital assets, including the following:

Capital Assets at Year-End

	<u>2018</u>	<u>2019</u>
Land*	\$ 21,612	\$ 21,612
Buildings	11,579	11,579
Plant and Equipment	28,199,776	28,224,771
Accumulated Depreciation	<u>(6,770,799)</u>	<u>(7,316,287)</u>
Total	<u>\$ 21,462,168</u>	<u>\$ 20,941,675</u>

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

MD&A

Long-Term Obligations – General Fund

The following is a summary of long-term obligation transactions for the year ended June 30, 2019:

	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Total</u>
Long-term obligations at beginning of year	\$ 1,880,775	\$ -0-	\$ 1,880,775
Additions to principal	-0-	39,269	39,269
Repayment of principal	<u>(225,853)</u>	<u>(3,561)</u>	<u>(229,414)</u>
Long-term obligations at end of year	\$ 1,654,922	\$ 35,708	\$ 1,690,630
Less current portion	<u>(235,160)</u>	<u>(11,000)</u>	<u>(246,160)</u>
Long-term portion	<u>\$ 1,419,762</u>	<u>\$ 24,708</u>	<u>\$ 1,444,470</u>

Long-Term Obligations – Enterprise Fund

The following is a summary of long-term obligation transactions for the year ended June 30, 2019:

	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Total</u>
Long-term obligations at beginning of year	\$ 7,210,661	\$ 142,243	\$ 7,352,904
Additions to principal	-0-	-0-	-0-
Repayment of principal	<u>(205,000)</u>	<u>(17,395)</u>	<u>(222,395)</u>
Long-term obligations at end of year	\$ 7,005,661	\$ 124,848	\$ 7,130,509
Less current portion	<u>(210,000)</u>	<u>(3,000)</u>	<u>(213,000)</u>
Long-term portion	<u>\$ 6,795,661</u>	<u>\$ 121,848</u>	<u>\$ 6,917,509</u>

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

TOWN OF JONESVILLE, LOUISIANA
Statement of Net Position
June 30, 2019

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
CURRENT ASSETS			
Cash	\$ 214,443	\$ 193,418	\$ 407,861
Receivables (Net of Allowances for Uncollectible)	25,147	256,293	281,440
TOTAL CURRENT ASSETS	<u>239,590</u>	<u>449,711</u>	<u>689,301</u>
NON-CURRENT ASSETS			
Restricted Assets	1,001,903	881,961	1,883,864
Capital Assets (Net of Accumulated Depreciation)	5,248,340	20,941,675	26,190,015
TOTAL NON-CURRENT ASSETS	<u>6,250,243</u>	<u>21,823,636</u>	<u>28,073,879</u>
TOTAL ASSETS	<u>6,489,833</u>	<u>22,273,347</u>	<u>28,763,180</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	44,949	51,435	96,384
Accrued Liabilities	35,988	7,935	43,923
Customer Deposits	-0-	201,530	201,530
Accrued Interest	-0-	14,269	14,269
Notes Payable, Current	11,000	3,000	14,000
Bonds Payable, Current	235,160	210,000	445,160
TOTAL CURRENT LIABILITIES	<u>327,097</u>	<u>488,169</u>	<u>815,266</u>
NON-CURRENT LIABILITIES			
Notes Payable	24,708	121,848	146,556
Bonds Payable	1,419,762	6,795,661	8,215,423
TOTAL NON-CURRENT LIABILITIES	<u>1,444,470</u>	<u>6,917,509</u>	<u>8,361,979</u>
TOTAL LIABILITIES	<u>1,771,567</u>	<u>7,405,678</u>	<u>9,177,245</u>
NET POSITION			
Net Investment in Capital Assets	3,557,710	13,811,166	17,368,876
Restricted	766,743	453,162	1,219,905
Unrestricted	393,813	603,341	997,154
TOTAL NET POSITION	<u>\$ 4,718,266</u>	<u>\$ 14,867,669</u>	<u>\$ 19,585,935</u>

