

TOWN OF JONESVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS

AS OF JUNE 30, 2015
AND FOR THE YEAR THEN ENDED

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF JONESVILLE, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2015
With Supplementary Information Schedules

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TOWN OF JONESVILLE, LOUISIANA

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With Supplementary Information Schedules

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TOWN OF JONESVILLE, LOUISIANA

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 With Supplementary Information Schedules

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2015, 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.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Business-Type Activities and the Proprietary Fund" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

| <u>Opinion Unit</u> | <u>Type of Opinion</u> |
|--------------------------------------|------------------------|
| Governmental Activities | Unmodified |
| Business-Type Activities | Disclaimer |
| General Fund | Unmodified |
| Debt Service Fund | Unmodified |
| Proprietary Fund | Disclaimer |
| Aggregate Remaining Fund Information | Unmodified |

Basis for Disclaimer of Opinion on the Business-Type Activities and the Proprietary Fund

We were unable to obtain sufficient appropriate audit evidence from the Town to be able to express opinions on the financial statements and disclosures of the of the Business-Type Activities and the Proprietary Fund. Internal controls were either ineffective or were not operating as designed. Bank accounts and subsidiary ledgers were not being reconciled to the general ledgers. In many cases, the general ledgers were incomplete. As a result, we were unable to satisfy ourselves through our audit procedures as to whether or not the financial statements and disclosures of the Business-Type Activities and the Proprietary Fund were fairly stated.

Disclaimer of Opinion

Because of the significance of the matter described in the “Basis for Disclaimer of Opinion on the Business-Type Activities and the Proprietary Fund” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Business-Type Activities and the Proprietary Fund. Accordingly, we do not express an opinion on the financial statements of the Business-Type Activities and the Proprietary Fund.

Unmodified Opinions

In our opinion, the financial statements of the governmental activities, the major governmental funds, and the aggregate remaining fund information referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major governmental funds, and the aggregate remaining fund information of the Town of Jonesville, Louisiana, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 4-9 and 33-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information and Schedules

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jonesville, Louisiana’s financial statements. The combining and individual fund financial statements, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the Schedule of Compensation, Benefits, and Other Payments to Agency Head, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Due to the limitations described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence with relation to the Proprietary Fund. We do not express an opinion or provide any assurance on the other information because the limitations of the Proprietary Fund does not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2016, on our consideration of the Town of Jonesville, Louisiana'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 Town of Jonesville, Louisiana's internal control over financial reporting and compliance.

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

Silas Simmons, LLP

Natchez, Mississippi
March 25, 2016

Required Supplementary Information (Part I)

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

The management of the Town of Jonesville, Louisiana offers readers of the Town of Jonesville, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. This management discussion and analysis (MD&A) is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Town presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 and the subsequent amendments issued with Governmental Accounting Standards Board Statement No. 63. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

Overview of the Financial Statements

This section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 and the subsequent amendments issued with GASB Statement No. 63 to provide the readers with a concise "entity-wide" statement of net position and statement of activities, which seeks to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g; uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the electric, water, gas, and sewer departments.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$18,445,009 (net position); this represents an increase of \$574,103 from last fiscal year. This increase is primarily due to utility improvement capital grants and revenues generated by the utility systems. Of this total net position amount, (\$745,835) represents a deficit in unrestricted net position. The Town's net position is comprised of \$3,232,504 from governmental activities and \$15,212,505 from business-type activities.

The following is a condensed statement of the Town of Jonesville's net position as of June 30, 2015 and 2014:

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Totals</u> | |
|--|--------------------------------|---------------------|---------------------------------|----------------------|----------------------|----------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Assets: | | | | | | |
| Current and other assets | \$ 264,864 | \$ 292,935 | \$ 2,441,184 | \$ 2,420,566 | \$ 2,706,048 | \$ 2,713,501 |
| Capital assets, net | <u>3,199,666</u> | <u>3,276,787</u> | <u>22,919,106</u> | <u>22,177,602</u> | <u>26,118,772</u> | <u>25,454,389</u> |
| Total assets | <u>\$ 3,464,530</u> | <u>\$ 3,569,722</u> | <u>\$ 25,360,290</u> | <u>\$ 24,598,168</u> | <u>\$ 28,824,820</u> | <u>\$ 28,167,890</u> |
| Deferred outflows of resources: | | | | | | |
| Total deferred outflows of resources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Liabilities: | | | | | | |
| Other liabilities | \$ 97,116 | \$ 174,445 | \$ 2,254,544 | \$ 2,156,395 | \$ 2,351,660 | \$ 2,330,840 |
| Long-term liabilities | <u>134,910</u> | <u>137,232</u> | <u>7,893,241</u> | <u>7,828,912</u> | <u>8,028,151</u> | <u>7,966,144</u> |
| Total liabilities | <u>\$ 232,026</u> | <u>\$ 311,677</u> | <u>\$ 10,147,785</u> | <u>\$ 9,985,307</u> | <u>\$ 10,379,811</u> | <u>\$ 10,296,984</u> |
| Deferred inflows of resources: | | | | | | |
| Total deferred inflows of resources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net position | | | | | | |
| Net investment in capital assets | \$ 3,062,801 | \$ 3,052,583 | \$ 16,110,148 | \$ 15,353,197 | \$ 19,172,949 | \$ 18,405,780 |
| Restricted for: | | | | | | |
| Debt service | 7,463 | 6,877 | 3,630 | 139,495 | 11,093 | 146,372 |
| Airport improvements | 6,802 | 8,718 | - | - | 6,802 | 8,718 |
| Unrestricted | <u>155,438</u> | <u>189,867</u> | <u>(901,273)</u> | <u>(879,831)</u> | <u>(745,835)</u> | <u>(689,964)</u> |
| Total net position | <u>\$ 3,232,504</u> | <u>\$ 3,258,045</u> | <u>\$ 15,212,505</u> | <u>\$ 14,612,861</u> | <u>\$ 18,445,009</u> | <u>\$ 17,870,906</u> |

By far the largest portion of the Town's net position (\$19,172,949 or 100%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Government-Wide Financial Analysis (continued)

The Town has total outstanding debt of \$8,267,853. Of this total outstanding debt, \$6,945,823 was used to finance capital assets. The remaining debt of \$1,322,030 was not used to finance capital assets. Total liabilities of \$10,379,811 are equal to 56% of the total net position.

During the fiscal year ended June 30, 2015, the Town implemented GASB Statement 65. With the implementation of GASB Statement 65, it requires the Town to recognize debt issue costs in the period incurred. Prior to the issuance of GASB 65, bond issue costs were recorded and amortized over the life of the specific bond issue. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$186,217.

The Town's governmental activities decreased net position by \$25,541. Business-type activities increased net position by \$599,644. Transfers from the business-type activities to the governmental activities amounted to \$848,788.

The following is a summary of the statement of activities:

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Totals</u> | |
|-------------------------------------|--------------------------------|---------------------|---------------------------------|----------------------|----------------------|----------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Revenue: | | | | | | |
| Program revenue | \$ 334,934 | \$ 483,194 | \$ 4,144,021 | \$ 9,050,688 | \$ 4,478,955 | \$ 9,533,882 |
| General revenue and transfers | <u>1,369,727</u> | <u>1,258,218</u> | <u>(847,290)</u> | <u>(753,093)</u> | <u>522,437</u> | <u>505,125</u> |
| Total revenue and transfers | <u>\$ 1,704,661</u> | <u>\$ 1,741,412</u> | <u>\$ 3,296,731</u> | <u>\$ 8,297,595</u> | <u>\$ 5,001,392</u> | <u>\$ 10,039,007</u> |
| Expenses: | | | | | | |
| General and administrative | \$ 380,549 | \$ 343,617 | \$ - | \$ - | \$ 380,549 | \$ 343,617 |
| Public safety - police | 622,150 | 593,604 | - | - | 622,150 | 593,604 |
| Public safety - fire | 9,901 | 9,901 | - | - | 9,901 | 9,901 |
| Public works - streets | 354,670 | 285,640 | - | - | 354,670 | 285,640 |
| Public works - sanitation | 241,003 | 254,581 | - | - | 241,003 | 254,581 |
| Recreation | 17,336 | 13,564 | - | - | 17,336 | 13,564 |
| Airport | 100,639 | 95,653 | - | - | 100,639 | 95,653 |
| Combined utility | - | - | 2,658,414 | 3,597,877 | 2,658,414 | 3,597,877 |
| Interest on long-term debt | <u>3,954</u> | <u>5,982</u> | <u>38,673</u> | <u>134,240</u> | <u>42,627</u> | <u>140,222</u> |
| Total expenses | <u>\$ 1,730,202</u> | <u>\$ 1,602,542</u> | <u>\$ 2,697,087</u> | <u>\$ 3,732,117</u> | <u>\$ 4,427,289</u> | <u>\$ 5,334,659</u> |
| Increase (decrease) in net position | \$ (25,541) | \$ 138,870 | \$ 599,644 | \$ 4,565,478 | \$ 574,103 | \$ 4,704,348 |
| Net position, beginning | 3,258,045 | 3,119,175 | 14,612,861 | 10,233,600 | 17,870,906 | 13,352,775 |
| Prior period Adjustments | <u>-</u> | <u>-</u> | <u>-</u> | <u>(186,217)</u> | <u>-</u> | <u>(186,217)</u> |
| Net position, ending | <u>\$ 3,232,504</u> | <u>\$ 3,258,045</u> | <u>\$ 15,212,505</u> | <u>\$ 14,612,861</u> | <u>\$ 18,445,009</u> | <u>\$ 17,870,906</u> |

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Government-Wide Financial Analysis (continued)

Governmental Activities

The governmental activities of the Town include General Government, Public Safety, Public Works, Recreation, Airport, and Industrial Development. In that revenues normally associated with municipal operations (e.g., sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines, and operating grants) are insufficient for the funding of these activities, the Town relies on transfers of excess revenue from its enterprise funds to cover the cost of all activities.

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity, which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenue and expenses related to the provision of electric, water, gas, sewer services and payment of interest on long-term debt.

