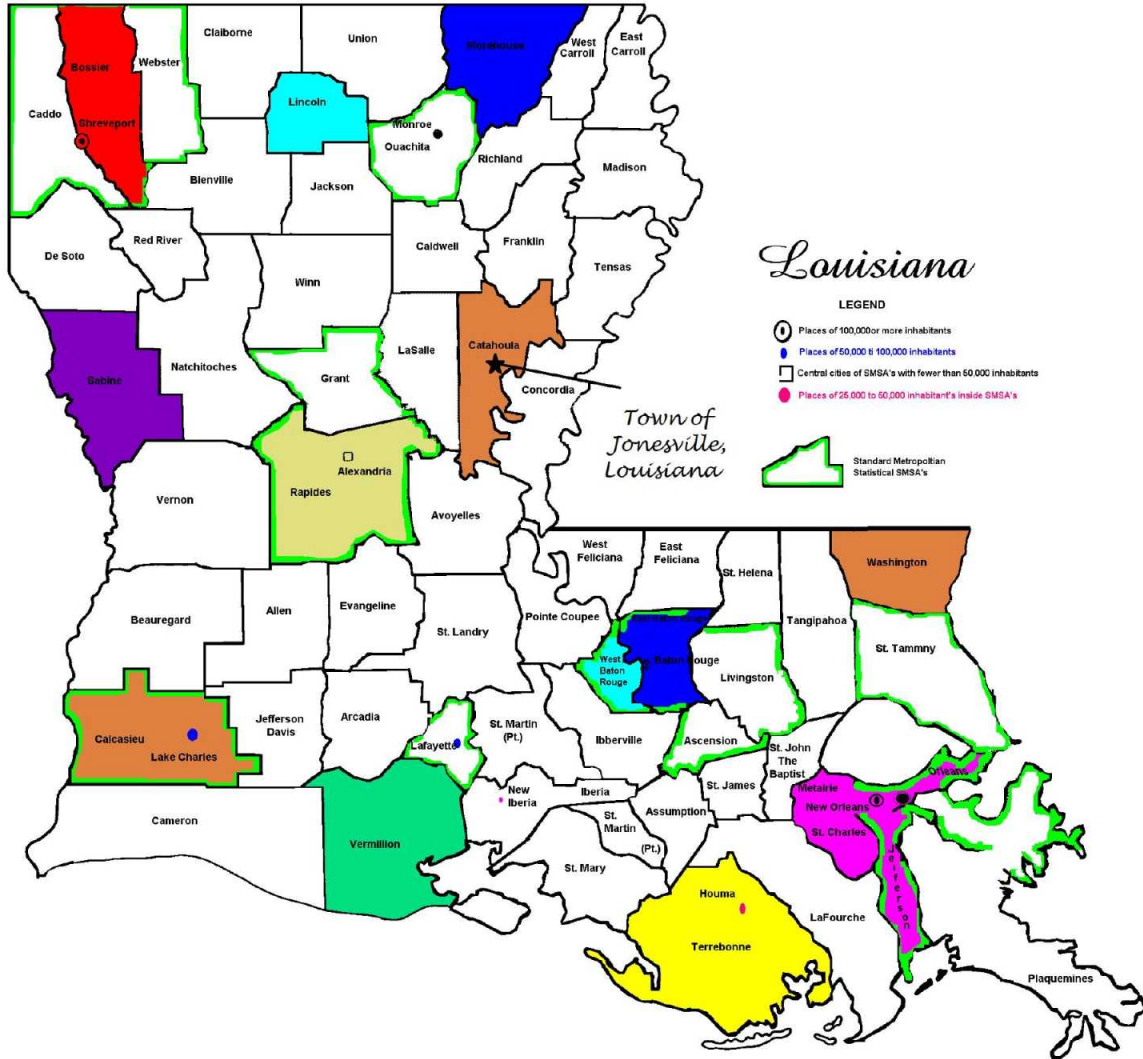


**TOWN OF JONESVILLE, LOUISIANA**

**Annual Financial Statements**

**June 30, 2018**

# TOWN OF JONESVILLE, LOUISIANA



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

**TOWN OF JONESVILLE, LOUISIANA**  
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**June 30, 2018**

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### MEMBERS

American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Hiram Evans, 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, 2018, 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, 2018, 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 19, 2018, 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 19, 2018

# Town of Jonesville

PO Box 428

Jonesville, Louisiana 71343

Tel: (318) 339-8596

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2018. 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 \$4,327,857 (*net position*). This is a \$990,780 increase from last year.
- The Town had total revenue of \$1,763,883 in which \$483,329 came from taxes and \$935,026 came from capital contributions. This is a \$647,165 increase from last year's revenues, mainly due to an increase in capital contributions in the amount of \$323,220.
- The Town had total expenditures of \$3,398,856, which is a \$2,142,137 increase from last year. This increase is due mainly to an increase in capital outlay in the amount of \$1,797,731.

#### *Enterprise Funds*

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$15,184,291 (*net position*). This is a \$329,144 decrease from last year.
- The Town had total revenue of \$4,080,819, including operating revenues of \$4,058,024, non-operating revenues of \$1,545, and capital contributions of \$21,250. This is a \$271,608 increase from last year. This increase is due mainly to an increase in gas sales in the amount of \$145,459 and electric sales in the amount of \$91,609.
- The Town had total expenses of \$3,612,189, including operating expenses of \$3,433,268 and non-operating expenses of \$178,921. This is a \$548,756 increase from last year. An increase in utility purchases in the amount of \$475,665 is the main cause of this increase.

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## MD&A

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### 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.