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2019

	PROGRAM REVENUES				NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Capital Grants & Contributions	Net (Expenses) Revenue	Governmental Activities	Business Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ (475,808)	\$ 135,699	\$ -0-	\$ (340,109)	\$ (340,109)		\$ (340,109)
Public Safety:							
Police	(298,886)	-0-	50,000	(248,886)	(248,886)		(248,886)
Fire	(9,901)	-0-	-0-	(9,901)	(9,901)		(9,901)
Public Works:							
Streets	(520,063)	-0-	-0-	(520,063)	(520,063)		(520,063)
Sanitation	(191,247)	143,294	-0-	(47,953)	(47,953)		(47,953)
Recreation	(10,627)	-0-	-0-	(10,627)	(10,627)		(10,627)
Airport	(96,383)	-0-	104,842	8,459	8,459		8,459
Interest on Long-Term Debt	(44,313)	-0-	-0-	(44,313)	(44,313)		(44,313)
TOTAL GOVERNMENTAL ACTIVITIES	<u>(1,647,228)</u>	<u>278,993</u>	<u>154,842</u>	<u>(1,213,393)</u>	<u>(1,213,393)</u>		<u>(1,213,393)</u>
BUSINESS TYPE ACTIVITIES							
Electric	(2,112,260)	2,729,303	24,995	642,038		\$ 642,038	642,038
Water	(429,689)	398,561	33,121	1,993		1,993	1,993
Gas	(407,884)	454,416	-0-	46,532		46,532	46,532
Sewer	(463,167)	373,306	-0-	(89,861)		(89,861)	(89,861)
Interest on Long-Term Debt	(174,026)	-0-	-0-	(174,026)		(174,026)	(174,026)
TOTAL BUSINESS TYPE ACTIVITIES	<u>(3,587,026)</u>	<u>3,955,586</u>	<u>58,116</u>	<u>426,676</u>		<u>426,676</u>	<u>426,676</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (5,234,254)</u>	<u>\$ 4,234,579</u>	<u>\$ 212,958</u>	<u>\$ (786,717)</u>			<u>(786,717)</u>
			GENERAL REVENUES				
			Taxes		492,037	-0-	492,037
			Fines		61,177	-0-	61,177
			Rental		18,229	-0-	18,229
			Intergovernmental		205,410	-0-	205,410
			Investment Earnings		732	1,014	1,746
			Other General Revenues		81,905	-0-	81,905
			Transfers In (Out)		744,312	(744,312)	-0-
			TOTAL GENERAL REVENUES		<u>1,603,802</u>	<u>(743,298)</u>	<u>860,504</u>
			CHANGE IN NET POSITION		390,409	(316,622)	73,787
			NET POSITION - BEGINNING		4,327,857	15,184,291	19,512,148
			NET POSITION - ENDING		<u>\$ 4,718,266</u>	<u>\$ 14,867,669</u>	<u>\$ 19,585,935</u>

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2019

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
ASSETS				
Cash & Cash Equivalents	\$ 214,443	\$ -0-	\$ -0-	\$ 214,443
Receivables (Net of Allowances for Uncollectable)	25,147	-0-	-0-	25,147
Due from Other Government	-0-	-0-	-0-	-0-
Restricted Cash and Cash Equivalents	228,871	707,175	65,857	1,001,903
TOTAL ASSETS	<u>468,461</u>	<u>707,175</u>	<u>65,857</u>	<u>1,241,493</u>
LIABILITIES				
Accounts, Salaries, and Other Payables	44,949	-0-	-0-	44,949
Accrued Liabilities	35,988	-0-	-0-	35,988
Due to Other Governments	-0-	-0-	-0-	-0-
Other Liabilities	-0-	-0-	-0-	-0-
TOTAL LIABILITIES	<u>80,937</u>	<u>-0-</u>	<u>-0-</u>	<u>80,937</u>
FUND BALANCES				
Restricted	228,871	707,175	65,857	1,001,903
Unassigned	158,653	-0-	-0-	158,653
TOTAL FUND BALANCES	<u>387,524</u>	<u>707,175</u>	<u>65,857</u>	<u>1,160,556</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 468,461</u>	<u>\$ 707,175</u>	<u>\$ 65,857</u>	<u>\$ 1,241,493</u>

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2019

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 1,160,556
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental Capital Assets	7,696,518
Less Accumulated Depreciation	<u>(2,448,178)</u>
	5,248,340
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(1,690,630)</u>
Net Position of Governmental Activities (Statement A)	\$ <u>4,718,266</u>

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Taxes	\$ 86,717	\$ 405,320	\$ -0-	\$ 492,037
Licenses and Permits	135,699	-0-	-0-	135,699
Rentals	18,229	-0-	-0-	18,229
Charges for Services	143,294	-0-	-0-	143,294
Fines and Forfeitures	61,177	-0-	-0-	61,177
Intergovernmental	360,252	-0-	-0-	360,252
Other	81,905	-0-	-0-	81,905
TOTAL REVENUES	<u>887,273</u>	<u>405,320</u>	<u>-0-</u>	<u>1,292,593</u>
EXPENDITURES				
General	453,134	-0-	-0-	453,134
Public Safety:				
Police	287,146	-0-	-0-	287,146
Fire	-0-	-0-	-0-	-0-
Public Works:				
Streets	393,370	22,014	35	415,419
Sanitation	191,247	-0-	-0-	191,247
Recreation	8,769	-0-	-0-	8,769
Airport	2,545	-0-	-0-	2,545
Capital Outlay	842,542	2,447	-0-	844,989
Debt Service	8,132	2,168	263,427	273,727
TOTAL EXPENDITURES	<u>2,186,885</u>	<u>26,629</u>	<u>263,462</u>	<u>2,476,976</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,299,612)</u>	<u>378,691</u>	<u>(263,462)</u>	<u>(1,184,383)</u>
OTHER FINANCING SOURCES (USES)				
Interest Income	732	-0-	-0-	732
Loan Proceeds	39,269	-0-	-0-	39,269
Transfers In (Out)	744,312	(302,534)	302,534	744,312
TOTAL OTHER FINANCING SOURCES (USES)	<u>784,313</u>	<u>(302,534)</u>	<u>302,534</u>	<u>784,313</u>
NET CHANGE IN FUND BALANCE	(515,299)	76,157	39,072	(400,070)
PRIOR PERIOD ADJUSTMENT	(440,077)	631,018	(190,941)	-0-
FUND BALANCES--BEGINNING	1,342,900	-0-	217,726	1,560,626
FUND BALANCES--ENDING	<u>\$ 387,524</u>	<u>\$ 707,175</u>	<u>\$ 65,857</u>	<u>\$ 1,160,556</u>