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

| | <u>Operating Revenues Net of Purchases</u> | | | | |
|--|--|---------------------|---------------------|---------------------|---------------------|
| | <u>Electric</u> | <u>Water</u> | <u>Gas</u> | <u>Sewer</u> | <u>Total</u> |
| Fiscal year ended June 30, 2014 | \$ 1,145,337 | \$ 354,859 | \$ 183,019 | \$ 403,193 | \$ 2,086,408 |
| Fiscal year ended June 30, 2015 | <u>1,013,505</u> | <u>15,309</u> | <u>81,427</u> | <u>10,206</u> | <u>1,120,447</u> |
| Increase (decrease) from prior year | <u>\$ (131,832)</u> | <u>\$ (339,550)</u> | <u>\$ (101,592)</u> | <u>\$ (392,987)</u> | <u>\$ (965,961)</u> |

| | <u>Operating Expenses</u> | | | | |
|--|---------------------------|---------------------|--------------------|---------------------|---------------------|
| | <u>Electric</u> | <u>Water</u> | <u>Gas</u> | <u>Sewer</u> | <u>Total</u> |
| Fiscal year ended June 30, 2014 | \$ 416,951 | \$ 293,402 | \$ 152,507 | \$ 377,413 | \$ 1,240,273 |
| Fiscal year ended June 30, 2015 | <u>400,885</u> | <u>10,187</u> | <u>137,395</u> | <u>8,046</u> | <u>556,513</u> |
| Increase (decrease) from prior year | <u>\$ (16,066)</u> | <u>\$ (283,215)</u> | <u>\$ (15,112)</u> | <u>\$ (369,367)</u> | <u>\$ (683,760)</u> |

| | <u>Net Income (Loss) From Operations</u> | | | | |
|--|--|--------------------|--------------------|--------------------|---------------------|
| | <u>Electric</u> | <u>Water</u> | <u>Gas</u> | <u>Sewer</u> | <u>Total</u> |
| Fiscal year ended June 30, 2014 | \$ 728,386 | \$ 61,457 | \$ 30,512 | \$ 25,780 | \$ 846,135 |
| Fiscal year ended June 30, 2015 | <u>612,620</u> | <u>5,122</u> | <u>(55,968)</u> | <u>2,160</u> | <u>563,934</u> |
| Increase (decrease) from prior year | <u>\$ (115,766)</u> | <u>\$ (56,335)</u> | <u>\$ (86,480)</u> | <u>\$ (23,620)</u> | <u>\$ (282,201)</u> |

Water and Sewer revenues and expenses decreased significantly due to these utility services being outsourced to a third party management company. The Town has not recorded these transactions into their financial reporting system as of June 30, 2015.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Government-Wide Financial Analysis (continued)

Business-Type Activities (continued)

Electric, water, and sewer operating revenues remained level as did operating expenses during the year. Electric, water, and sewer systems had operating income in 2015. The gas system had an operating loss.

Fund Financial Statements – Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

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

The Town adopts an annual budget for the general fund. A statement of revenues, expenditures, and changes in fund balance for the general fund is presented in the required Supplementary information (Part II), which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Town's Governmental Funds

The Town's governmental funds (general fund and debt service fund) reported an ending fund balance of \$169,703, which is an increase of \$49,317. This increase is due to an increase in transfers of approximately \$139,543 in the current year when compared to the prior year. \$14,265 of the ending fund balance is restricted.

Fund Financial Statements – Proprietary Funds

The Town maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. The Town uses an enterprise fund (the first type of proprietary fund) to account for its combined electric, water, gas, and sewer operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary fund shows an increase in ending fund balance of \$599,644 from the prior fiscal year. The electric, water, and sewer departments increased fund balance by the following amounts: \$612,620, \$5,122, and \$2,160, respectively. The gas department decreased fund balance by \$55,968. The increase in the overall fund balance is primarily due to the receipt of federal grants in the amount of \$883,000 for utility improvements.

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

General Fund Budgetary Highlights

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

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Fund Financial Statements – Proprietary Funds (continued)

General Fund Budgetary Highlights (continued)

Revenues were less than budgeted amounts by \$234,928. Expenditures were \$237,711 less than provided for in the budget due to less expenditures required in the recreation and sanitation departments. The negative budget variance on revenues was due to less grant revenues being received than expected. Actual transfers from the utility fund were \$318,178 less than projected in the budget.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2015, is \$26,118,772.

New major capital assets purchased or constructed in fiscal 2015 are:

Governmental activities:

1. The Town purchased Bush Hog equipment costing \$3,937.
2. Airport improvements including the Obstruction Removal Project costing \$39,890, purchased with state and federal funds.

Business-type activities:

3. Sewer system improvements in the amount of \$418,009, funded by a combination of federal loan and grant proceeds.
4. Water system improvements in the amount of 323,495, funded by a federal loan.

Requests for Information

This financial report is designed to provide a general overview of the Town of Jonesville, Louisiana's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Cindy Sanders, Municipal Clerk, Post Office Box 428, Jonesville, Louisiana 71343.

Basic Financial Statements

Government-Wide Financial Statements

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2015

| | Governmental Activities | Business- Type Activities | Total |
|---|----------------------------|---------------------------------|----------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 15,505 | \$ 169,820 | \$ 185,325 |
| Receivables (net of allowance for uncollectibles) | 56,291 | 1,036,034 | 1,092,325 |
| Receivables from third party management | - | 205,337 | 205,337 |
| Restricted assets | 193,068 | 1,029,993 | 1,223,061 |
| Capital assets (net) | 3,199,666 | 22,919,106 | 26,118,772 |
| Total assets | \$ 3,464,530 | \$ 25,360,290 | \$ 28,824,820 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Total deferred outflows of resources | \$ - | \$ - | \$ - |
| <u>LIABILITIES</u> | | | |
| Accounts, salaries, and other payables | \$ 42,892 | \$ 1,812,434 | \$ 1,855,326 |
| Payable from restricted assets | - | 204,363 | 204,363 |
| Other liabilities | 52,269 | - | 52,269 |
| Notes payable, due within one year | 1,955 | 122,747 | 124,702 |
| Notes payable, due beyond one year | 134,910 | 68,211 | 203,121 |
| Bonds payable, due within one year | - | 115,000 | 115,000 |
| Bonds payable, beyond one year | - | 7,825,030 | 7,825,030 |
| Total liabilities | \$ 232,026 | \$ 10,147,785 | \$ 10,379,811 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Total deferred inflows of resources | \$ - | \$ - | \$ - |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | \$ 3,062,801 | \$ 16,110,148 | \$ 19,172,949 |
| Restricted for: | | | |
| Debt service | 7,463 | 3,630 | 11,093 |
| Airport improvements | 6,802 | - | 6,802 |
| Unrestricted | 155,438 | (901,273) | (745,835) |
| Total net position | \$ 3,232,504 | \$ 15,212,505 | \$ 18,445,009 |

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

TOWN OF JONESVILLE, LOUISIANA

STATEMENT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

| | Expenses | Program Revenues | | | Net (Expenses)/ Revenue | Net (Expenses), Revenues, and Changes | | Total |
|--|---------------------|---|--|--|-------------------------------|--|-----------------------------|------------------|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | Governmental Activities | Business-Type Activities | |
| Governmental Activities | | | | | | | | |
| General government | \$ 380,549 | \$ 17,163 | \$ - | \$ - | \$ (363,386) | \$ (363,386) | \$ - | \$ (363,386) |
| Public safety | | | | | | | | |
| Police | 622,150 | 123,940 | - | - | (498,210) | (498,210) | - | (498,210) |
| Fire | 9,901 | - | - | - | (9,901) | (9,901) | - | (9,901) |
| Public works | | | | | | | | |
| Streets | 354,670 | - | - | - | (354,670) | (354,670) | - | (354,670) |
| Sanitation | 241,003 | 157,930 | - | - | (83,073) | (83,073) | - | (83,073) |
| Recreation | 17,336 | - | - | - | (17,336) | (17,336) | - | (17,336) |
| Airport | 100,639 | - | - | 35,901 | (64,738) | (64,738) | - | (64,738) |
| Interest on long-term debt | 3,954 | - | - | - | (3,954) | (3,954) | - | (3,954) |
| Total governmental activities | \$ 1,730,202 | \$ 299,033 | \$ - | \$ 35,901 | \$ (1,395,268) | \$ (1,395,268) | \$ - | \$ (1,395,268) |
| Business-Type Activities | | | | | | | | |
| Electric | \$ 2,204,163 | \$ 2,816,783 | \$ - | \$ 33,572 | \$ 646,192 | \$ - | \$ 646,192 | \$ 646,192 |
| Water | 10,187 | 15,309 | - | 439,728 | 444,850 | - | 444,850 | 444,850 |
| Gas | 474,691 | 418,723 | - | - | (55,968) | - | (55,968) | (55,968) |
| Sewer | 8,046 | 10,206 | - | 409,700 | 411,860 | - | 411,860 | 411,860 |
| Total business-type activities | \$ 2,697,087 | \$ 3,261,021 | \$ - | \$ 883,000 | \$ 1,446,934 | \$ - | \$ 1,446,934 | \$ 1,446,934 |
| Total | \$ 4,427,289 | \$ 3,560,054 | \$ - | \$ 918,901 | \$ 51,666 | \$ (1,395,268) | \$ 1,446,934 | \$ 51,666 |
| General revenue: | | | | | | | | |
| Property taxes | | | | | | \$ 81,376 | \$ - | \$ 81,376 |
| Sales taxes | | | | | | 244,981 | - | 244,981 |
| Franchise taxes | | | | | | - | - | - |
| Beer taxes | | | | | | 5,866 | - | 5,866 |
| Occupational licenses | | | | | | 153,245 | - | 153,245 |
| Investment earnings | | | | | | - | - | - |
| Other general revenues | | | | | | 35,471 | 1,498 | 36,969 |
| Transfers | | | | | | 848,788 | (848,788) | - |
| Total general revenues and transfers | | | | | | \$ 1,369,727 | \$ (847,290) | \$ 522,437 |
| Change in net position | | | | | | \$ (25,541) | \$ 599,644 | \$ 574,103 |
| Net position - beginning | | | | | | \$ 3,258,045 | \$ 14,799,078 | \$ 18,057,123 |
| Prior period adjustment | | | | | | - | (186,217) | (186,217) |
| Net position - beginning (as restated) | | | | | | \$ 3,258,045 | \$ 14,612,861 | \$ 17,870,906 |
| Net position - ending | | | | | | \$ 3,232,504 | \$ 15,212,505 | \$ 18,445,009 |