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## MD&A

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### GOVERNMENTAL FUNDS

#### Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2018:

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
<b>ASSETS</b>			
Cash & Investments	\$ 455,390	\$ 192,918	-57.6
Receivables	52,272	22,074	-57.8
Restricted Assets	96,797	1,425,121	1,372.3
Capital Assets, Net of Accumulated Depreciation	2,972,121	4,648,007	56.4
<b>TOTAL ASSETS</b>	<u>3,576,580</u>	<u>6,288,120</u>	75.8
<b>LIABILITIES &amp; NET POSITION</b>			
Accounts, Salaries, & Other Payables	99,899	79,487	-20.4
Other Liabilities	6,735	-0-	-100.0
Notes & Bonds Payable – Current	2,082	226,081	10,758.8
Notes & Bonds Payable – Noncurrent	130,787	1,654,695	1,165.2
<b>TOTAL LIABILITIES</b>	<u>239,503</u>	<u>1,960,263</u>	718.5
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,839,252	2,767,231	-2.5
Restricted	8,743	1,201,121	13,638.1
Unrestricted	489,082	359,505	-26.5
<b>TOTAL NET POSITION</b>	<u>\$ 3,337,077</u>	<u>\$ 4,327,857</u>	29.7

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## MD&A

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### 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, 2018:

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
<b>REVENUES</b>			
Taxes	\$ 88,337	\$ 483,329	447.2
Licenses and Permits	103,929	131,498	26.5
Rentals	29,745	15,741	-47.1
Charges for Services	51,683	148,132	186.6
Fines and Forfeitures	70,471	20,051	-71.6
Intergovernmental	611,806	935,026	52.8
Other	60,747	29,356	-51.7
<b>TOTAL REVENUES</b>	<u>1,116,718</u>	<u>1,763,133</u>	57.9
<b>EXPENDITURES</b>			
General & Administrative	373,273	395,895	6.1
Public Safety	280,201	296,868	6.0
Public Works	570,464	651,436	14.2
Recreation	16,568	35,258	112.8
Airport	9,997	39,454	294.7
Capital Outlay	-0-	1,797,731	100.0
Debt Service	2,476	182,214	7,259.2
<b>TOTAL EXPENDITURES</b>	<u>1,256,719</u>	<u>3,398,856</u>	170.5
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(140,001)</u>	<u>(1,635,723)</u>	1,068.4
<b>OTHER FINANCING SOURCES (USES)</b>			
Interest Income	-0-	750	100.0
Bond Proceeds	-0-	1,900,000	100.0
Transfers In (Out)	557,906	797,774	43.0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>557,906</u>	<u>2,698,524</u>	383.7
<b>NET CHANGE IN FUND BALANCE</b>	417,905	1,062,801	154.3
<b>FUND BALANCES--BEGINNING</b>	79,920	497,825	522.9
<b>FUND BALANCES--ENDING</b>	<u>\$ 497,825</u>	<u>\$ 1,560,626</u>	213.5

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## MD&A

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### ENTERPRISE FUNDS

#### Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2018:

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
<b>ASSETS</b>			
Cash	\$ 331,441	\$ 334,331	0.9
Receivables	225,294	302,928	34.5
Restricted Assets	757,065	729,052	-3.7
Capital Assets, Net of Accumulated Depreciation	<u>22,011,750</u>	<u>21,462,168</u>	-2.5
<b>TOTAL ASSETS</b>	<u>23,325,550</u>	<u>22,828,479</u>	-2.1
 <b>LIABILITIES AND NET POSITION</b>			
Accounts, Salaries, & Other Payables	44,770	83,284	86.0
Accrued Liabilities	24,974	24,794	-0.7
Customer Deposits	172,876	184,386	6.7
Notes & Bonds Payable – Current Portion	232,701	220,578	-5.2
Notes & Bonds Payable – Noncurrent Portion	<u>7,336,794</u>	<u>7,131,146</u>	-2.8
<b>TOTAL LIABILITIES</b>	<u>7,812,115</u>	<u>7,644,188</u>	-2.2
 <b>NET POSITION</b>			
Net Investment in Capital Assets	14,472,956	14,110,444	-2.5
Restricted	3,630	326,907	8,905.7
Unrestricted	<u>1,036,849</u>	<u>746,940</u>	-28.0
<b>TOTAL NET POSITION</b>	<u>\$ 15,513,435</u>	<u>\$ 15,184,291</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, 2018:

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
<b>OPERATING REVENUES</b>			
Electric Sales	\$ 2,532,018	\$ 2,623,627	3.6
Gas Sales	385,801	531,260	37.7
Water Sales	345,044	335,993	-2.6
Sewer Sales	382,217	387,285	1.3
Other Fees/Charges	163,086	179,859	10.3
<b>TOTAL OPERATING REVENUES</b>	<u>3,808,166</u>	<u>4,058,024</u>	6.6
<b>OPERATING EXPENSES</b>			
Utility Purchases	1,427,873	1,903,538	33.3
Administration/Personnel	326,646	276,580	-15.3
Repairs and Maintenance	66,455	128,276	93.0
Materials & Supply	43,309	59,160	36.6
Utilities	37,938	73,031	92.5
Other Operating Expenses	429,325	443,101	3.2
Depreciation	544,705	549,582	0.9
<b>TOTAL OPERATING EXPENSES</b>	<u>2,876,251</u>	<u>3,433,268</u>	19.4
<b>OPERATING INCOME (LOSS)</b>	<u>931,915</u>	<u>624,756</u>	-33.0
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Earnings	1,045	1,545	47.9
Interest Expense	(187,182)	(178,921)	-4.4
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(186,137)</u>	<u>(177,376)</u>	-4.7
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	745,778	447,380	-40.0
Transfers In/(Out)	(557,906)	(797,774)	43.0
Capital Contributions	-0-	21,250	100.0
<b>CHANGE IN NET POSITION</b>	187,872	(329,144)	-275.2
<b>PRIOR PERIOD ADJUSTMENT</b>	75,000	-0-	-100.0
<b>TOTAL NET POSITION – BEGINNING</b>	<u>15,250,563</u>	<u>15,513,435</u>	1.7
<b>TOTAL NET POSITION – ENDING</b>	<u>\$ 15,513,435</u>	<u>\$ 15,184,291</u>	-2.1

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**MD&A**

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**CAPITAL ASSETS & LONG-TERM DEBT**

*Capital Assets – Governmental Fund*

At June 30, 2018, the Town had \$4,648,007 invested in capital assets, including the following:

**Capital Assets at Year-End**

	<u>2017</u>	<u>2018</u>
Land*	\$ 422,850	\$ 422,850
Buildings	1,079,801	1,079,801
Land Improvements	2,449,068	2,738,803
Machinery & Equipment	336,098	345,558
Vehicles	705,122	705,122
Construction in Progress*	60,860	1,559,396
Accumulated Depreciation	<u>(2,081,677)</u>	<u>(2,203,523)</u>
<b>Total</b>	<u>\$ 2,972,122</u>	<u>\$ 4,648,007</u>

\*Land in the amount of \$422,850 and construction in progress in the amount of \$1,559,396 are not being depreciated.