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2019

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ (400,070)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

	Capital Outlays	844,989	
	Depreciation Expense	(244,655)	
		600,334	600,334

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

	Loan Proceeds	(39,269)	
	Principal Paid	229,414	
		190,145	190,145

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

-0-

Changes in Net Position of Governmental Activities, Statement B \$ 390,409

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2019

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 193,418
Receivables (Net of Allowances for Uncollectible)	256,293
TOTAL CURRENT ASSETS	449,711
NON-CURRENT ASSETS	
Restricted Assets	881,961
Capital Assets (Net of Accumulated Depreciation)	20,941,675
TOTAL NON-CURRENT ASSETS	21,823,636
TOTAL ASSETS	22,273,347
CURRENT LIABILITIES	
Accounts, Salaries, & Other Payables	51,435
Accrued Liabilities	7,935
TOTAL CURRENT LIABILITIES	59,370
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Customer Deposits	201,530
Accrued Interest	14,269
Notes Payable – Current Portion	3,000
Bonds Payable – Current Portion	210,000
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	428,799
NON-CURRENT LIABILITIES	
Notes Payable	121,848
Bond Payable (Net of Discount)	6,795,661
TOTAL NON-CURRENT LIABILITIES	6,917,509
TOTAL LIABILITIES	7,405,678
NET POSITION	
Net Investment in Capital Assets	13,811,166
Restricted	453,162
Unrestricted	603,341
TOTAL NET POSITION	\$ 14,867,669

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2019

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND
OPERATING REVENUES	
Electric Sales	\$ 2,712,706
Gas Sales	454,416
Water Sales	350,664
Sewer Sales	373,306
Other Fees/Charges	64,493
TOTAL OPERATING REVENUES	3,955,585
OPERATING EXPENSES	
Utility Purchases	1,816,546
Administration/Personnel	272,734
Repairs and Maintenance	73,417
Materials and Supplies	65,211
Utilities	96,171
Other Operating Expenses	543,432
Depreciation	545,488
TOTAL OPERATING EXPENSES	3,412,999
OPERATING INCOME (LOSS)	542,586
NON-OPERATING REVENUES (EXPENSES)	
Interest Earnings	1,014
Interest Expense	(174,026)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(173,012)
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	369,574
Transfers In/(Out)	(744,312)
Capital Contributions	58,116
CHANGE IN NET POSITION	(316,622)
TOTAL NET POSITION – BEGINNING	15,184,291
TOTAL NET POSITION – ENDING	\$ 14,867,669

The accompanying notes are an integral part of this statement.

TOWN OF JONESVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
June 30, 2019

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers & Users	\$ 4,019,364
Payments to Suppliers	(2,626,626)
Payments to Employees	(274,834)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,117,904</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In (Out)	(744,312)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(744,312)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Contributions & Grants	58,116
Construction of Capital Assets	(24,995)
Interest Paid on Capital Debt	(173,336)
Principal Paid on Capital Debt	(222,395)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(362,610)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest & Dividends Received	1,014
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,014</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	11,996
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	1,063,383
CASH & CASH EQUIVALENTS, END OF YEAR	<u>1,075,379</u>
RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	193,418
Restricted Cash	881,961
TOTAL CASH AND CASH EQUIVALENTS	<u>1,075,379</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	542,586
Depreciation Expense	545,488
(Increase) Decrease in Accounts Receivable	46,635
Increase (Decrease) in Accounts Payables	(31,849)
Increase (Decrease) in Accrued Liabilities	(2,100)
Increase (Decrease) Customer Deposits	17,144
TOTAL ADJUSTMENTS	<u>575,318</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,117,904</u>

The accompanying notes are an integral part of this statement.

**NOTES
TO THE BASIC
FINANCIAL STATEMENTS**

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Jonesville, Louisiana was incorporated December 16, 1903, under the provisions of the Lawrason Act. The Town operates under the Mayor-Town Council form of government and provides the following services as authorized by the Act: public safety (police and fire); streets; sanitation; recreation; public improvements; planning and zoning; provision of gas, electric, and water utilities; sewer services; airport facilities; and general services.