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

Fund Financial Statements

Governmental Funds

TOWN OF JONESVILLE, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2015

| | Major Funds | | Total Governmental Funds |
|---|-------------------|----------------------|--------------------------------|
| | General Fund | Debt Service Fund | |
| <u>ASSETS</u> | | | |
| Cash | \$ 15,505 | \$ - | \$ 15,505 |
| Receivables (net of allowance for uncollectibles) | 37,066 | - | 37,066 |
| Due from other governments | 19,225 | - | 19,225 |
| Restricted cash and cash equivalents | 193,068 | - | 193,068 |
| Total assets | \$ 264,864 | \$ - | \$ 264,864 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 42,892 | \$ - | \$ 42,892 |
| Accrued liabilities | 10,446 | - | 10,446 |
| Due to other governments | 20,530 | - | 20,530 |
| Other liabilities | 21,293 | - | 21,293 |
| Total liabilities | \$ 95,161 | \$ - | \$ 95,161 |
| Fund balances: | | | |
| Restricted for: | | | |
| Debt service | \$ 7,463 | \$ - | \$ 7,463 |
| Airport improvements | 6,802 | - | 6,802 |
| Unassigned | 155,438 | - | 155,438 |
| Total fund balances | \$ 169,703 | \$ - | \$ 169,703 |
| Total liabilities and fund balances | \$ 264,864 | \$ - | \$ 264,864 |

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

TOWN OF JONESVILLE, LOUISIANA

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

JUNE 30, 2015

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

| | |
|--|----------------------------|
| Fund Balances, Total Governmental Funds (Statement C) | \$ 169,703 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 3,199,666 |
| Long-term debt used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | <u>(136,865)</u> |
| Net Position of Governmental Activities (Statement A) | <u><u>\$ 3,232,504</u></u> |

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

TOWN OF JONESVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2015

| | Major Funds | | Total Governmental Funds |
|---|-----------------|----------------------|--------------------------------|
| | General Fund | Debt Service Fund | |
| <u>REVENUES</u> | | | |
| Taxes | \$ 81,376 | \$ - | \$ 81,376 |
| Licenses and permits | 153,245 | - | 153,245 |
| Rentals | 17,163 | - | 17,163 |
| Intergovernmental | 286,748 | - | 286,748 |
| Charges for services | 157,930 | - | 157,930 |
| Fines and forfeitures | 123,940 | - | 123,940 |
| Other | 35,471 | - | 35,471 |
| Total revenues | \$ 855,873 | \$ - | \$ 855,873 |
| <u>EXPENDITURES</u> | | | |
| General government | \$ 376,854 | \$ - | \$ 376,854 |
| Public safety: | | | |
| Police | 613,216 | - | 613,216 |
| Public works: | | | |
| Streets | 345,399 | - | 345,399 |
| Sanitation | 241,003 | - | 241,003 |
| Recreation | 12,019 | - | 12,019 |
| Airport | 60,637 | - | 60,637 |
| Debt service: | | | |
| Principal | - | 2,263 | 2,263 |
| Interest | - | 3,953 | 3,953 |
| Total expenditures | \$ 1,649,128 | \$ 6,216 | \$ 1,655,344 |
| Deficiency of revenues under expenditures | \$ (793,255) | \$ (6,216) | \$ (799,471) |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Transfers in | \$ 842,572 | \$ 6,216 | \$ 848,788 |
| Total other financing sources | \$ 842,572 | \$ 6,216 | \$ 848,788 |
| Net change in fund balance | \$ 49,317 | \$ - | \$ 49,317 |
| Fund balances - beginning | 120,386 | - | 120,386 |
| Fund balances - ending | \$ 169,703 | \$ - | \$ 169,703 |

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

TOWN OF JONESVILLE, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2015

| | | |
|--|----|------------------------|
| Amounts reported for governmental activities in the Statement of Activities are different because: | | - |
| Net Change in Fund Balances, Total Governmental Funds (Statement E) | \$ | 49,317 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. | | (77,121) |
| The proceeds of long-term debt provide current financial resources to government funds, however issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of the principal of long-term debt is an expenditure in the government funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | | |
| Payment of debt principal | | <u>2,263</u> |
| Change in Net Position of Governmental Activities (Statement B) | \$ | <u><u>(25,541)</u></u> |

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

Proprietary Funds

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2015

| | Enterprise Fund <u>Utility Fund</u> |
|--|---|
| <u>ASSETS</u> | |
| Current assets: | |
| Cash and cash equivalents | \$ 169,820 |
| Receivables (net of allowance for uncollectibles) | 1,036,034 |
| Receivable from third party management | <u>205,337</u> |
| Total current assets | <u>\$ 1,411,191</u> |
| Noncurrent assets: | |
| Restricted assets | |
| Cash and cash equivalents | \$ 1,029,993 |
| Capital assets (net of accumulated depreciation) | <u>22,919,106</u> |
| Total noncurrent assets | <u>\$ 23,949,099</u> |
| Total assets | <u>\$ 25,360,290</u> |
| <u>LIABILITIES</u> | |
| Current liabilities | |
| Accounts payable | \$ 1,804,895 |
| Accrued liabilities | 7,539 |
| Current portion of notes payable | <u>122,747</u> |
| Total current liabilities payable from current assets | <u>\$ 1,935,181</u> |
| Current liabilities payable from restricted assets | |
| Due to other governments | \$ 22,894 |
| Consumer deposits | 181,469 |
| Current portion of bonds payable | <u>115,000</u> |
| Total current liabilities payable from restricted assets | <u>\$ 319,363</u> |
| Long-term liabilities | |
| Note payable | \$ 68,211 |
| Bond payable (net of discount) | <u>7,825,030</u> |
| Total long-term liabilities | <u>\$ 7,893,241</u> |
| Total liabilities | <u>\$ 10,147,785</u> |
| <u>NET POSITION</u> | |
| Net investment in capital assets | \$ 16,110,148 |
| Restricted for debt service | 3,630 |
| Unrestricted | <u>(901,273)</u> |
| Total net position | <u>\$ 15,212,505</u> |

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

TOWN OF JONESVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2015

| | Enterprise Funds |
|---|----------------------|
| | <u>Utility Fund</u> |
| <u>OPERATING REVENUES</u> | |
| Charges for services: | |
| Electricity sales | \$ 2,727,480 |
| Water sales | - |
| Gas sales | 405,965 |
| Sewer charges | - |
| Other services | <u>127,576</u> |
| Total operating revenues | <u>\$ 3,261,021</u> |
| <u>OPERATING EXPENSES</u> | |
| Personal services | \$ 288,105 |
| Purchase of utilities provided | 2,140,574 |
| Materials and supplies | 42,119 |
| Repairs and maintenance | 80,191 |
| Depreciation | - |
| Utilities and telephone | 13,517 |
| Interest expense | 38,673 |
| Other operating expenses | <u>93,908</u> |
| Total operating expenses | <u>\$ 2,697,087</u> |
| Operating income | <u>\$ 563,934</u> |
| Nonoperating revenue | |
| Interest earnings | <u>\$ 1,498</u> |
| Total nonoperating income | <u>\$ 1,498</u> |
| Income before grant proceeds and transfers | \$ 565,432 |
| Grant proceeds | 883,000 |
| Transfers out | <u>(848,788)</u> |
| Change in net position | <u>\$ 599,644</u> |
| Total net position - beginning | \$ 14,799,078 |
| Prior period adjustment of deferred charge, net | (186,217) |
| Total net position - beginning (as restated) | <u>\$ 14,612,861</u> |
| Total net position - ending | <u>\$ 15,212,505</u> |

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

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

| | Enterprise Funds |
|--|---------------------|
| | <u>Utility Fund</u> |
| Cash flows from operating activities | |
| Receipts from customers and users | \$ 3,236,224 |
| Payments to suppliers | (2,027,620) |
| Payments to employees | (291,620) |
| Net cash provided by operating activities | <u>\$ 916,984</u> |
| Cash flows from noncapital financing activities | |
| Transfers to other funds | \$ (848,788) |
| Net cash used for noncapital financing activities | <u>\$ (848,788)</u> |
| Cash flows from capital and related financing activities | |
| Proceeds from capital grants | \$ 983,422 |
| Acquisition and construction of capital assets | (741,504) |
| Principal paid on capital debt | (220,448) |
| Net cash provided by capital and related financing activities | <u>\$ 21,470</u> |
| Cash flows from investing activities | |
| Interest on temporary investments | \$ 1,498 |
| Net cash provided by investing activities | <u>\$ 1,498</u> |
| Net increase in cash and cash equivalents | \$ 91,164 |
| Cash and cash equivalents, beginning of year | 1,108,649 |
| Cash and cash equivalents, end of year | <u>\$ 1,199,813</u> |
| Reconciliation of operating income to net cash provided by operating activities | |
| Operating income | <u>\$ 563,934</u> |
| Adjustments to reconcile operating income to net cash used for operating activities | |
| Change in assets and liabilities | |
| (Increase) decrease in: | |
| Accounts receivables | \$ (29,875) |
| Increase (decrease) in: | |
| Accounts payable | 381,362 |
| Accrued liabilities | (3,515) |
| Customer deposits | 5,078 |
| Total adjustments | <u>\$ 353,050</u> |
| Net cash provided by operating activities | <u>\$ 916,984</u> |

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

Notes to the Financial Statements

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

INTRODUCTION

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, Louisiana conform to generally accepted accounting principles as applicable to governments.