*Capital Assets – Enterprise Fund*

At June 30, 2018, the Town had \$21,462,168 invested in capital assets, including the following:

**Capital Assets at Year-End**

	<u>2017</u>	<u>2018</u>
Land*	\$ 21,612	\$ 21,612
Buildings	11,579	11,579
Plant and Equipment	28,199,776	28,199,776
Accumulated Depreciation	<u>(6,221,217)</u>	<u>(6,770,799)</u>
<b>Total</b>	<u>\$ 22,011,750</u>	<u>\$ 21,462,168</u>

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

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## MD&A

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### *Long-Term Obligations – General Fund*

The following is a summary of long-term obligation transactions for the year ended June 30, 2018:

	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Total</u>
Long-term obligations at beginning of year	\$ -0-	\$ 132,869	\$ 132,869
Additions to principal	1,900,000	-0-	1,900,000
Repayment of principal	<u>(150,000)</u>	<u>(2,093)</u>	<u>(152,093)</u>
Long-term obligations at end of year	\$ 1,750,000	\$ 130,776	\$ 1,880,776
Less current portion	<u>(224,000)</u>	<u>(2,081)</u>	<u>(226,081)</u>
Long-term portion	<u>\$ 1,526,000</u>	<u>\$ 128,695</u>	<u>\$ 1,654,695</u>

### *Long-Term Obligations – Enterprise Fund*

The following is a summary of long-term obligation transactions for the year ended June 30, 2018:

	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Total</u>
Long-term obligations at beginning of year	\$ 7,411,481	\$ 159,192	\$ 7,570,673
Additions to principal	-0-	-0-	-0-
Repayment of principal	<u>(202,000)</u>	<u>(16,949)</u>	<u>(218,949)</u>
Long-term obligations at end of year	\$ 7,209,481	\$ 142,243	\$ 7,351,724
Less current portion	<u>(203,000)</u>	<u>(17,578)</u>	<u>(220,578)</u>
Long-term portion	<u>\$ 7,006,481</u>	<u>\$ 124,665</u>	<u>\$ 7,131,146</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 Hiram Evans, Mayor, at the Town of Jonesville, phone (318) 339-8596.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF JONESVILLE, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2018**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS- TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>CURRENT ASSETS</b>			
Cash	\$ 192,918	\$ 334,331	\$ 527,249
Receivables (Net of Allowances for Uncollectible)	22,074	302,928	325,002
<b>TOTAL CURRENT ASSETS</b>	<u>214,992</u>	<u>637,259</u>	<u>852,251</u>
<b>NON-CURRENT ASSETS</b>			
Restricted Assets	1,425,121	729,052	2,154,173
Capital Assets (Net of Accumulated Depreciation)	4,648,007	21,462,168	26,110,175
<b>TOTAL NON-CURRENT ASSETS</b>	<u>6,073,128</u>	<u>22,191,220</u>	<u>28,264,348</u>
<b>TOTAL ASSETS</b>	<u>6,288,120</u>	<u>22,828,479</u>	<u>29,116,599</u>
<b>CURRENT LIABILITIES</b>			
Accounts, Salaries, & Other Payables	79,487	83,284	162,771
Accrued Liabilities	-0-	10,035	10,035
Customer Deposits	-0-	184,386	184,386
Accrued Interest	-0-	14,759	14,759
Notes Payable, Current	2,081	17,578	19,659
Bonds Payable, Current	224,000	203,000	427,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>305,568</u>	<u>513,042</u>	<u>818,610</u>
<b>NON-CURRENT LIABILITIES</b>			
Notes Payable	128,695	124,665	253,360
Bonds Payable	1,526,000	7,006,481	8,532,481
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>1,654,695</u>	<u>7,131,146</u>	<u>8,785,841</u>
<b>TOTAL LIABILITIES</b>	<u>1,960,263</u>	<u>7,644,188</u>	<u>9,604,451</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,767,231	14,110,444	16,877,675
Restricted	1,201,121	326,907	1,528,028
Unrestricted	359,505	746,940	1,106,445
<b>TOTAL NET POSITION</b>	<u>\$ 4,327,857</u>	<u>\$ 15,184,291</u>	<u>\$ 19,512,148</u>

The accompanying notes are an integral part of this statement.