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

GASB Statement 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary governing body, is legally separate, and is fiscally independent means that the municipality may, without the approval or consent of another government entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

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

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

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

The municipality reports the following major governmental funds:

- The general fund is the municipality's primary operating fund. It accounts for all financial resources and expenditures of the general government, except those required to be accounted for in a special revenue fund.
- The special revenue fund is used to account for all financial resources and expenditures of street improvements.
- The debt service fund is used to account for the accumulation of monies from dedicated sales tax for the payment of sales tax bonds issued for street improvements.

The municipality reports the following major proprietary funds:

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

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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

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

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 ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. EQUITY CLASSIFICATIONS

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

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

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

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

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

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The Town has implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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

D. CASH & CASH EQUIVALENTS

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

E. RECEIVABLES & PAYABLES

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

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

F. AD VALOREM TAXES

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following shows the amount of authorized and levied ad valorem taxes on property with assessed valuations totaling \$9,437,914.

General purposes	8.720 mills
Total taxes levied	\$82,299

G. INVENTORIES

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending June 30, 2019, these amounts were considered to be immaterial.

H. RESTRICTED ASSETS

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

- Restricted assets were applicable to the following at June 30, 2019:

	<u>Governmental</u>
Bond Sinking/Reserve/Contingencies	\$ 160,955
Grant/Construction	133,773
Sales Tax	707,175
Total	<u>\$ 1,001,903</u>
	<u>Enterprise</u>
Customer Deposits	\$ 196,049
Bond Sinking/Reserve/Contingencies	652,791
Grant/Construction	33,121
Total	<u>\$ 881,961</u>

I. CAPITAL ASSETS

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

TOWN OF JONESVILLE, LOUISIANA

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

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

For the year ended June 30, 2019, no interest costs were capitalized for construction of fixed assets.

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

<u>Governmental Activities</u>	<u>Life In Years</u>
Land Improvements	30
Buildings	40
Machinery and Equipment	5-20
Vehicles	5-15
<u>Business-Type Activities/Enterprise</u>	<u>Life In Years</u>
Buildings	25
Infrastructure	20-50
Machinery and Equipment	5-20
Vehicles	5-15

J. COMPENSATED ABSENCES

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

K. LONG-TERM OBLIGATIONS

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

L. FUND EQUITY

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

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

M. USE OF ESTIMATES

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

(2) CASH & CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Deposits

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

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

TOWN OF JONESVILLE, LOUISIANA

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

	<u>Catahoula/ LaSalle</u>	<u>Concordia Bank & Trust</u>	<u>Total</u>
Bank Balances	\$ 1,457,099	\$ 810,250	\$ 2,267,349
<i>Secured As Follows</i>			
FDIC (Category 1)	250,000	500,000	750,000
Securities (Category 2)	3,394,154	1,357,849	4,752,003
Uncollateralized (Category 3)	-0-	-0-	-0-
Total	\$ 3,644,154	\$ 1,857,849	\$ 5,502,003

All deposits were secured as of June 30, 2019.

(3) 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:

- 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.
- 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.
- A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- 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.
- 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.
- All budgetary appropriations lapse at the end of each fiscal year.
- 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.

(4) INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2019, were as follows:

\$744,312 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.

TOWN OF JONESVILLE, LOUISIANA

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

(5) RECEIVABLES

The receivables of \$281,440 at June 30, 2019, are as follows:

Class of Receivable	General Fund	Enterprise Fund	Total
Taxes:			
Property Taxes	\$ 3,016	\$ -0-	\$ 3,016
Intergovernmental:			
State	1,263	-0-	1,263
Parish	17,865	-0-	17,865
Accounts	112,298	276,652	388,950
Other	-0-	7,675	7,675
Allowance for Uncollectibles	(109,295)	(28,034)	(137,329)
Total	\$ 25,147	\$ 256,293	\$ 281,440

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

(6) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2019, is as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Land*	\$ 422,850	\$ -0-	\$ -0-	\$ 422,850
Buildings	1,079,801	-0-	-0-	1,079,801
Land Improvements	2,738,803	2,290,484	-0-	5,029,287
Machinery & Equipment	345,558	57,179	-0-	402,737
Vehicles	705,122	56,721	-0-	761,843
Construction in Progress*	1,559,396	-0-	(1,559,396)	-0-
Total Fixed Assets	6,851,530	2,404,384	(1,559,396)	7,696,518
Less Accumulated Depreciation	(2,203,523)	(244,655)	-0-	(2,448,178)
Net Capital Assets	\$ 4,648,007	\$ 2,159,729	\$ (1,559,396)	\$ 5,248,340

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

TOWN OF JONESVILLE, LOUISIANA

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

Depreciation expense of \$244,655 for the year ended June 30, 2019, was charged to the following governmental functions:

General Government	\$	22,674
Public Safety:		
Police		11,740
Fire		9,901
Public Works:		
Streets		104,644
Sanitation		-0-
Recreation		1,858
Airport		93,838
Total Depreciation	\$	<u>244,655</u>