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

The Town of Jonesville, Louisiana follows the provisions of Statement No. 63 of the Governmental Accounting Standards Board, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement No. 63 provides financial reporting guidance for deferred outflows and deferred inflows of resources as a consumption of net position applicable to a future reporting period and an acquisition of net position applicable to a future reporting period, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Government-Wide and Fund Financial Statements*

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

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

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

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

The municipality reports the following major governmental funds:

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

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

The municipality reports the following major proprietary fund:

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

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

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

C. *Cash and Cash Equivalents*

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

D. *Receivables and Payables*

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

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

The Town annually levies ad valorem taxes in accordance with state statute for the fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

TOWN OF JONESVILLE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. *Receivables and Payables* (continued)

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

For the year ended June 30, 2015, taxes of 8.72 mills were levied on property with assessed valuations totaling \$9,332,154, after abatements and exemptions, and were dedicated as follows:

| | | |
|----------------------------|----|------------|
| General corporate purposes | | 8.72 mills |
| Total taxes levied were | \$ | 81,376 |

E. *Inventories*

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending June 30, 2015, these amounts were considered to be immaterial.

F. *Restricted Assets - Utility Fund*

Restricted assets were applicable to the following at June 30, 2015:

| | | |
|------------------------------------|--|---------------------|
| Designated grant and loan deposits | | \$ 829,773 |
| Consumer deposits | | 196,590 |
| Debt service | | <u>3,630</u> |
| Total restricted assets | | <u>\$ 1,029,993</u> |

G. *Capital Assets*

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

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

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

TOWN OF JONESVILLE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. *Capital Assets* (continued)

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

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

H. *Compensated Absences*

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

I. *Long-Term Obligations*

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

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, bond premiums and discounts for proprietary funds types are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs, except any portion related to prepaid insurance costs, is recognized as an expense in the period incurred. Prior to the issuance of GASB 65, bond issue costs were recorded and amortized over the life of the specific bond issue. The implementation of this standard resulted in a cumulative change in accounting principal and also a restatement of net position detailed in Note 17.

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

TOWN OF JONESVILLE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. *Equity Classification*

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

The government-wide statement of net position reports \$14,265 of restricted net position, all of which is restricted by enabling legislation.

Fund financial statements –

The Town follows fund balance guidance established with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. *Equity Classification* (continued)

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

K. *Estimates*

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2015, the municipality has cash and cash equivalents (book balances) totaling \$1,408,386 as follows:

| | Governmental Activities | Business-Type Activities | Totals |
|--------------------------|----------------------------|-----------------------------|---------------------|
| Demand deposits | \$ 47,398 | \$ 1,104,677 | \$ 1,152,075 |
| Interest-bearing savings | 160,600 | 20,136 | 180,736 |
| Time deposits | - | 75,000 | 75,000 |
| Cash on hand | <u>575</u> | <u>-</u> | <u>575</u> |
| Total | <u>\$ 208,573</u> | <u>\$ 1,199,813</u> | <u>\$ 1,408,386</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2015, the municipality had \$1,554,756 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$2,218,272 of pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3). Therefore, the Town had no custodial credit risk related to its bank deposits at June 30, 2015.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES

| Class of Receivable | General Fund | Enterprise Fund | Total |
|------------------------------|------------------|---------------------|---------------------|
| Taxes: | | | |
| Property tax | \$ 3,557 | \$ - | \$ 3,557 |
| Intergovernmental: | | | |
| State | 1,587 | - | 1,587 |
| Parish | 17,638 | - | 17,638 |
| Accounts | 96,741 | 1,474,604 | 1,571,345 |
| Other | 3,086 | 20,411 | 23,497 |
| Due from other governments | - | 49,694 | 49,694 |
| Allowance for uncollectibles | <u>(66,318)</u> | <u>(508,675)</u> | <u>(574,993)</u> |
| Total | <u>\$ 56,291</u> | <u>\$ 1,036,034</u> | <u>\$ 1,092,325</u> |

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

During the year, the Town 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, 2015, is \$205,337.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES

There were no interfund receivables or payables at June 30, 2015.

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2015, are as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 422,850 | \$ - | \$ - | \$ 422,850 |
| Construction in progress | <u>20,970</u> | <u>39,890</u> | <u>-</u> | <u>60,860</u> |
| Total capital assets, not being depreciated | <u>\$ 443,820</u> | <u>\$ 39,890</u> | <u>\$ -</u> | <u>\$ 483,710</u> |
| Capital assets being depreciated | | | | |
| Buildings | \$ 1,079,801 | \$ - | \$ - | \$ 1,079,801 |
| Land improvements | 2,447,756 | - | - | 2,447,756 |
| Machinery and equipment | 338,221 | 3,937 | - | 342,158 |
| Vehicles | <u>705,122</u> | <u>-</u> | <u>-</u> | <u>705,122</u> |
| Total capital assets being depreciated | <u>\$ 4,570,900</u> | <u>\$ 3,937</u> | <u>\$ -</u> | <u>\$ 4,574,837</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | \$ (483,216) | \$ (22,674) | \$ - | \$ (505,890) |
| Land improvements | (341,237) | (66,908) | - | (408,145) |
| Machinery and equipment | (275,215) | (16,270) | - | (291,485) |
| Vehicles | <u>(638,265)</u> | <u>(15,096)</u> | <u>-</u> | <u>(653,361)</u> |
| Total accumulated depreciation | <u>\$ (1,737,933)</u> | <u>\$ (120,948)</u> | <u>\$ -</u> | <u>\$ (1,858,881)</u> |
| Total capital assets being depreciated, net | <u>\$ 2,832,967</u> | <u>\$ (117,011)</u> | <u>\$ -</u> | <u>\$ 2,715,956</u> |
| Governmental-type activities capital assets, net | <u>\$ 3,276,787</u> | <u>\$ (77,121)</u> | <u>\$ -</u> | <u>\$ 3,199,666</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 21,612 | \$ - | \$ - | \$ 21,612 |
| Construction in progress | <u>18,755,191</u> | <u>741,504</u> | <u>-</u> | <u>19,496,695</u> |
| Total capital assets, not being depreciated | <u>\$ 18,776,803</u> | <u>\$ 741,504</u> | <u>\$ -</u> | <u>\$ 19,518,307</u> |
| Capital assets being depreciated | | | | |
| Buildings | \$ 11,579 | \$ - | \$ - | \$ 11,579 |
| Infrastructure | 8,036,803 | - | - | 8,036,803 |
| Machinery, equipment, and vehicles | <u>345,218</u> | <u>-</u> | <u>-</u> | <u>345,218</u> |
| Total capital assets being depreciated | <u>\$ 8,393,600</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,393,600</u> |

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 6 - CAPITAL ASSETS (continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|-------------------|-------------|-----------------------|
| Less accumulated depreciation for: | | | | |
| Buildings | \$ (11,579) | \$ - | \$ - | \$ (11,579) |
| Infrastructure | (4,699,606) | - | - | (4,699,606) |
| Machinery, equipment, and vehicles | <u>(281,616)</u> | <u>-</u> | <u>-</u> | <u>(281,616)</u> |
| Total accumulated depreciation | <u>\$ (4,992,801)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (4,992,801)</u> |
| Total capital assets being depreciated, net | <u>\$ 3,400,799</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,400,799</u> |
| Business-type activities capital assets, net | <u>\$ 22,177,602</u> | <u>\$ 741,504</u> | <u>\$ -</u> | <u>\$ 22,919,106</u> |

No depreciation has been recorded for the business-type activities for the year ending June 30, 2015. Depreciation expense of \$120,948 for the year ended June 30, 2015, was charged to the following governmental functions:

| | |
|--------------------|-------------------|
| General government | \$ 3,696 |
| Public safety: | |
| Police | 8,934 |
| Fire | 9,901 |
| Public works: | |
| Streets | 13,208 |
| Sanitation | - |
| Recreation | 5,317 |
| Airport | <u>79,892</u> |
| Total | <u>\$ 120,948</u> |

NOTE 7 - CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of June 30, 2015. At year end, the commitments with contractors are as follows:

| Project | Spent to Date | Remaining Commitment |
|-------------------------------------|----------------------|-------------------------|
| CDBG MIP Disaster Generator Project | \$ 191,287 | \$ 119,011 |
| USDA Sewer Project | 12,051,391 | 54,432 |
| USDA Water Project | <u>6,712,805</u> | <u>82,821</u> |
| Total | <u>\$ 18,955,483</u> | <u>\$ 256,264</u> |

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2015, were as follows:

\$848,788 was transferred from the utility fund to the general fund.

Transfers are primarily used to move funds from:

- The Proprietary Funds to the general fund to cover expenses of general operations.

NOTE 9 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$2,111,958 at June 30, 2015, were as follows:

| | General Fund | Enterprise Fund | Total |
|--------------------------|------------------|---------------------|---------------------|
| Accounts | \$ 42,892 | \$ 1,804,895 | \$ 1,847,787 |
| Accrued liabilities | 10,446 | 7,539 | 17,985 |
| Due to other governments | 20,530 | 22,894 | 43,424 |
| Other liabilities | 21,293 | 181,469 | 202,762 |
| Total | <u>\$ 95,161</u> | <u>\$ 2,016,797</u> | <u>\$ 2,111,958</u> |

NOTE 10 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2015:

| | Bonds Payable | Notes Payable | Total |
|--|---------------------|-------------------|---------------------|
| Long-term obligations at beginning of year | \$ 8,145,030 | \$ 345,533 | \$ 8,490,563 |
| Repayment of principal | <u>(205,000)</u> | <u>(17,710)</u> | <u>(222,710)</u> |
| Long-term obligations at end of year | \$ 7,940,030 | \$ 327,823 | \$ 8,267,853 |
| Less current portion | <u>(115,000)</u> | <u>(124,702)</u> | <u>(239,702)</u> |
| Long-term portion | <u>\$ 7,825,030</u> | <u>\$ 203,121</u> | <u>\$ 8,028,151</u> |

Long-term debt as of June 30, 2015, is comprised of the following:

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

\$ 1,322,030

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 10 - LONG-TERM OBLIGATIONS (continued)

| | |
|---|---------------------|
| Forty year note payable to provide financing in the amount of \$205,000, to United States Department of Agriculture, dated December 1, 2010, with principal due annually and interest due semi-annually, with an annual interest rate of 3.00%. | 136,848 |
| 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%. | 3,326,000 |
| Bond payable to United States Department of Agriculture, in the amount of \$3,292,000, with interest payments due semi-annually beginning December 1, 2012, and principal payments due annually commencing December 1, 2014, until maturity on December 1, 2051, with an annual interest rate of 2%. | 3,292,000 |
| United States Department of Agriculture - Rural Development certificate of indebtedness to purchase a bucket truck in the amount of \$120,000, commencing on June 15, 2009, and payable in monthly installments of \$1,245 until maturity on June 15, 2018, with an annual interest rate of 4.5%. | 54,110 |
| United States Department of Agriculture - Public Improvement Bond, Series 2012 indebtedness to construct a new Town Hall in the amount of \$139,900, commencing on January 24, 2014, and payable in monthly installments of \$518 until maturity on January 24, 2053, with an annual interest rate of 3.125%. | <u>136,865</u> |
| Total long-term debt | <u>\$ 8,267,853</u> |

The annual requirements to amortize all outstanding debt as of June 30, 2015, including interest payments, are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|---------------------|---------------------|----------------------|
| 2016 | \$ 239,702 | \$ 200,474 | \$ 440,176 |
| 2017 | 211,640 | 194,391 | 406,031 |
| 2018 | 234,775 | 188,788 | 423,563 |
| 2019 | 209,574 | 182,592 | 392,166 |
| 2020 | 214,712 | 176,685 | 391,397 |
| 2021-2025 | 1,168,300 | 763,136 | 1,931,436 |
| 2026-2030 | 1,224,531 | 561,179 | 1,785,710 |
| 2031-2035 | 832,946 | 441,625 | 1,274,571 |
| 2036-2040 | 935,846 | 352,225 | 1,288,071 |
| 2041-2045 | 1,052,215 | 251,866 | 1,304,081 |
| 2046-2050 | 1,186,129 | 138,772 | 1,324,901 |
| 2051-2053 | <u>757,483</u> | <u>23,319</u> | <u>780,802</u> |
| Totals | <u>\$ 8,267,853</u> | <u>\$ 3,475,052</u> | <u>\$ 11,742,905</u> |

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 11 - RETIREMENT COMMITMENTS

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

NOTE 12 - SEGMENT INFORMATION FOR UTILITY FUND

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

| | <u>Electric Utility</u> | <u>Water Utility</u> | <u>Gas Utility</u> | <u>Sewer Service</u> | <u>Total</u> |
|-------------------------|-----------------------------|--------------------------|------------------------|--------------------------|-------------------|
| Operating revenue | \$ 2,727,480 | \$ - | \$ 405,965 | \$ - | \$ 3,133,445 |
| Purchase of utility | (1,803,278) | - | (337,296) | - | (2,140,574) |
| Operating expenses | (400,885) | (10,187) | (137,395) | (8,046) | (556,513) |
| Depreciation | - | - | - | - | - |
| Other operating revenue | <u>89,303</u> | <u>15,309</u> | <u>12,758</u> | <u>10,206</u> | <u>127,576</u> |
| Operating income (loss) | <u>\$ 612,620</u> | <u>\$ 5,122</u> | <u>\$ (55,968)</u> | <u>\$ 2,160</u> | <u>\$ 563,934</u> |

NOTE 13 - COMPENSATION OF THE GOVERNING BOARD

The Governing Board of the Town of Jonesville, Louisiana consists of a Mayor and five Council Members. For the fiscal year ended June 30, 2015, the following compensations were paid:

| | |
|--|------------------|
| Hiram Evans, Mayor | \$ 20,114 |
| Stephen R. Mophett, Council Member | 7,400 |
| Josie Bullitts, Council Member | 7,500 |
| Catina Branch, Council Member (term expired) | 4,500 |
| Tommy Branch, Council Member | 7,500 |
| Benny Vault, Council Member | 7,500 |
| Loria Hollins, Council Member | <u>3,600</u> |
| Totals | <u>\$ 58,114</u> |

NOTE 14 - 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.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 15 - CONTINGENT LIABILITIES

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

NOTE 16 - SALES AND USE TAX REVENUES

The Town of Jonesville, Louisiana receives hard surface road tax and sanitation tax from Catahoula Parish. The Town received \$75,831 in hard surface road tax and \$163,314 in sanitation tax for the fiscal year ended June 30, 2015.

NOTE 17 - PRIOR PERIOD ADJUSTMENT

A summary of net position adjustments related to GASB 65 implementation is as follows:

| | <u>As Previously Stated</u> | <u>As Restated</u> | <u>Effect of correction</u> |
|---------------------------|---------------------------------|--------------------|---------------------------------|
| Statement of Net Position | | | |
| Deferred asset, net | \$ 186,217 | \$ - | \$ (186,217) |
| Total net position | \$ 14,799,078 | \$ 14,612,861 | \$ (186,217) |

Required Supplementary Information (Part II)

TOWN OF JONESVILLE, LOUISIANA

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

GENERAL FUND

YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual | Variance With, Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 81,966 | \$ 81,966 | \$ 81,376 | \$ (590) |
| Licenses and permits | 67,923 | 67,923 | 153,245 | 85,322 |
| Rentals | 17,336 | 17,336 | 17,163 | (173) |
| Intergovernmental | 210,209 | 287,781 | 286,748 | (1,033) |
| Charges for services | 157,500 | 157,500 | 157,930 | 430 |
| Other | 478,294 | 478,295 | 159,411 | (318,884) |
| Total revenues | <u>\$ 1,013,228</u> | <u>\$ 1,090,801</u> | <u>\$ 855,873</u> | <u>\$ (234,928)</u> |
| Expenditures | | | | |
| General government | \$ 273,047 | \$ 273,047 | \$ 376,854 | \$ (103,807) |
| Public safety: | | | | |
| Police | 618,613 | 618,613 | 613,216 | 5,397 |
| Public works: | | | | |
| Streets | 304,100 | 304,100 | 345,399 | (41,299) |
| Sanitation | 312,000 | 300,000 | 241,003 | 58,997 |
| Recreation | 320,053 | 320,054 | 12,019 | 308,035 |
| Airport | 74,525 | 71,025 | 60,637 | 10,388 |
| Total expenditures | <u>\$ 1,902,338</u> | <u>\$ 1,886,839</u> | <u>\$ 1,649,128</u> | <u>\$ 237,711</u> |
| Deficiency of revenues over expenditures | <u>\$ (889,110)</u> | <u>\$ (796,038)</u> | <u>\$ (793,255)</u> | <u>\$ 2,783</u> |
| Other Financing Sources (Uses) | | | | |
| Operating transfers - in | <u>\$ 1,160,750</u> | <u>\$ 1,160,750</u> | <u>\$ 842,572</u> | <u>\$ (318,178)</u> |
| Total other financing sources (uses) | <u>\$ 1,160,750</u> | <u>\$ 1,160,750</u> | <u>\$ 842,572</u> | <u>\$ (318,178)</u> |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | \$ 271,640 | \$ 364,712 | \$ 49,317 | \$ (315,395) |
| Fund balances, beginning of year | <u>120,386</u> | <u>120,386</u> | <u>120,386</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 392,026</u> | <u>\$ 485,098</u> | <u>\$ 169,703</u> | <u>\$ (315,395)</u> |

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

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

2. Budget Amendments and Revisions

The budget is adopted by the Town Council. Amendments can be made on the approval of the Town Council. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America. There were no major special revenue funds.

Other Information

GENERAL FUND

To account for resources traditionally associated with governments, which are not required to be accounted for in another fund.

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 15,505 | \$ 111,457 |
| Receivables (net of allowance for uncollectibles) | | |
| Court fines | 30,424 | 22,013 |
| Property taxes | 3,557 | 5,142 |
| Other | 3,085 | 2,783 |
| Due from other governments | 19,225 | 28,714 |
| Restricted cash and cash equivalents | <u>193,068</u> | <u>122,826</u> |
| Total assets | <u>\$ 264,864</u> | <u>\$ 292,935</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Accounts payable | \$ 42,892 | \$ 90,367 |
| Accrued liabilities | 10,446 | 36,509 |
| Due to other governments | 20,530 | 20,530 |
| Other liabilities | <u>21,293</u> | <u>25,143</u> |
| Total liabilities | <u>\$ 95,161</u> | <u>\$ 172,549</u> |
| Fund balance: | | |
| Restricted for: | | |
| Debt service | \$ 7,463 | \$ 6,877 |
| Airport improvements | 6,802 | 8,718 |
| Unassigned | <u>155,438</u> | <u>104,791</u> |
| Total fund balance | <u>\$ 169,703</u> | <u>\$ 120,386</u> |
| Total liabilities and fund balance | <u>\$ 264,864</u> | <u>\$ 292,935</u> |

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2014

| | <u>2015</u> | <u>2014</u> |
|--|--------------------------|--------------------------|
| <u>REVENUES</u> | | |
| Taxes | \$ 81,376 | \$ 81,599 |
| Licenses and permits | 153,245 | 144,030 |
| Rentals | 17,163 | 14,748 |
| Intergovernmental | 286,748 | 307,178 |
| Charges for services | 157,930 | 161,434 |
| Fines and forfeitures | 123,940 | 136,098 |
| Other | 35,471 | 13,410 |
| | <u>855,873</u> | <u>858,497</u> |
| Total revenues | \$ 855,873 | \$ 858,497 |
| <u>EXPENDITURES</u> | | |
| General government | \$ 376,854 | \$ 342,385 |
| Public safety: | | |
| Police | 613,216 | 584,670 |
| Public works: | | |
| Streets | 345,399 | 266,638 |
| Sanitation | 241,003 | 254,581 |
| Recreation | 12,019 | 7,923 |
| Airport | 60,637 | 52,599 |
| | <u>1,649,128</u> | <u>1,508,796</u> |
| Total expenditures | \$ 1,649,128 | \$ 1,508,796 |
| Deficiency of revenues over expenditures | <u>\$ (793,255)</u> | <u>\$ (650,299)</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Operating transfers - in | <u>\$ 842,572</u> | <u>\$ 709,245</u> |
| Total other financing sources (uses) | <u>\$ 842,572</u> | <u>\$ 709,245</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | \$ 49,317 | \$ 58,946 |
| Fund balance - beginning of year | <u>120,386</u> | <u>61,440</u> |
| Fund balance - end of year | <u><u>\$ 169,703</u></u> | <u><u>\$ 120,386</u></u> |