**TOWN OF JONESVILLE, LOUISIANA**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

	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
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ (388,889)	\$ 131,498	\$ -0-	\$ (257,391)	\$ (257,391)		\$ (257,391)
Public Safety:							
Police	(302,102)	-0-	-0-	(302,102)	(302,102)		(302,102)
Fire	(9,901)	-0-	-0-	(9,901)	(9,901)		(9,901)
Public Works:							
Streets	(410,729)	-0-	358,235	(52,494)	(52,494)		(52,494)
Sanitation	(269,868)	148,132	-0-	(121,736)	(121,736)		(121,736)
Recreation	(37,116)	-0-	-0-	(37,116)	(37,116)		(37,116)
Airport	(122,152)	-0-	276,956	154,804	154,804		154,804
Interest on Long-Term Debt	(30,120)	-0-	-0-	(30,120)	(30,120)		(30,120)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>(1,570,877)</u>	<u>279,630</u>	<u>635,191</u>	<u>(656,056)</u>	<u>(656,056)</u>		<u>(656,056)</u>
<b>BUSINESS TYPE ACTIVITIES</b>							
Electric	(1,946,765)	2,623,627	-0-	676,862		676,862	676,862
Water	(472,270)	335,993	-0-	(136,277)		(136,277)	(136,277)
Gas	(504,782)	531,260	21,250	47,728		47,728	47,728
Sewer	(509,451)	387,285	-0-	(122,166)		(122,166)	(122,166)
Interest on Long-Term Debt	(178,921)	-0-	-0-	(178,921)		(178,921)	(178,921)
<b>TOTAL BUSINESS TYPE ACTIVITIES</b>	<u>(3,612,189)</u>	<u>3,878,165</u>	<u>21,250</u>	<u>287,226</u>		<u>287,226</u>	<u>287,226</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ (5,183,066)</u>	<u>\$ 4,157,795</u>	<u>\$ 656,441</u>	<u>\$ (368,830)</u>			<u>\$ (368,830)</u>

**GENERAL REVENUES**

Taxes	483,329	-0-	483,329
Fines	20,051	-0-	20,051
Rental	15,741	-0-	15,741
Intergovernmental	299,835	-0-	299,835
Investment Earnings	750	1,545	2,295
Other General Revenues	29,356	179,859	209,215
Transfers In (Out)	797,774	(797,774)	-0-
<b>TOTAL GENERAL REVENUES</b>	<u>1,646,836</u>	<u>(616,370)</u>	<u>1,030,466</u>
<b>CHANGE IN NET POSITION</b>	990,780	(329,144)	661,636
<b>NET POSITION - BEGINNING</b>	3,337,077	15,513,435	18,850,512
<b>NET POSITION - ENDING</b>	<u>\$ 4,327,857</u>	<u>\$ 15,184,291</u>	<u>\$ 19,512,148</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JONESVILLE, LOUISIANA**  
**Balance Sheet, Governmental Funds**  
**June 30, 2018**

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 192,918	\$ -0-	\$ 192,918
Receivables (Net of Allowances for Uncollectable)	3,302	-0-	3,302
Due from Other Government	18,772	-0-	18,772
Restricted Cash and Cash Equivalents	1,207,395	217,726	1,425,121
<b>TOTAL ASSETS</b>	<u>1,422,387</u>	<u>217,726</u>	<u>1,640,113</u>
<b>LIABILITIES</b>			
Accounts, Salaries, and Other Payables	79,487	-0-	79,487
Accrued Liabilities	-0-	-0-	-0-
Due to Other Governments	-0-	-0-	-0-
Other Liabilities	-0-	-0-	-0-
<b>TOTAL LIABILITIES</b>	<u>79,487</u>	<u>-0-</u>	<u>79,487</u>
<b>FUND BALANCES</b>			
Restricted	1,207,395	217,726	1,425,121
Unassigned	135,505	-0-	135,505
<b>TOTAL FUND BALANCES</b>	<u>1,342,900</u>	<u>217,726</u>	<u>1,560,626</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>\$ 1,422,387</u>	<u>\$ 217,726</u>	<u>\$ 1,640,113</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, 2018**

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 1,560,626
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental Capital Assets	6,851,530
Less Accumulated Depreciation	<u>(2,203,523)</u>
	4,648,007
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>(1,880,776)</u>
Net Position of Governmental Activities (Statement A)	\$ <u>4,327,857</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, 2018**

	<u>GENERAL</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Taxes	\$ 89,605	\$ 393,724	\$ 483,329
Licenses and Permits	131,498	-0-	131,498
Rentals	15,741	-0-	15,741
Charges for Services	148,132	-0-	148,132
Fines and Forfeitures	20,051	-0-	20,051
Intergovernmental	935,026	-0-	935,026
Other	29,356	-0-	29,356
<b>TOTAL REVENUES</b>	<u>1,369,409</u>	<u>393,724</u>	<u>1,763,133</u>
<b>EXPENDITURES</b>			
General	395,895	-0-	395,895
Public Safety:			
Police	296,868	-0-	296,868
Public Works:			
Streets	381,568	-0-	381,568
Sanitation	269,868	-0-	269,868
Recreation	35,258	-0-	35,258
Airport	39,454	-0-	39,454
Capital Outlay	1,797,731	-0-	1,797,731
Debt Service	6,216	175,998	182,214
<b>TOTAL EXPENDITURES</b>	<u>3,222,858</u>	<u>175,998</u>	<u>3,398,856</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,853,449)</u>	<u>217,726</u>	<u>(1,635,723)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interest Income	750	-0-	750
Bond Proceeds	1,900,000	-0-	1,900,000
Transfers In (Out)	797,774	-0-	797,774
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,698,524</u>	<u>-0-</u>	<u>2,698,524</u>
<b>NET CHANGE IN FUND BALANCE</b>	845,075	217,726	1,062,801
<b>FUND BALANCES--BEGINNING</b>	497,825	-0-	497,825
<b>FUND BALANCES--ENDING</b>	<u>\$ 1,342,900</u>	<u>\$ 217,726</u>	<u>\$ 1,560,626</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, 2018**

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 1,062,801

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	1,797,731	
	Depreciation Expense	(121,846)	
		1,675,885	1,675,885

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.

	Bond Issuance	(1,900,000)	
	Principal Paid	152,094	
		(1,747,906)	(1,747,906)

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.

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-0-

Changes in Net Position of Governmental Activities, Statement B \$ 990,780

The accompanying notes are an integral part of this statement.