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Land*	\$ 21,612	\$ -0-	\$ -0-	\$ 21,612
Buildings	11,579	-0-	-0-	11,579
Plant and Equipment	28,199,776	24,995	-0-	28,224,771
Total	<u>28,232,967</u>	<u>24,995</u>	<u>-0-</u>	<u>28,257,962</u>
Accumulated Depreciation	(6,770,799)	(545,488)	-0-	(7,316,287)
Net Capital Assets	<u>\$ 21,462,168</u>	<u>\$ (520,493)</u>	<u>\$ -0-</u>	<u>\$ 20,941,675</u>

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

(7) LONG-TERM OBLIGATIONS

Governmental Funds

The following is a summary of long-term obligation transactions for the year ended June 30, 2019:

	Bonds Payable	Notes Payable	Total
Long-term obligations at beginning of year	\$ 1,880,775	\$ -0-	\$ 1,880,775
Additions to principal	-0-	39,269	39,269
Repayment of principal	<u>(225,853)</u>	<u>(3,561)</u>	<u>(229,414)</u>
Long-term obligations at end of year	\$ 1,634,922	\$ 35,708	\$ 1,690,630
Less current portion	<u>(235,160)</u>	<u>(11,000)</u>	<u>(246,160)</u>
Long-term portion	<u>\$ 1,419,762</u>	<u>\$ 24,708</u>	<u>\$ 1,444,470</u>

TOWN OF JONESVILLE, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Long-term debt for governmental funds as of June 30, 2019, is comprised of the following:

United States Department of Agriculture – Public Improvement Bond, Series 2012 indebtedness to construct a new Town Hall in the amount of \$139,900, commencing on January 24, 2014, and payable in monthly installments of \$518 until maturity on January 24, 2053, with an annual interest rate of 3.125%.	\$ 128,922
Sales tax bonds in the amount of \$1,900,000, Series 2017 issued for street improvements, beginning November 2017 and commencing on November 2025, and due in semi-annual installments changing each year with a coupon rate of 2.425%.	1,526,000
Wells Fargo Equipment Finance – 2012 John Deere 310J Backhoe Loader financed in the amount of \$37,351.33, beginning April 2019, commencing March 2023, payable in monthly installments of \$958.83, interest rate of 10.638%.	35,708
Total long-term debt	\$ <u>1,690,630</u>

The annual requirements to amortize all debt outstanding as of June 30, 2019, including interest payments, are as follows:

Year Ending June 30,	Bonds & Notes Payable
2020	\$ 282,374
2021	287,338
2022	291,022
2023	286,752
2024	287,048
2025-2029	315,664
2030-2034	31,080
2035-2039	31,080
2040-2044	31,080
2045-2049	31,080
2050-2054	22,247
Total	\$ <u>1,896,765</u>

Enterprise Fund

The following is a summary of long-term obligation transactions for the year ended June 30, 2019:

	Bonds Payable	Notes Payable	Total
Long-term obligations at beginning of year	\$ 7,210,661	\$ 142,243	\$ 7,352,904
Additions to principal	-0-	-0-	-0-
Repayment of principal	<u>(205,000)</u>	<u>(17,395)</u>	<u>(222,395)</u>
Long-term obligations at end of year	\$ 7,005,661	\$ 124,848	\$ 7,130,509
Less current portion	<u>(210,000)</u>	<u>(3,000)</u>	<u>(213,000)</u>
Long-term portion	<u>\$ 6,795,661</u>	<u>\$ 121,848</u>	<u>\$ 6,917,509</u>

TOWN OF JONESVILLE, LOUISIANA

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

Long-term debt for the enterprise fund as of June 30, 2019, 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, 2016, 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.	\$ 970,000
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%.	124,848
Bond payable to United States Department of Agriculture, in the amount of \$3,326,000, with interest payments due semi-annually beginning December 1, 2012, and principal payments due annually commencing December 1, 2014, until maturity on December 1, 2051, with an annual interest rate of 2%.	3,038,544
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%.	3,006,549
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%.	----- -0-
Total long-term debt	\$ <u>7,139,941</u>

The annual requirements to amortize all debt outstanding as of June 30, 2019, including interest payments, are as follows:

Year Ending June 30,	Bones & Notes Payable
2020	\$ 385,411
2021	391,811
2022	393,011
2023	394,011
2024	394,011
2025-2029	1,712,412
2030-2034	1,415,180
2035-2039	1,436,180
2040-2044	1,449,028
2045-2049	1,389,000
2050-2054	828,093
Total	\$ <u>10,188,148</u>

TOWN OF JONESVILLE, LOUISIANA

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

(8) 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>Gas Utility</u>	<u>Water Utility</u>	<u>Sewer Service</u>	<u>Total</u>
Operating Revenue	\$ 2,729,303	\$ 454,416	\$ 398,560	\$ 373,306	\$ 3,955,585
Purchase of Utility	(1,526,762)	(289,784)	-0-	-0-	(1,816,546)
Operating Expenses	(598,410)	(104,752)	(298,460)	(223,369)	(1,224,991)
Depreciation	(35,429)	(13,348)	(195,695)	(301,016)	(545,488)
Other Operating Revenue	793	-0-	221	-0-	1,014
Capital Grants	24,995	-0-	33,121	-0-	58,116
Operating Income (Loss)	\$ 594,490	\$ 46,532	\$ (62,253)	\$ (151,079)	\$ 427,690

(9) RESTRICTED NET POSITION

- **Governmental Fund**

- The Town's debt service fund had restricted net position of \$766,743, which have been restricted for future payments of long-term debt.