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES

YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2014

| | 2015 | 2014 |
|--------------------------------------|------------|------------|
| <u>GENERAL GOVERNMENT</u> | | |
| Personal services | \$ 167,311 | \$ 197,995 |
| Materials and supplies | 8,789 | 9,752 |
| Professional services | 66,159 | 21,604 |
| Repairs and maintenance | 12,531 | 14,245 |
| General insurance | 58,423 | 49,841 |
| Miscellaneous | 40,625 | 29,290 |
| Utility/telephone | 19,778 | 19,314 |
| Travel expenses | 3,238 | 344 |
| | <hr/> | <hr/> |
| Total general government | \$ 376,854 | \$ 342,385 |
| <u>PUBLIC SAFETY - POLICE</u> | | |
| Personal services | \$ 462,223 | \$ 474,994 |
| Materials and supplies | 9,951 | 3,259 |
| Professional services | 12,706 | 4,710 |
| Repairs and maintenance | 40,591 | 32,235 |
| General insurance | 43,506 | 37,116 |
| Miscellaneous | 18,631 | 18,121 |
| Utility/telephone | 22,039 | 13,655 |
| Travel expenses | 3,569 | 580 |
| | <hr/> | <hr/> |
| Total public safety - police | \$ 613,216 | \$ 584,670 |
| <u>PUBLIC WORKS - STREETS</u> | | |
| Personal services | \$ 231,056 | \$ 186,072 |
| Materials and supplies | 42,773 | 27,164 |
| Professional services | 1,264 | 225 |
| Repairs and maintenance | 37,770 | 31,435 |
| General insurance | 7,458 | 6,363 |
| Miscellaneous | 14,352 | 11,487 |
| Utility/telephone | 6,789 | 3,892 |
| Capital Outlay | 3,937 | - |
| | <hr/> | <hr/> |
| Total public works - streets | \$ 345,399 | \$ 266,638 |

- continued -

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES

YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2014

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| <u>PUBLIC WORKS - SANITATION</u> | | |
| Garbage contract | \$ 239,909 | \$ 252,418 |
| Miscellaneous | 1,094 | 2,163 |
| | <u>\$ 241,003</u> | <u>\$ 254,581</u> |
| <u>RECREATION</u> | | |
| Materials and supplies | \$ 308 | \$ 418 |
| Repairs and maintenance | 1,612 | 733 |
| Miscellaneous | 5,250 | 2,084 |
| Utility/telephone | 4,849 | 4,688 |
| | <u>\$ 12,019</u> | <u>\$ 7,923</u> |
| <u>AIRPORT</u> | | |
| General insurance | \$ 19,383 | \$ 16,246 |
| Miscellaneous | - | 658 |
| Utilities and telephone | 1,364 | 508 |
| Capital outlay | 39,890 | 35,187 |
| | <u>\$ 60,637</u> | <u>\$ 52,599</u> |
| | <u>\$ 1,649,128</u> | <u>\$ 1,508,796</u> |

See Independent Auditor's Report.

. DEBT SERVICE FUND

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

TOWN OF JONESVILLE, LOUISIANA

DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2014

| | <u>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|
| <u>EXPENDITURES</u> | | |
| Principal payments | \$ 2,262 | \$ 772 |
| Interest payments | 3,954 | 5,982 |
| | <u>\$ 6,216</u> | <u>\$ 6,754</u> |
| Total expenditures | | |
| Deficiency of revenues over expenditures | <u>\$ (6,216)</u> | <u>\$ (6,754)</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Operating transfers - in | <u>\$ 6,216</u> | <u>\$ 6,754</u> |
| Total other financing sources | <u>\$ 6,216</u> | <u>\$ 6,754</u> |
| Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses | \$ - | \$ - |
| Fund balance - beginning of year | <u>-</u> | <u>-</u> |
| Fund balance - end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

See Independent Auditor's Report.

ENTERPRISE FUND

Municipal Utilities Fund – To account for the provision of electric, natural gas, water, and 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, administrative, operations and maintenance, financing and related debt service, and billings and collections.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE BALANCE SHEET

JUNE 30, 2015 AND 2014

| <u>ASSETS</u> | <u>2015</u> | <u>2014</u> |
|--|-----------------------------|-----------------------------|
| Current assets | | |
| Cash | \$ 169,820 | \$ 111,751 |
| Accounts receivable, net of allowance for uncollectible accounts (\$508,675 in 2015 and \$508,675 in 2014) | 1,036,034 | 1,106,580 |
| Receivables from third party management | 205,337 | 205,337 |
| Total current assets | <u>\$ 1,411,191</u> | <u>\$ 1,423,668</u> |
| Restricted assets | | |
| Cash - utility relocation | \$ 22,885 | \$ 22,894 |
| Cash - USDA bucket truck and CCR | 1,857 | 398 |
| Cash - consumer deposits | 103,841 | 93,936 |
| Cash - water well and USDA water and sewer reserves | 604,459 | 644,014 |
| Cash - USDA water and sewer construction | 199,931 | 3,036 |
| Cash - LGAP water well | 641 | 414 |
| Temporary investments at cost - consumer deposits | 92,749 | 92,711 |
| Cash - debt service | 3,630 | 139,495 |
| Total restricted assets | <u>\$ 1,029,993</u> | <u>\$ 996,898</u> |
| Plant and equipment, at cost, net of accumulated depreciation (\$4,992,799 in 2015 and \$4,992,799 in 2014) | <u>\$ 22,919,106</u> | <u>\$ 22,177,602</u> |
| Total assets | <u><u>\$ 25,360,290</u></u> | <u><u>\$ 24,598,168</u></u> |

- continued -

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE BALANCE SHEET

YEARS ENDED JUNE 30, 2015 AND 2014

| <u>LIABILITIES AND NET POSITION</u> | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| Liabilities: | | |
| Current liabilities (payable from current assets) | | |
| Accounts payable | \$ 1,804,895 | \$ 1,423,533 |
| Accrued liabilities | 7,539 | 11,054 |
| Current portion of notes payable | 122,747 | 122,747 |
| Total current liabilities (payable from current assets) | <u>\$ 1,935,181</u> | <u>\$ 1,557,334</u> |
| Current liabilities (payable from restricted assets) | | |
| Due to other governments | \$ 22,894 | \$ 22,894 |
| Consumer deposits | 181,469 | 176,391 |
| Current portion of bond payable | 115,000 | 205,000 |
| Total current liabilities (payable from restricted assets) | <u>\$ 319,363</u> | <u>\$ 404,285</u> |
| Long-term liabilities | | |
| Note payable | \$ 68,211 | \$ 83,658 |
| Bond payable, net of discount | 7,825,030 | 7,940,030 |
| Total long-term liabilities | <u>\$ 7,893,241</u> | <u>\$ 8,023,688</u> |
| Total liabilities | <u>\$ 10,147,785</u> | <u>\$ 9,985,307</u> |
| Net position: | | |
| Net investment in capital assets | \$ 16,110,148 | \$ 15,353,197 |
| Restricted for debt service | 3,630 | 139,495 |
| Unrestricted | (901,273) | (879,831) |
| Total net position | <u>\$ 15,212,505</u> | <u>\$ 14,612,861</u> |
| Total liabilities and net position | <u>\$ 25,360,290</u> | <u>\$ 24,598,168</u> |

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
ALL DEPARTMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|-------------------|-------------------|
| <u>OPERATING REVENUES</u> | | |
| Charges for services | | |
| Utility sales and fees | \$ 3,133,445 | \$ 4,422,612 |
| Other operating revenues | 127,576 | 155,640 |
| | <u>3,261,021</u> | <u>4,578,252</u> |
| Total operating revenues | \$ 3,261,021 | \$ 4,578,252 |
| <u>OPERATING EXPENSES</u> | | |
| Personal services | \$ 288,105 | \$ 345,609 |
| Purchase of utilities provided | 2,140,574 | 2,491,844 |
| Materials and supplies | 42,119 | 70,764 |
| Repairs and maintenance | 80,191 | 103,964 |
| Depreciation | - | 187,173 |
| Utilities and telephone | 13,517 | 83,977 |
| Bad debts | - | 57,368 |
| Interest expense | 38,673 | 134,240 |
| Other operating expenses | 93,908 | 257,178 |
| | <u>2,697,087</u> | <u>3,732,117</u> |
| Total operating services | \$ 2,697,087 | \$ 3,732,117 |
| Operating income | <u>\$ 563,934</u> | <u>\$ 846,135</u> |

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
ELECTRIC DEPARTMENT

YEARS ENDED JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|-----------------------------|-----------------------------|
| <u>OPERATING REVENUES</u> | | |
| Charges for services | | |
| Electricity sales and fees | \$ 2,727,480 | \$ 3,107,760 |
| Other operating revenues | 89,303 | 108,945 |
| | <u> </u> | <u> </u> |
| Total operating revenues | \$ 2,816,783 | \$ 3,216,705 |
| | <u> </u> | <u> </u> |
| <u>OPERATING EXPENSES</u> | | |
| Personal services | \$ 201,503 | \$ 121,380 |
| Purchase of electricity | 1,803,278 | 2,071,368 |
| Materials and supplies | 32,451 | 27,482 |
| Repairs and maintenance | 59,350 | 35,630 |
| Depreciation | - | 61,050 |
| Utilities and telephone | 7,752 | 10,110 |
| Bad debts | - | 40,313 |
| Interest expense | 38,673 | 67,720 |
| Other operating expenses | 61,156 | 53,266 |
| | <u> </u> | <u> </u> |
| Total operating services | \$ 2,204,163 | \$ 2,488,319 |
| | <u> </u> | <u> </u> |
| Operating income | <u>\$ 612,620</u> | <u>\$ 728,386</u> |

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
WATER DEPARTMENT

YEARS ENDED JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|-----------------|------------------|
| <u>OPERATING REVENUES</u> | | |
| Charges for services | | |
| Water sales and fees | \$ - | \$ 336,181 |
| Other operating revenues | 15,309 | 18,678 |
| | <u>15,309</u> | <u>354,859</u> |
| Total operating revenues | \$ 15,309 | \$ 354,859 |
| <u>OPERATING EXPENSES</u> | | |
| Personal services | \$ - | \$ 43,998 |
| Materials and supplies | - | 27,252 |
| Repairs and maintenance | 96 | 14,592 |
| Depreciation | - | 64,524 |
| Utilities and telephone | 1,550 | 47,416 |
| Bad debts | - | 4,361 |
| Other operating expenses | 8,541 | 91,259 |
| | <u>10,187</u> | <u>293,402</u> |
| Total operating services | \$ 10,187 | \$ 293,402 |
| Operating income | <u>\$ 5,122</u> | <u>\$ 61,457</u> |