**TOWN OF JONESVILLE, LOUISIANA**  
**Statement of Net Position, Proprietary Funds**  
**June 30, 2018**

	<u>BUSINESS-TYPE</u>
	<u>ACTIVITIES</u>
	<u>ENTERPRISE</u>
	<u>FUND</u>
<b>CURRENT ASSETS</b>	
Cash & Cash Equivalents	\$ 334,331
Receivables (Net of Allowances for Uncollectible)	302,928
<b>TOTAL CURRENT ASSETS</b>	<u>637,259</u>
<b>NON-CURRENT ASSETS</b>	
Restricted Assets	729,052
Capital Assets (Net of Accumulated Depreciation)	21,462,168
<b>TOTAL NON-CURRENT ASSETS</b>	<u>22,191,220</u>
<b>TOTAL ASSETS</b>	<u>22,828,479</u>
<b>CURRENT LIABILITIES</b>	
Accounts, Salaries, & Other Payables	83,284
Accrued Liabilities	10,035
<b>TOTAL CURRENT LIABILITIES</b>	<u>93,319</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	
Customer Deposits	184,386
Accrued Interest	14,759
Notes Payable – Current Portion	17,578
Bonds Payable – Current Portion	203,000
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	<u>419,723</u>
<b>NON-CURRENT LIABILITIES</b>	
Notes Payable	124,665
Bond Payable (Net of Discount)	7,006,481
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>7,131,146</u>
<b>TOTAL LIABILITIES</b>	<u>7,644,188</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	14,110,444
Restricted	326,907
Unrestricted	746,940
<b>TOTAL NET POSITION</b>	<u>\$ 15,184,291</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JONESVILLE, LOUISIANA**  
**Statement of Revenues, Expenses & Changes in Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</b>
<b>OPERATING REVENUES</b>	
Electric Sales	\$ 2,623,627
Gas Sales	531,260
Water Sales	335,993
Sewer Sales	387,285
Other Fees/Charges	179,859
<b>TOTAL OPERATING REVENUES</b>	<b>4,058,024</b>
<b>OPERATING EXPENSES</b>	
Utility Purchases	1,903,538
Administration/Personnel	276,580
Repairs and Maintenance	128,276
Materials and Supplies	59,160
Utilities	73,031
Other Operating Expenses	443,101
Depreciation	549,582
<b>TOTAL OPERATING EXPENSES</b>	<b>3,433,268</b>
<b>OPERATING INCOME (LOSS)</b>	<b>624,756</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Earnings	1,545
Interest Expense	(178,921)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(177,376)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>447,380</b>
Transfers In/(Out)	(797,774)
Capital Contributions	21,250
<b>CHANGE IN NET POSITION</b>	<b>(329,144)</b>
<b>TOTAL NET POSITION – BEGINNING</b>	<b>15,513,435</b>
<b>TOTAL NET POSITION – ENDING</b>	<b>\$ 15,184,291</b>

The accompanying notes are an integral part of this statement.

**TOWN OF JONESVILLE, LOUISIANA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**June 30, 2018**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers & Users	\$ 3,991,900
Payments to Suppliers	(2,565,544)
Payments to Employees	(276,580)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>1,149,776</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers In (Out)	(797,774)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(797,774)</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	
Contributions & Grants	21,250
Construction of Capital Assets	-0-
Interest Paid on Capital Debt	(180,971)
Principal Paid on Capital Debt	(218,949)
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>(378,670)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest & Dividends Received	1,545
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>1,545</u>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	(25,123)
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,088,506
<b>CASH &amp; CASH EQUIVALENTS, END OF YEAR</b>	<u>1,063,383</u>
<b>RECONCILIATION TO BALANCE SHEET</b>	
Cash and Cash Equivalents	334,331
Restricted Cash	729,052
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>1,063,383</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	624,756
Depreciation Expense	549,582
(Increase) Decrease in Accounts Receivable	(77,634)
Increase (Decrease) in Accounts Payables	38,514
Increase (Decrease) in Accrued Liabilities	3,048
Increase (Decrease) Customer Deposits	11,510
<b>TOTAL ADJUSTMENTS</b>	<u>525,020</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 1,149,776</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 another fund.
- 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.

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.

## TOWN OF JONESVILLE, LOUISIANA

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

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 \$9,529,273.

General purposes	8.720 mills
Total taxes levied	\$83,096

**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, 2018, 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, 2018:

	Governmental
Bond Sinking/Reserve/Contingencies	\$ 1,425,121
<b>Total</b>	<u>\$ 1,425,121</u>

	Enterprise
Customer Deposits	\$ 184,386
Bond Sinking/Reserve/Contingencies	544,666
<b>Total</b>	<u>\$ 729,052</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, 2018, 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 &amp; Trust</u>	<u>Total</u>
<b>Bank Balances</b>	\$ 2,707,867	\$ 669,672	\$ 3,377,539
<i>Secured As Follows</i>			
FDIC (Category 1)	500,000	250,000	750,000
Securities (Category 2)	3,274,604	1,349,735	4,624,339
Uncollateralized (Category 3)	-0-	-0-	-0-
<b>Total</b>	\$ 3,774,604	\$ 1,599,735	\$ 5,374,339

All deposits were secured as of June 30, 2018.

**(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, 2018, were as follows:

\$797,774 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 \$325,002 at June 30, 2018, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Taxes:			
Property Taxes	\$ 2,667	\$ -0-	\$ 2,667
Intergovernmental:			
State	1,224	-0-	1,224
Parish	17,548	-0-	17,548
Accounts	-0-	332,149	332,149
Other	109,409	4,437	113,846
Allowance for Uncollectibles	(108,774)	(33,658)	(142,432)
<b>Total</b>	<u>\$ 22,074</u>	<u>\$ 302,928</u>	<u>\$ 325,002</u>

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.

The Town has outsourced its water and sewer utility billing system. Receivables due from third party represents the cash balance owed to the Town. The balance owed to the Town at June 30, 2018, is \$56,356.