- **Enterprise Funds**

- The Town's water fund had restricted net position of \$453,162, which arose from restricted monies as required by revenue bond indentures.

(10) ELECTED OFFICIALS

The following is a list of elected officials and their salary for the year ending June 30, 2019:

<u>Name</u>	<u>Title</u>	<u>Annualized Salary</u>
Milton Ceasar	Mayor	\$ 30,000
Marcellus Cummings	Police Chief	34,968
Benny Vault, Sr	Council	7,200
Catina Branch	Council	7,200
Josie Bullitts	Council	7,200
Loria Hollins	Council	7,200
Bruce Lofton	Council	\$ 7,200

TOWN OF JONESVILLE, LOUISIANA

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

(11) 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.

(12) SALES AND USE TAX REVENUES

- A) The Town receives hard surface road tax and sanitation tax from Catahoula Parish. The Town received \$61,186 in hard surface road tax and \$144,224 in sanitation tax for the fiscal year ended June 30, 2019.

- B) The Town receives 1% sales and use tax from Catahoula Parish to be used for the purpose of hard surfacing, rehabilitation, and resurfacing of the streets located within the corporate limits of the Town. The Town received \$405,320 in sales tax for the fiscal year ended June 30, 2019.

(13) PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to correct fund balance in the governmental funds. Sales tax bonds issued in the previous year created a debt service fund and special revenue fund for street improvements.

(14) EXCESS EXPENDITURES OVER APPROPRIATION

The Town over spent it's budget by \$108,727 or 5.2% because expenditures for street improvements were not budgeted.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF JONESVILLE, LOUISIANA
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General and Special Revenue Funds
For the Year Ended June 30, 2019

	BUDGET AMOUNTS		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis	
REVENUES				
Taxes	\$ 82,865	\$ 82,865	\$ 492,037	\$ 409,172
Licenses and Permits	124,950	124,950	135,699	10,749
Rentals	13,770	13,770	18,229	4,459
Intergovernmental	766,260	766,260	360,252	(406,008)
Fines	32,999	32,999	61,177	28,178
Charges for Services	151,095	151,095	143,294	(7,801)
Other	75,000	75,000	81,905	6,905
TOTAL REVENUES	1,246,939	1,246,939	1,292,593	45,654
EXPENDITURES				
General Government	345,053	345,053	453,134	(108,081)
Public Safety:				
Police	249,539	249,539	287,146	(37,607)
Fire	-0-	-0-	-0-	-0-
Public Works:				
Streets	305,832	305,832	415,384	(109,552)
Sanitation	285,000	285,000	191,247	93,753
Recreation	37,690	37,690	8,769	28,921
Airport	37,960	37,960	2,545	35,415
Capital Outlay	624,190	624,190	844,989	(220,799)
Debt Service	219,523	219,523	10,300	209,223
TOTAL EXPENDITURES	2,104,787	2,104,787	2,213,514	(108,727)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(857,848)	(857,848)	(920,921)	(63,073)
OTHER FINANCING SOURCES (USES)				
Interest Income	-0-	-0-	732	732
Loan Proceeds	-0-	-0-	39,269	39,269
Transfer In/(Out)	749,450	749,450	441,778	(307,672)
TOTAL OTHER FINANCING SOURCES (USES)	749,450	749,450	481,779	(267,671)
NET CHANGE IN FUND BALANCE	\$ (108,398)	\$ (108,398)	(439,142)	\$ (330,744)
PRIOR PERIOD ADJUSTMENT			190,941	
FUND BALANCE - BEGINNING			1,342,900	
FUND BALANCE - ENDING			\$ 1,094,699	

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

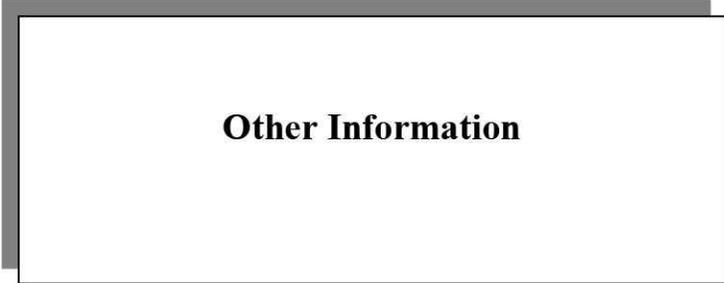
TOWN OF JONESVILLE, LOUISIANA
Budgetary Comparison Schedule
For the Year Ended June 30, 2019