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
NATURAL GAS DEPARTMENT

YEARS ENDED JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|--------------------|-------------------|
| <u>OPERATING REVENUES</u> | | |
| Charges for services | | |
| Natural gas sales and fees | \$ 405,965 | \$ 587,930 |
| Other operating revenues | <u>12,758</u> | <u>15,565</u> |
| Total operating revenues | <u>\$ 418,723</u> | <u>\$ 603,495</u> |
| <u>OPERATING EXPENSES</u> | | |
| Personal services | \$ 86,602 | \$ 84,284 |
| Purchase of natural gas | 337,296 | 420,476 |
| Materials and supplies | 9,668 | 1,237 |
| Repairs and maintenance | 20,471 | 26,774 |
| Depreciation | - | 14,767 |
| Utilities and telephone | 2,644 | 3,263 |
| Bad debts | - | 7,626 |
| Other operating expenses | <u>18,010</u> | <u>14,556</u> |
| Total operating services | <u>\$ 474,691</u> | <u>\$ 572,983</u> |
| Operating income | <u>\$ (55,968)</u> | <u>\$ 30,512</u> |

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUNDS
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
SEWER DEPARTMENT

YEARS ENDED JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|-----------------|------------------|
| <u>OPERATING REVENUES</u> | | |
| Charges for services | | |
| Sewer charges and fees | \$ - | \$ 390,741 |
| Other operating revenues | 10,206 | 12,452 |
| | <u>10,206</u> | <u>403,193</u> |
| Total operating revenues | \$ 10,206 | \$ 403,193 |
| <u>OPERATING EXPENSES</u> | | |
| Personal services | \$ - | \$ 95,947 |
| Materials and supplies | - | 14,793 |
| Repairs and maintenance | 274 | 26,968 |
| Depreciation | - | 46,832 |
| Utilities and telephone | 1,571 | 23,188 |
| Bad debts | - | 5,068 |
| Interest expense | - | 66,520 |
| Other operating expenses | 6,201 | 98,097 |
| | <u>8,046</u> | <u>377,413</u> |
| Total operating services | \$ 8,046 | \$ 377,413 |
| Operating income | <u>\$ 2,160</u> | <u>\$ 25,780</u> |

See Independent Auditor's Report.

Schedule of Compensation, Benefits, and Other Payments to Agency Head

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

YEAR ENDED JUNE 30, 2015

Agency Head: Hiram Evans, Mayor

| <u>Purpose</u> | <u>Amount</u> |
|----------------------|------------------|
| Salary | \$ 20,114 |
| Benefits - Insurance | 429 |
| Cell Phone | <u>475</u> |
| Total | <u>\$ 21,018</u> |

See Independent Auditor's Report.

Schedule of Expenditures of Federal Awards

TOWN OF JONESVILLE, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2015

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Catalog of Federal Domestic Assistance Number</u> | <u>Expenditures</u> |
|--|--|---------------------|
| <u>U.S. Department of Agriculture (USDA) Direct Capitalization</u> | | |
| <u>Loans/Grants for Water and Waste Disposal Systems - ARRA</u> | | |
| Sewer Project- | 10.781 | \$ 863,747 |
| Water Project- | 10.781 | <u>440,519</u> |
| Total USDA | | <u>\$ 1,304,266</u> |
| Total for all federal awards | | <u>\$ 1,304,266</u> |

NOTES TO THIS SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the general purpose financial statements.

See Independent Auditor's Report.

Reports on Internal Control and Compliance



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

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

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Jonesville, Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Jonesville, Louisiana's basic financial statements and have issued our report thereon dated March 25, 2016. Our report disclaims an opinion on the business-type activities and the proprietary fund because we were unable to obtain sufficient appropriate audit evidence.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 as 2015-1 through 2015-9, 2015-11 and 2015-12 to be material weaknesses.

Internal Control over Financial Reporting (continued)

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 did not consider any of the deficiencies described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Jonesville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2015-10.

Town of Jonesville, Louisiana's Response to Findings

Town of Jonesville, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings. Town of Jonesville, Louisiana'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.

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



Natchez, Mississippi
March 25, 2016



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**INDEPENDENT AUDITOR'S REPORT
 ON COMPLIANCE FOR EACH MAJOR PROGRAM
 AND ON INTERNAL CONTROL OVER
 COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Mayor and Board of Aldermen
 Town of Jonesville, Louisiana

Report on Compliance with Requirements for Each Major Federal Program

We have audited the Town of Jonesville, Louisiana's compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the Town of Jonesville, Louisiana's major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Jonesville, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Jonesville, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Jonesville, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Jonesville, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Town of Jonesville, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Jonesville, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Jonesville, Louisiana's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the Town's management, others within the entity, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Natchez, Mississippi
March 25, 2016

Schedules of Findings, Recommendations, and Corrective Action Planned

TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Type of auditor's report issued on the financial statements:

| | |
|--------------------------------------|------------|
| Governmental Activities | Unmodified |
| Business-Type Activities | Disclaimer |
| General Fund | Unmodified |
| Debt Service Fund | Unmodified |
| Proprietary Fund | Disclaimer |
| Aggregate Remaining Fund Information | Unmodified |

2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

3. Material noncompliance relating to the financial statements? Yes

Federal Awards:

4. Type of auditor's report issued on compliance for major federal programs: Unqualified

5. Internal control over major programs:
 - a. Material weakness(es) identified? None reported
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

6. Any audit finding(s) reported as required by Section __.510(a) of OMB Circular A-133? None reported

7. Federal program identified as a major program:
 - a. U.S. Department of Agriculture - Direct Capitalization Loans/Grants-ARRA for Water and Waste Disposal Systems
CFDA #10.781 Sewer Project and Water Project

8. The dollar threshold used to distinguish between Type A and Type B programs: \$300,000

9. Auditee qualified as a low-risk auditee? No

10. Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? Not applicable

TOWN OF JONESVILLE, LOUISIANA

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2015

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

| | |
|----------------------|--|
| 2015-1 | <u>Utility Account Receivable Reconciliation</u> |
| Condition: | During our audit, we noted the accounts receivable from utility customers are not reconciled to the general ledger. The general ledger balance of accounts receivable at June 30, 2015, was \$1,530,895 while the balance of accounts receivable according to the month-end subsidiary ledgers was \$961,605, a difference of \$569,290. |
| Criteria: | Reconciliation of utility accounts receivables are an important function of a utility system and ensure proper billing and collection. |
| Cause of Condition: | Management was not reconciling subsidiary reports, per their software system and a third party management vendor, to the general ledger. |
| Effect of Condition: | Material weakness in internal controls. |
| Recommendation: | We recommend that accounts receivable subsidiary ledgers be reconciled to the utility fund general ledger and reviewed on a monthly basis. We recommend that management oversees the review of the reconciliations monthly and follow up on any issues that arise. |
| Response: | Management will work to address this issue within the next fiscal year. |
| 2015-2 | <u>Un-posted Items in the Utility System Accounting Software</u> |
| Condition: | During our audit, it was noted by the Town Clerk, that during a consultation with the Town's accounting software providers, that some transactions entered into the utility billing system were not posted to the general ledger. The amount of these transactions was not determined during our audit. |
| Criteria: | All transactions recorded to the utility system accounting software must be posted to the general ledger to ensure proper billing and collection. |
| Cause of Condition: | Management was unaware these transactions had not posted to the general ledger. As noted previously, utility account receivable subsidiary ledgers were not being reconciled to the general ledger, therefore there was no indication that all transactions were not posted. |
| Effect of Condition: | Material weakness in internal controls. |
| Recommendation: | We recommend the Town work with their software consultants to identify all un-posted items and have them posted to the proper accounts. Management should implement controls to monitor and review the existence of un-posted items so that they can be discovered in a timely manner. |
| Response: | Management will work to address this issue within the next fiscal year. |

TOWN OF JONESVILLE, LOUISIANA

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2015

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

| | |
|----------------------|--|
| 2015-3 | <u>Third- Party Services Not Reflected in the Town's Financial Statements</u> |
| Condition: | During our audit, it was noted that the Town was not recording the transactions of water and sewer utility system's activities to the Town's proprietary fund's financial statements. Due to the limitations of access, the amount of these transactions were not determined during our audit. |
| Criteria: | Activities of the water and sewer system are still a function of the Town and should be included in the financial statements of the proprietary fund. |
| Cause of Condition: | Management was not recording the transactions related to the activities of the water and sewer department that are being managed by their third-party service vendor. |
| Effect of Condition: | Material weakness in internal controls. |
| Recommendation: | We recommend the Town implement a process and set of internal controls to ensure they are properly recording the transactions being managed by their third-party service vendor. |
| Response: | Management will work to address this issue within the next fiscal year. |
| 2015-4 | <u>Notes and Bonds Payable Transactions Not Recorded on General Ledger</u> |
| Condition: | During our audit, it was noted that the Town had not recorded transactions related to certain USDA notes and bonds payable. It was determined the repayment of these notes and bonds were being managed by their third-party service vendor but were not being recorded to the Town's general ledger. Due to the limitations of access, the amount of these transactions were not determined during our audit. |
| Criteria: | The Town must record transactions that are related to notes and bonds that have been issued in the Town's name. |
| Cause of Condition: | Management was not recording the transactions related to the USDA notes and bonds payable that are being managed by their third-party service vendor. |
| Effect of Condition: | Material weakness in internal controls. |
| Recommendation: | We recommend the Town implement a process and set of internal controls to ensure they are properly recording the transactions being managed by their third-party service vendor. |
| Response: | Management will work to address this issue within the next fiscal year. |