**(6) CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2018, is as follows:

**Governmental Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land*	\$ 422,850	\$ -0-	\$ -0-	\$ 422,850
Buildings	1,079,801	-0-	-0-	1,079,801
Land Improvements	2,449,068	249,845	39,890	2,738,803
Machinery & Equipment	336,098	9,460	-0-	345,558
Vehicles	705,122	-0-	-0-	705,122
Construction in Progress*	60,860	1,538,426	(39,890)	1,559,396
<b>Total Fixed Assets</b>	<u>5,053,799</u>	<u>1,797,731</u>	<u>-0-</u>	<u>6,851,530</u>
Less Accumulated Depreciation	(2,081,677)	(121,846)	-0-	(2,203,523)
<b>Net Capital Assets</b>	<u>\$ 2,972,122</u>	<u>\$ 1,675,885</u>	<u>\$ -0-</u>	<u>\$ 4,648,007</u>

\*Land in the amount of \$422,850 and construction in progress in the amount of \$1,559,396 are not being depreciated.

**TOWN OF JONESVILLE, LOUISIANA**

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

Depreciation expense of \$121,846 for the year ended June 30, 2018, was charged to the following governmental functions:

General Government	\$	18,991
Public Safety:		
Police		5,235
Fire		9,901
Public Works:		
Streets		3,163
Sanitation		-0-
Recreation		1,858
Airport		82,698
<b>Total Depreciation</b>	<b>\$</b>	<b><u>121,846</u></b>

**Business-Type Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land*	\$ 21,612	\$ -0-	\$ -0-	\$ 21,612
Buildings	11,579	-0-	-0-	11,579
Plant and Equipment	28,199,776	-0-	-0-	28,199,776
<b>Total</b>	<u>28,232,967</u>	<u>-0-</u>	<u>-0-</u>	<u>28,232,967</u>
Accumulated Depreciation	(6,221,217)	(549,582)	-0-	(6,770,799)
<b>Net Capital Assets</b>	<u>\$ 22,011,750</u>	<u>\$ (549,582)</u>	<u>\$ -0-</u>	<u>\$ 21,462,168</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, 2018:

	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Total</u>
Long-term obligations at beginning of year	\$ -0-	\$ 132,869	\$ 132,869
Additions to principal	1,900,000	-0-	1,900,000
Repayment of principal	<u>(150,000)</u>	<u>(2,093)</u>	<u>(152,093)</u>
Long-term obligations at end of year	\$ 1,750,000	\$ 130,776	\$ 1,880,776
Less current portion	<u>(224,000)</u>	<u>(2,081)</u>	<u>(226,081)</u>
Long-term portion	<u>\$ 1,526,000</u>	<u>\$ 128,695</u>	<u>\$ 1,654,695</u>

**TOWN OF JONESVILLE, LOUISIANA**

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

Long-term debt for governmental funds as of June 30, 2018, 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%.	\$ 130,776
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%.	<u>1,750,000</u>
Total long-term debt	\$ <u>1,880,776</u>

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments, are as follows:

Year Ending June 30,	Bonds & Notes Payable
2019	\$ 269,643
2020	273,868
2021	275,832
2022	279,516
2023	282,918
2024-2028	596,496
2029-2033	31,080
2034-2038	31,080
2039-2043	31,080
2044-2048	31,080
2049-2053	28,463
<b>Total</b>	<b>\$ <u>2,131,056</u></b>

**Enterprise Fund**

The following is a summary of long-term obligation transactions for the year ended June 30, 2018:

	Bonds Payable	Notes Payable	Total
Long-term obligations at beginning of year	\$ 7,411,481	\$ 159,192	\$ 7,570,673
Additions to principal	-0-	-0-	-0-
Repayment of principal	<u>(202,000)</u>	<u>(16,949)</u>	<u>(218,949)</u>
Long-term obligations at end of year	\$ 7,209,481	\$ 142,243	\$ 7,351,724
Less current portion	<u>(203,000)</u>	<u>(17,578)</u>	<u>(220,578)</u>
Long-term portion	<u>\$ 7,006,481</u>	<u>\$ 124,665</u>	<u>\$ 7,131,146</u>

**TOWN OF JONESVILLE, LOUISIANA**

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

Long-term debt for the enterprise fund as of June 30, 2018, 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.	\$ 1,044,388
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%.	127,848
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%.	3,098,544
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%.	3,066,549
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%.	<u>14,395</u>
Total long-term debt	<u>\$ 7,351,724</u>

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments, are as follows:

Year Ending June 30,	Bones & Notes Payable
2019	\$ 398,748
2020	385,411
2021	391,811
2022	393,011
2023	394,011
2024-2028	1,902,120
2029-2033	1,410,180
2034-2038	1,425,180
2039-2043	1,456,180
2044-2048	1,393,684
2049-2053	1,028,591
<b>Total</b>	<u>\$ 10,578,927</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	\$ 2,623,627	\$	531,260	\$	335,993	\$	387,285	\$	3,878,165
Purchase of Utility	(1,559,270)		(344,268)		-0-		-0-		(1,903,538)
Operating Expenses	(404,517)		(147,479)		(336,100)		(270,973)		(1,159,669)
Depreciation	(34,986)		(13,347)		(199,306)		(301,943)		(549,582)
Other Operating Revenue	96,570		20,085		53,790		10,959		181,404
Capital Grants	-0-		21,250		-0-		-0-		21,250
<b>Operating Income (Loss)</b>	<u>\$ 721,424</u>	\$	<u>67,501</u>	\$	<u>(145,623)</u>	\$	<u>(174,672)</u>	\$	<u>468,630</u>

**(9) RESTRICTED NET POSITION**

- **Governmental Fund**

- The Town's debt service fund had restricted net position of \$1,201,121, which have been restricted for future payments of long-term debt.

- **Enterprise Funds**

- The Town's water fund had restricted net position of \$326,907, 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, 2018:

<u>Name</u>	<u>Title</u>	<u>Annualized Salary</u>
Hiram Evans	Mayor	\$ 19,202
Marcellus Cummings	Police Chief	42,336
Benny Vault, Sr	Council	7,700
Stephen Mophett	Council	7,600
Josie Bullitts	Council	7,700
Loria Hollins	Council	7,800
Tommy Branch	Council	\$ 7,400

**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 \$60,440 in hard surface road tax and \$142,466 in sanitation tax for the fiscal year ended June 30, 2018.
- B) The Town receives a 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 \$393,724 in sales tax for the fiscal year ended June 30, 2018.