Basis of Presentation

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

Budget Amendments and Revisions

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



Other Information

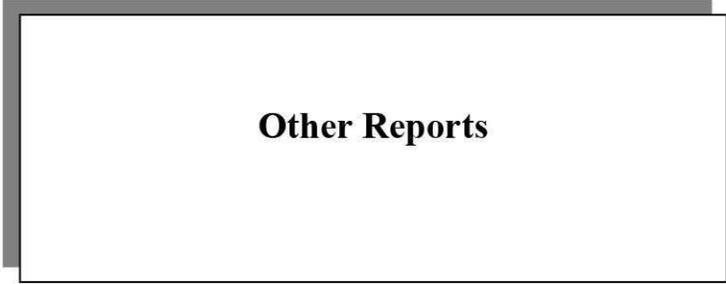
TOWN OF JONESVILLE, LOUISIANA
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2019

Honorable Milton Ceasar, Mayor

Purpose	Amount	
Salary	\$	12,796
Benefits-Insurance		-0-
Benefits-Retirement		-0-
Benefits (Expense Allowance)		-0-
Car Allowance		-0-
Vehicle Provided by Government		-0-
Per Diem		-0-
Reimbursements		-0-
Travel		-0-
Registration Fees		-0-
Conference Travel		-0-
Continuing Professional Education Fees		-0-
Housing		-0-
Un-vouchered Expenses*		-0-
Special Meals	\$	-0-

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

See independent auditor's report.



Other Reports

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Jonesville's basic financial statements and have issued our report thereon dated December 17, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jonesville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items: **2019-1 Budget Variance and 2019-2 Bond Reserve Accounts Required by Bond Covenants.**

The Town of Jonesville's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a public document and its distribution is not limited.

The Vercher Group

Jena, Louisiana
December 17, 2019

**TOWN OF JONESVILLE
TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2019**

We have audited the basic financial statements of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2019, and have issued our report thereon dated December 17, 2019. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2019, resulted in an unmodified opinion.

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

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion on Compliance Unmodified Qualified
For Major Programs Disclaimer Adverse

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

Yes No

c. Identification of Major Programs:

CFDA Number (s)	Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

TOWN OF JONESVILLE, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2019**

Section II – Financial Statement Findings

2019-1 Budget Variance (Compliance)

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

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

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

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

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

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

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

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

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

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

Effect of Condition: Noncompliance with bond indentures.

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

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

Section III Federal Awards Findings and Questioned Costs

Not applicable.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS

FINDINGS:

2019-1 Budget Variance

Finding: The Town had an unfavorable expenditure variance of \$108,727 or 5.2% in its governmental fund budget for the year ended June 30, 2019. The Budget Act requires that budgets be amended when the variance exceeds 5%.

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

Contact Person: Milton Ceasar, Mayor

Anticipated Completion Date: June 30, 2020

2019-2 Bond Reserve Accounts Required by Bond Covenants

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

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

Contact Person: Milton Ceasar, Mayor

Anticipated Completion Date: June 30, 2020

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MANAGEMENT LETTER COMMENTS

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

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No comment

TOWN OF JONESVILLE, LOUISIANA
June 30, 2019

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

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

The management of the Town of Jonesville, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2018.

PRIOR YEAR FINDINGS

2018-1 Bond Reserve Accounts Required by Bond Covenants (Unresolved)

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

Criteria: The Town of Jonesville has several issues of utility bonds outstanding. There are certain bond covenants for each debt that are required to be followed.

Cause of Condition: Not depositing required money into the reserve accounts.

Effect of Condition: Noncompliance with bond indentures.

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

Client Response: We discussed this with the Mayor, Council and Town Clerk and they agreed to review all bond issuances and begin maintaining the bond reserve accounts as required.

2018-2 Discrepancies in Utility Deposits (Resolved)

Condition: The Town of Jonesville had missing utility payments/deposits and unknown adjustments totaling approximately \$32,000. The events occurred in the clerical office of the Town of over the past year. There was more than one employee collecting cash and making deposits. The sheriff's office and the Legislative Auditor have been notified. See attached exhibit.

Criteria: The Town's internal controls should have procedures that reconcile monthly billing reports to collections and investigate any discrepancies.

Cause of Condition: Inadequate internal controls and limited personnel.

Effect of Condition: Potential misappropriation of funds and material weakness in internal controls.

TOWN OF JONESVILLE, LOUISIANA
June 30, 2019

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

PRIOR YEAR FINDINGS (CONTINUED)

Recommendation: We recommend that the Town develop controls and procedures that would provide the necessary oversight of utility deposits and monthly reconciliations of billing and collections. We also recommend that separate cash draws be maintained for each employee and that employees do not share cash drawers.