TOWN OF JONESVILLE, LOUISIANA

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2015

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

| | |
|----------------------|---|
| 2015-5 | <u>Capital Assets of the Proprietary Fund Are Not Being Reconciled</u> |
| Condition: | The Town was unable to provide a reconciliation of the transactions of the account balances in construction in progress for the utility fund. The Town was not recording depreciation on their capital assets. The Town had not recorded accounts payables related to construction in progress. |
| Criteria: | The Town needs to reconcile construction in progress regularly during periods of long-term projects to ensure invoices are recorded and paid and to track the status of the project. The Town should keep a schedule of capital assets to ensure all assets of the Town have been inventoried. The Town should keep a depreciation schedule on all capital assets to properly classify depreciation expense over the life of the asset. |
| Cause of Condition: | Management did not have a system for tracking or reconciling capital assets and depreciation. |
| Effect of Condition: | Material weakness in internal controls. |
| Recommendation: | We recommend the Town compile a schedule of capital assets and keep a schedule to track construction in progress for each project and make sure the respective general ledger accounts are being reconciled to the schedules. We recommend the Town record accounts payable related to construction in progress as services are received and a liability of payment becomes due. |
| Response: | Management will work to address this issue within the next fiscal year. |
| 2015-6 | <u>Reconciliation of Utility Meter Deposits</u> |
| Condition: | The Town was unable to provide a customer meter deposits report that reconciled to the general ledger. It appears additional meter deposits the Town would be liable for have been recorded on their third-party service vendor's records but not recorded on the Town's general ledger. Due to the limitation of access, we were unable to determine the amount of variance. |
| Criteria: | The Town must reconcile customer meter deposits reports to their general ledger to ensure they have properly accounted for their deposit liability. |
| Cause of Condition: | Management was not performing procedures to reconcile customer deposits reports from their system to the general ledger. |
| Effect of Condition: | Material weakness in internal controls. |
| Recommendation: | We recommend the Town implement a process and set of internal controls to ensure utility deposits are being reconciled in a timely manner. We recommend the Town implement a process and set of internal controls to ensure they are properly recording the transactions being managed by their third-party service vendor. |
| Response: | Management will work to address this issue within the next fiscal year. |

TOWN OF JONESVILLE, LOUISIANA

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2015

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

| | |
|----------------------|---|
| 2015-7 | <u>Transfers Between Funds Are Not Reconciled</u> |
| Condition: | The Town does not monitor or perform reconciliation procedures for transfers between funds. A material audit adjustment of \$113,171 to the utility fund and \$66,082 to the general fund was proposed during the audit and recorded to properly reconcile transfers. |
| Criteria: | Transfers between funds must be reconciled to ensure proper accounting and classification of transactions. |
| Cause of Condition: | Management was not preparing reconciliations of transfers between the general and utility fund. |
| Effect of Condition: | Material weakness in internal controls. |
| Recommendation: | We recommend the Town implement a process and set of internal controls to ensure transfers are being reconciled in a timely manner. |
| Response: | Management will work to address this issue within the next fiscal year. |
| 2015-8 | <u>Reconciliation of Bank Accounts</u> |
| Condition: | During our audit, it was noted that the Town was not reconciling bank statements in a timely manner. During initial fieldwork performed in November and December 2015, the Town was still performing bank account reconciliations for the fiscal year June 30, 2015. It was also noted that many of the bank account reconciliations did not agree with the Town's general ledger. Additionally, it appears the Town stopped performing bank account reconciliations on bank accounts related to water and sewer utilities around September 2014, which are now being managed by their third-party service vendor. Transactions of these accounts were not being recorded to the Town's general ledger. |
| Criteria: | Reconciliation of bank accounts is a very important internal control designed to ensure all cash transactions have been properly recorded and classified in the Town's general ledger. |
| Cause of Condition: | Management was not reconciling bank accounts in a timely manner and did not have an internal control process for reviewing bank reconciliations. |
| Effect of Condition: | Material weakness in internal controls. |
| Recommendation: | We recommend the Town complete a bank reconciliation on all bank accounts as soon as possible at the end of each month. A member of management, other than the person responsible for completing the bank reconciliations, should review the reconciliation to ensure accuracy and accountability for all cash transactions. We recommend the Town implement a process and set of internal controls to ensure they are properly recording the transactions being managed by their third-party service vendor. |
| Response: | Management will work to address this issue within the next fiscal year. |

TOWN OF JONESVILLE, LOUISIANA

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2015

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

| | |
|----------------------|--|
| 2015-9 | <u>Internal Controls over Financial Reporting</u> |
| Condition: | We have determined that processes utilized for financial reporting for the fiscal year ended June 30, 2015 were not effective, which contributed to the Town's unpreparedness for our audit. We experienced continuing delays throughout the audit process due to the Town's inability to provide the requested supporting documents in a timely manner and the inadequacy of supporting documents received. |
| Criteria: | The Town needs to have processes in place to ensure reconciliations are being performed regularly and timely, that supporting documents and records are being maintained in an organized manner and that they have a process to monitor these activities to ensure proper financial reporting. |
| Cause of Condition: | The Town lacks a set of defined internal controls over financial reporting and lacks a proper level of monitoring over financial reporting. |
| Effect of Condition: | Material weakness in internal controls. |
| Recommendation: | We recommend the Town implement a set of defined internal controls over financial reporting that include a proper level of review. We recommend the Town implement internal controls to ensure their able to close their books in a timely manner after each fiscal year. All accounts should be reconciled and balanced to the general ledger. A detail review of the reconciliations should be performed prior to the start of audit fieldwork by management. We also recommend that all reconciliations and detailed schedules be reviewed for clerical accuracy. |
| Response: | Management will work to address this issue within the next fiscal year. |
| 2015-10 | <u>Financial Statement Submission to State Auditor (compliance finding)</u> |
| Condition: | The Town's audited financial statements were not completed and submitted to the LA Legislative Auditor's office by the statutory date of December 31, 2015. |
| Criteria: | To be considered in good standing with the State Auditor, the audited financial statements should be completed and submitted to their office by December 31st. |
| Cause of Condition: | Due to inadequate internal controls for closing their fiscal year June 30, 2015, we were unable to complete the audit in time to prepare and submit the audited financial statements before the due date. |
| Effect of Condition: | Material noncompliance relating to the financial statements. |
| Recommendation: | We recommend that management discuss this issue with their external auditor prior to signing next year's engagement letter. The discussion should include the timing and staffing of the engagement as well as the expected availability of books and records, delivery of draft copies of the audit, and the timely submission of the audit to the Legislative Auditor. |
| Response: | Management will work closely with the external auditors to insure that the audited financial statements are submitted to the Legislative Auditor by the statutory due date. |

TOWN OF JONESVILLE, LOUISIANA

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2015

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

| | |
|----------------------|---|
| 2015-11 | <u>Utility Payments Not Deposited</u> |
| Condition: | The Louisiana Legislative Auditor issued a report, "Investigative Audit" on January, 20, 2016, on the Town of Jonesville, detailing their findings on utility payments not being deposited. The summary of the report included records of utility payment transactions either received or recorded in the utility system but not deposited in the Town's bank accounts. The report also concluded that the Town's employees may have violated state law. |
| Criteria: | The Town should deposit all payments from customers on a daily basis and reconcile payments to bank deposits. |
| Cause of Condition: | The Town was not reconciling utility payments and utility deposits. |
| Effect of Condition: | Material weakness in internal controls. |
| Recommendation: | We recommend the Town follow the recommendations issued in the Louisiana Legislative Auditor's report * |
| Response: | Management has responded to the Louisiana Legislative Auditor's report * and will work to address this issue within the next fiscal year. |
| 2015-12 | <u>Inadequate Financial Management of the Utility System</u> |
| Condition: | The Louisiana Legislative Auditor issued a report, "Investigative Audit" on January, 20, 2016, on the Town of Jonesville, detailing their findings on the inadequate financial management of the Town's utility systems. The report also concluded that without an effective system of financial management, management could not effectively exercise their fiduciary responsibilities of managing the Town's utility system and may be exposing its customers to higher than necessary utility charges. |
| Criteria: | The Town needs an effective system of financial management of the utility system to effectively exercise their fiduciary responsibilities of managing the Town's utility system. |
| Cause of Condition: | The Town lacks sound internal controls related to the financial management of the utility system. |
| Effect of Condition: | Material weakness in internal controls. |
| Recommendation: | We recommend the Town follow the recommendations issued in the Louisiana Legislative Auditor's report * |
| Response: | Management has responded to the Louisiana Legislative Auditor's report * and will work to address this issue within the next fiscal year. |

* Under the provisions of state law, the Investigative Audit report issued on January 20, 2016, by the Louisiana Legislative Auditor is a public document. A copy of the report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor, at the office of the parish clerk of court, and on the Legislative Auditor's website at www.la.la.gov.

TOWN OF JONESVILLE, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

N/A

SECTION III: MANAGEMENT LETTER

NONE ISSUED

It should be noted that the Town's management concurs with the findings and plans on rectifying them as soon as possible.

TOWN OF JONESVILLE, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

| <u>Reference No.</u> | <u>Finding Initially Occurred</u> | <u>Description of Finding</u> | <u>Corrective Action Taken</u> | <u>Action/Partial Corrective Action Taken</u> |
|---|-----------------------------------|---|--------------------------------|--|
| Section I – Internal Control and Compliance Material to the Financial Statements: | | | | |
| 2014-1 | 6-30-2013 | The Town of Jonesville’s General Department’s expenditures exceeded the budgeted amount by 8%. The budgeted amount of expenditures was \$1,394,195, and the actual expenditures were \$1,508,796. Louisiana Revised Statute 39:1311 requires that the expenditures not exceed the budget by more than 5%. | Yes | The Town’s actual expenditures did not exceed the budgeted amount for the fiscal year end June 30, 2015. |
| 2014-2 | 6-30-2014 | The Town of Jonesville’s record of accounts receivable from utility customers are not reconciled periodically to the computer system or to the general ledger. The general ledger balance of accounts receivable at June 30, 2014, was \$0, while the balance of accounts receivable according to the month-end computer system status report was \$205,337, a difference of \$205,337. | No | This finding is reported in the current year is finding 2015-1. |

Section II – Internal Control and Compliance Material to Federal Awards:

N/A

Section III – Management Letter:

None issued.