**(13) EXCESS EXPENDITURES OVER APPROPRIATION**

The Town over spent it's budget by \$850,052 or 35% 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 Fund**  
**For the Year Ended June 30, 2018**

	BUDGET AMOUNTS		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis	
<b>REVENUES</b>				
Taxes	\$ 82,865	\$ 82,865	\$ 89,605	\$ 6,740
Licenses and Permits	110,000	122,500	131,498	8,998
Rentals	20,000	13,500	15,741	2,241
Intergovernmental	659,074	1,092,028	935,026	(157,002)
Charges for Services	373,500	295,484	168,183	(127,301)
Other	42,000	75,000	29,356	(45,644)
<b>TOTAL REVENUES</b>	1,287,439	1,681,377	1,369,409	(311,968)
<b>EXPENDITURES</b>				
General Government	311,700	343,510	395,895	(52,385)
Public Safety:				
Police	288,425	252,762	296,868	(44,106)
Public Works:				
Streets	411,973	473,805	381,568	92,237
Sanitation	230,000	285,475	269,868	15,607
Recreation	8,350	39,043	35,258	3,785
Airport	109,224	38,723	39,454	(731)
Capital Outlay	-0-	939,488	1,797,731	(858,243)
Debt Service	-0-	-0-	6,216	(6,216)
<b>TOTAL EXPENDITURES</b>	1,359,672	2,372,806	3,222,858	(850,052)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(72,233)	(691,429)	(1,853,449)	(1,162,020)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest Income	-0-	-0-	750	750
Bond Proceeds	-0-	-0-	1,900,000	1,900,000
Transfer In/(Out)	465,000	768,500	797,774	29,274
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	465,000	768,500	2,698,524	1,930,024
<b>NET CHANGE IN FUND BALANCE</b>	\$ 392,767	\$ 77,071	845,075	\$ 768,004
<b>FUND BALANCE - BEGINNING</b>			497,825	
<b>FUND BALANCE - ENDING</b>			\$ 1,342,900	

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, 2018**

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. There were no major special revenue funds.



**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, 2018**

Honorable Hiram Evans, Mayor

Purpose	Amount	
Salary	\$	19,202
Benefits-Insurance		332
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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## **THE VERCHER GROUP**

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### MEMBERS

American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

### **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 Hiram Evans, 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, the business-type activities and aggregate remaining fund information of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2018, 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 19, 2018.

#### **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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses **(2018-2 Discrepancies in Utility Deposits)**.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies (**2018-3 Police Department – Ticket Software**).

### **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: **2018-1 Bond Reserve Accounts Required by Bond Covenants, 2018-4 Budget Variance, & 2018-5 Annual Filing of Financial Statements**.

### **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 19, 2018

**TOWN OF JONESVILLE  
TOWN OF JONESVILLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended June 30, 2018**

We have audited the basic financial statements of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2018, and have issued our report thereon dated December 19, 2018. 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, 2018, 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, 2018**

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**Section II – Financial Statement Findings**

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**2018-1 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 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 (Internal Control)**

**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.

**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.

**TOWN OF JONESVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)  
For the Year Ended June 30, 2018**

**Section II – Financial Statement Findings (Continued)**

- 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.

**2018-2 Discrepancies in Utility Deposits Exhibit**

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	The Town of Jonesville had missing utility payments/deposits and unknown adjustments totaling approximately \$32,000.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Utility receipts
3	The amount of funds or approximate value of assets involved.	Approximately \$32,000 in collections.
4	The department or office in which the fraud or misappropriation occurred.	Utility collections department.
5	The period of time over which the fraud or misappropriation occurred.	Fiscal year ended June 30, 2018
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Unknown

**TOWN OF JONESVILLE, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)**  
**For the Year Ended June 30, 2018**

**Section II – Financial Statement Findings (Continued)**

**2018-2 Discrepancies in Utility Deposits Exhibit (Continued)**

7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Unknown
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	Yes
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	Yes
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes, Sheriff's Department & Legislative Auditor's Office
11	What is the status of the investigation at the date of the auditor's/accountant's report?	Ongoing
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	Investigation not complete
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	None
14	Has restitution been made or has an insurance claim been filed?	No
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Legislative Auditor and Sheriff's Office have been notified.
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Not applicable

**TOWN OF JONESVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)  
For the Year Ended June 30, 2018**

**Section II – Financial Statement Findings (Continued)**

**2018-2 Discrepancies in Utility Deposits Exhibit (Continued)**

18	<p>Management’s plan to ensure that the fraud or misappropriation does not occur in the future.</p>	<p>The Town has taken the following steps to ensure that internal controls are effective:</p> <ul style="list-style-type: none"> <li>-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.</li> <li>-The cash drawers are locked in the vault every evening at the close of business.</li> <li>-Deposits are verified at the end of each day’s business by the town clerk or a substitute in case of her absence.</li> <li>-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.</li> <li>-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.</li> <li>-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.</li> </ul>
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**2018-3 Police Department – Ticket Software (Internal Control)**

**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.

**TOWN OF JONESVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)  
For the Year Ended June 30, 2018**

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**Section II – Financial Statement Findings (Continued)**

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**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.

**2018-4 Budget Variance (Compliance)**

**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 (Compliance)**

**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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**Section III Federal Awards Findings and Questioned Costs**

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Not applicable.

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

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**FINDINGS:**

**2018-1 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 of Jonesville has several issues of utility bonds outstanding. There are certain bond covenants for each debt that are required to be followed.

*Corrective Action:* 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.

*Contact Person:* Hiram Evans

*Anticipated Completion Date:* June 30, 2019

**2018-2 Discrepancies in Utility Deposits**

*Finding:* The Town of Jonesville had missing utility payments/deposits and unknown adjustments totaling approximately \$32,000. The Town's internal controls should have procedures that reconcile monthly billing reports to collections and investigate any discrepancies.

*Corrective Action:* 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.