Client Response: The Town has taken the following steps to ensure that internal controls are effective:

- Each clerk has her own cash drawers for utility payments and for ad valorem tax payments. There is no co-mingling of funds by the clerks.
- The cash drawers are locked in the vault every evening at the close of business.
- Deposits are verified at the end of each day's business by the town clerk or a substitute in case of her absence.
- A log is kept showing each deposit by date, bank account, total amount of deposit, who made the deposit, and the batch number. It is initialed by the front office clerk making the deposit and the town clerk/substitute.
- A cash drawer verification log is kept daily and shows the balance in each clerk's cash drawer for utilities after the day's transactions and another verification is done for their individual ad valorem cash boxes.
- Security cameras have been installed in the lobby and in the front office as well as monitoring the vault door to deter any unauthorized transactions/activities.

2018-3 Police Department – Ticket Software (Resolved)

Condition: The Town of Jonesville's ticket collection software is not functioning properly.

Criteria: Proper internal controls can only be established when the Town has proper functioning software.

Cause of Condition: Lack of reliable software.

Effect of Condition: Potential misappropriation of funds.

Recommendation: We recommend that the Town use a proper functioning software for the collection and monitoring of ticket fines.

Client Response: The Town will use a proper functioning software for the collection and monitoring of ticket fines.

TOWN OF JONESVILLE, LOUISIANA
June 30, 2019

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

PRIOR YEAR FINDINGS (CONTINUED)

2018-4 Budget Variance (Unresolved)

Condition: The Town had an unfavorable expenditure variance of \$850,052 or 36% and an unfavorable revenue variance of \$311,968 or 19% in its general fund budget for the year ended June 30, 2018.

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

Cause of Condition: The Town did not amend budget when variances exceeded 5%.

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

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

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

2018-5 Annual Filing of Financial Statements (Resolved)

Condition: The Town did not file their financial statements with the Legislative Auditor on a timely basis.

Criteria: LSA-RA 24:514, LSA-RA 33:463, and/ or LSA-RS 39-92, as applicable, require that governmental units file their financial statements annually with the Legislative Auditor's Office within six months of the entity's year end.

Cause of Condition: Not having the financial statements completed in time due to allegations against the Town.

Effect of Condition: Compliance finding.

Recommendation: The Town should have their audit completed in time to file with the Legislative Auditor's Office within six months of the Town's year end closing.

Client Response: The Town will have their audit completed in time to file with the Legislative Auditor's Office within six months of the Town's year end closing.

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AGREED-UPON PROCEDURES REPORT

Town of Jonesville, Louisiana

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of July 1, 2018- June 30, 2019

Town of Jonesville
Jonesville, Louisiana

To the Town of Jonesville and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Jonesville and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C 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 as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - 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/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
 - 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
 - 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.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Observation: We obtained and inspected the entity's written policies and procedures and observed that they addressed each of the above categories and subcategories with the exception of ethics and disaster recovery/business continuity.

Exception: The entity's written policies and procedures did not address ethics or disaster recovery/business continuity.

Management's Response: Written policies and procedures will be updated to address ethics and disaster recovery/business continuity.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Observation: We obtained and inspected the entity's minutes for the fiscal period and:

A) Observed that the council meets monthly.

B) The council reviews monthly statements, but not budget-to-actual comparisons.

Exception: Budget-to-actual comparisons are not presented at monthly meetings.

Management's Response: The entity periodically reviews budget comparisons to determine when budgets should be amended.

C) The entity did not have a negative ending unrestricted fund balance in the prior year audit report.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Observation: We obtained a listing of bank accounts and management’s representation that the listing is complete. We randomly selected the month of March 2019 for the general fund operating account, the court bonds, Davis water well contingency, customer deposits-water and USDA ARRA sewer contingency account and observed the following:

- A) Bank reconciliations were prepared within 2 months of the related statement closing date.**
- B) Bank reconciliations included evidence that the town clerk who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.**
- C) There were no outstanding items more than 12 months from closing date.**

Collections (excluding EFTs)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management’s representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

- 5. For each deposit site selected, obtain a listing of collection locations and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made

on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Observation: We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete (the town hall).

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Observation: We interviewed the clerk and observed that job duties are properly segregated such that:

A) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

B) At least two employees are involved in processing and approving payments to vendors.

C) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

D) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Observation: We obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. We randomly selected 5 disbursements and obtained supporting documentation for each transaction and:

- A) Observed that the disbursement matched the related original invoice/billing statement.**
- B) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging), dual signatures on checks and approval by the town council of segregation of duties tested under #9, as applicable.**

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

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

Observation: Management represented that they had 3 credit cards.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), 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) Observe that finance charges and late fees were not assessed on the selected statements.

Observation: We randomly selected the month of February 2019 for the 3 cards and observed the following:

- A) **There was no evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.**

Exception: There was no evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Management's Response: Management will have someone review and approve statements, in writing, other than the authorized card holder.

- B) **There were no finance charges on the statements.**

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Observation: There were no transactions on the cards other than fuel on the fuel cards.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (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/her daily attendance and leave.)
 - Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Observation: These procedures were performed in prior years with no exceptions. These procedures will be rotated to the next fiscal year.

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 C/C 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 C/C 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.

The Vercher Group

Jena, Louisiana
December 17, 2019