*Contact Person:* Hiram Evans

*Anticipated Completion Date:* June 30, 2019

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

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**FINDINGS (CONTINUED):**

**2018-3 Police Department – Ticket Software**

***Finding:*** The Town of Jonesville's ticket collection software is not functioning properly. Proper internal controls can only be established when the Town has proper functioning software.

***Corrective Action:*** The Town will use a proper functioning software for the collection and monitoring of ticket fines.

***Contact Person:*** Hiram Evans

***Anticipated Completion Date:*** June 30, 2019

**2018-4 Budget Variance**

***Finding:*** 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. 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:*** Hiram Evans

***Anticipated Completion Date:*** June 30, 2019

**2018-5 Annual Filing of Financial Statements**

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

***Corrective Action:*** 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.

***Contact Person:*** Hiram Evans

***Anticipated Completion Date:*** June 30, 2019

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### MEMBERS

American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

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## **MANAGEMENT LETTER COMMENTS**

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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 comments.



**TOWN OF JONESVILLE, LOUISIANA**  
**June 30, 2018**

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

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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, 2017.

**PRIOR YEAR FINDINGS**

**2017-1 General Fund Expenditures (Unresolved)**

**Condition:** The Town of Jonesville, Louisiana's General Fund expenditures exceeded its budget amount by 23%. The budgeted amount of expenditures was \$1,016,992, and the actual expenditures were \$1,250,503. Louisiana Revised Statute 39:1311 requires that expenditures not exceed the budget by more than 5%.

**Criteria:** Louisiana statute says that the government's expenditures must not surpass the budgeted amount of 5% or more.

**Cause of Condition:** There were unanticipated increased in general operating expenses that the Town was not able to make adjustments for in time.

**Effect of Condition:** Material weakness in internal control.

**Recommendation:** We recommend that management review the budget-to-actual regularly during the year to ensure that the 5% threshold is not surpassed.

**Client Response:** Management will work to address this issue within the next fiscal year.

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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, 2017- June 30, 2018**

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, 2017 through June 30, 2018. 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*

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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.

**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.

**Exception:** The entity's written policies and procedures did not address ethics.

**Management's Response:** The entity will update its policies and procedures manual to address ethics.

### ***Board or Finance Committee***

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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 unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

**Observation: We read the minutes and observed the following:**

**A) The council meets with a quorum at least 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***

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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 June 2018 for the general fund operating account, the War on drugs account, USDA New town hall contingency account, FY2016 LCDBG street project account and Debt reserve Bucket Trk A/C account and observed the following:

- A) Bank reconciliations were not prepared within 2 months of the related statement closing date.

**Exception:** Bank reconciliations were not prepared within 2 months of the related statement closing date.

**Management's Response:** Management encountered some issues that needed to be resolved before sending accounting information to its fee accountant.

- 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) Management does not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Exception:** Management does not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Management's Response:** Management will instruct its fee accountant to research outstanding items more than 12 months from statement closing date.

### *Collections*

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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:** We obtained a listing of deposit sites (there were 2) for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

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:** For each deposit site selected, we obtained a listing of collection locations and management’s representation that the listing is complete. We selected one collection location for each deposit site obtained and inspect written policies and procedures relating to employee job duties at each collection location, and observed 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.

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

**Observation:** Inquiry of management found that all employees who have access to cash are covered by a bond or insurance policy for theft.

- 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: We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above.**

- A) Receipts are sequentially pre-numbered.
- B) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- C) Traced the deposit slip total to the actual deposit per the bank statement.
- D) The deposits were made within one business day of receipt at the collection location.
- E) Traced the actual deposit per the bank statement to the general ledger.

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

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- 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 and management’s representation that the list is complete.**

- 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 obtained written policies and procedures relating to employee job duties 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 not prohibited from adding/modifying vendor files.

**Exception:** The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

**Management's Response:** The entity will have another employee periodically review changes made to vendor files.

D) The employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is also responsible for processing payments.

**Exception:** The employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is also responsible for processing payments.

**Management's Response:** The entity does not have enough personnel to implement this procedure.

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 disbursement transaction population and management's representation that the population is complete and observed the following:

- A) The disbursement matched the related original invoice/billing statement.
- B) The disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

#### *Credit Cards/Debit Cards/Fuel Cards/P-Cards*

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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:** We obtained a listing of credit cards and management's representation that the listing is correct.



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, 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: The town has 4 credit cards and we randomly selected the month of November 2017 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 finance charges of \$14.60 on one of the cards.**

**Exception: There were finance charges of \$14.60 on one of the cards.**

**Management's Response: Management will review and pay statements timely to avoid paying interest or late fees.**

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).

**Observation: Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it was 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).**

### 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:
- a) 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](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) 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).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Observation: We obtained 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 and observed the following:**

- A) The per diem rate used agreed with rates established either by the State of Louisiana or the U.S. General Services Administration.**
- B) There were no actual costs reimbursed.**
- C) Each reimbursement was supported by documentation of the business/public purpose.**
- D) Each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.**

### 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:
- a) 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.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) 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 the last fiscal year with no exceptions. These procedures will be performed in the next fiscal year.**

### *Payroll and Personnel*

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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 the last fiscal year with no exceptions. These procedures will be performed in 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:
- a) 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.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) 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 the last fiscal year with no exceptions. These procedures will be performed in 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' cumulate 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 the last fiscal year with no exceptions. These procedures will be performed in 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 the last fiscal year with no exceptions. These procedures will be performed in the next fiscal year.**

## *Ethics*

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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 the last fiscal year with no exceptions. These procedures will be performed in the next fiscal year.**

## *Debt Service*

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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 the last fiscal year with no exceptions. These procedures will be performed in 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.

**Observation: These procedures were performed in the last fiscal year with no exceptions. These procedures will be performed in the next fiscal year.**

## *Other*

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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 the last fiscal year with no exceptions. These procedures will be performed in 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 the last fiscal year with no exceptions. These procedures will be performed in 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 19, 2018