

TOWN OF JONESVILLE, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

AS OF JUNE 30, 2011

AND FOR THE YEAR THEN ENDED

WITH

INDEPENDENT AUDITOR'S REPORT

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 08 2012**



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS and ADVISORS

TOWN OF JONESVILLE, LOUISIANA

Annual Financial Statements As of and for the Year Ended June 30, 2011 With Supplemental Information Schedules

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TOWN OF JONESVILLE, LOUISIANA

Annual Financial Statements As of and for the Year Ended June 30, 2011 With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

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

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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jonesville, Louisiana as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2011, on our consideration of the Town of Jonesville, Louisiana's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 34 through 35 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.

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 as a whole. The combining and individual fund financial statements, and schedules 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 combining and individual fund financial statements and schedules 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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
October 18, 2011

Required Supplemental Information (Part I)

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

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, 2011. 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. 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 to provide the readers with a concise "entity-wide" Statement of Net Assets 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 assets 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 assets. Over time, increases or decreases in net assets 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 assets changed during this fiscal year. All changes in net assets 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, 2011

Government-Wide Financial Analysis

As noted earlier, net assets 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 \$5,397,654 (net assets); this represents an increase of \$70,673 from last fiscal year. This increase is primarily due to the increase in governmental capital grants. Of this total net asset amount, \$1,046,530 represents a deficit in unrestricted net assets. The Town's net assets are comprised of \$2,543,045 from governmental activities and \$2,854,609 from business-type activities.

The following is a condensed statement of the Town of Jonesville's net assets as of June 30, 2011 and 2010:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets						
Current and other assets	\$ 322,941	\$ 266,571	\$ 1,588,978	\$ 1,618,107	\$ 1,911,919	\$ 1,884,678
Capital assets, net	<u>2,463,654</u>	<u>2,329,587</u>	<u>3,986,540</u>	<u>4,035,055</u>	<u>6,450,194</u>	<u>6,364,642</u>
Total assets	<u>\$ 2,786,595</u>	<u>\$ 2,596,158</u>	<u>\$ 5,575,518</u>	<u>\$ 5,653,162</u>	<u>\$ 8,362,113</u>	<u>\$ 8,249,320</u>
Liabilities						
Other liabilities	\$ 243,550	\$ 135,484	\$ 687,709	\$ 787,956	\$ 931,259	\$ 923,440
Long-term liabilities	-	-	<u>2,033,200</u>	<u>1,998,899</u>	<u>2,033,200</u>	<u>1,998,899</u>
Total liabilities	<u>\$ 243,550</u>	<u>\$ 135,484</u>	<u>\$ 2,720,909</u>	<u>\$ 2,786,855</u>	<u>\$ 2,964,459</u>	<u>\$ 2,922,339</u>
Net assets						
Invested in capital assets, net	\$ 2,463,654	\$ 2,329,587	\$ 3,681,466	\$ 3,719,794	\$ 6,145,120	\$ 6,049,381
Restricted for:						
Debt service	-	-	197,876	197,752	197,876	197,752
Airport improvements	101,188	-	-	-	101,188	-
Unrestricted	<u>(21,797)</u>	<u>131,087</u>	<u>(1,024,733)</u>	<u>(1,051,239)</u>	<u>(1,046,530)</u>	<u>(920,152)</u>
Total net assets	<u>\$ 2,543,045</u>	<u>\$ 2,460,674</u>	<u>\$ 2,854,609</u>	<u>\$ 2,866,307</u>	<u>\$ 5,397,654</u>	<u>\$ 5,326,981</u>

By far the largest portion of the Town's net assets (\$6,145,120 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.

The Town has total outstanding debt of \$2,188,899. Of this total outstanding debt, \$305,074 was used to finance capital assets. The remaining debt of \$1,883,825 was not used to finance capital assets. Total liabilities of \$2,964,459 are equal to 35% of the total net assets.

The Town's governmental activities increased net assets by \$82,371. Business-type activities decreased net assets by \$(11,698). Transfers from the business-type activities to the governmental activities amounted to \$835,949.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Government-Wide Financial Analysis (continued)

The following is a summary of the statement of activities:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue						
Program revenue	\$ 586,960	\$ 284,269	\$ 4,290,179	\$ 4,544,162	\$ 4,877,139	\$ 4,828,431
General revenue and transfers	<u>1,353,232</u>	<u>1,366,500</u>	<u>(833,459)</u>	<u>(897,308)</u>	<u>519,773</u>	<u>469,192</u>
Total revenue and transfers	<u>\$ 1,940,192</u>	<u>\$ 1,650,769</u>	<u>\$ 3,456,720</u>	<u>\$ 3,646,854</u>	<u>\$ 5,396,912</u>	<u>\$ 5,297,623</u>
Expenses						
General and administrative	\$ 369,489	\$ 343,656	\$ -	\$ -	\$ 369,489	\$ 343,656
Public safety - police	703,082	668,693	-	-	703,082	668,693
Public safety - fire	35,898	37,333	-	-	35,898	37,333
Public works - streets	346,471	339,713	-	-	346,471	339,713
Public works - sanitation	330,899	317,479	-	-	330,899	317,479
Recreation	10,126	9,787	-	-	10,126	9,787
Airport	49,428	32,125	-	-	49,428	32,125
Industrial	12,428	12,924	-	-	12,428	12,924
Combined utility	-	-	3,324,125	3,202,133	3,324,125	3,202,133
Interest on long-term debt	-	-	144,293	158,181	144,293	158,181
Total expenses	<u>\$ 1,857,821</u>	<u>\$ 1,761,710</u>	<u>\$ 3,468,418</u>	<u>\$ 3,360,314</u>	<u>\$ 5,326,239</u>	<u>\$ 5,122,024</u>
Increase (decrease) in net assets	\$ 82,371	\$ (110,941)	\$ (11,698)	\$ 286,540	\$ 70,673	\$ 175,599
Net assets, beginning	<u>2,460,674</u>	<u>2,571,615</u>	<u>2,866,307</u>	<u>2,579,767</u>	<u>5,326,981</u>	<u>5,151,382</u>
Net assets, ending	<u>\$ 2,543,045</u>	<u>\$ 2,460,674</u>	<u>\$ 2,854,609</u>	<u>\$ 2,866,307</u>	<u>\$ 5,397,654</u>	<u>\$ 5,326,981</u>

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.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Government-Wide Financial Analysis (continued)

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, 2010	\$ 1,128,630	\$ 327,406	\$ 164,546	\$ 254,183	\$ 1,874,765
Fiscal year ended June 30, 2011	<u>1,214,370</u>	<u>342,576</u>	<u>191,694</u>	<u>244,144</u>	<u>1,992,784</u>
Increase (decrease) from prior year	<u>\$ 85,740</u>	<u>\$ 15,170</u>	<u>\$ 27,148</u>	<u>\$ (10,039)</u>	<u>\$ 118,019</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, 2010	\$ 531,468	\$ 244,451	\$ 137,224	\$ 276,592	\$ 1,189,735
Fiscal year ended June 30, 2011	<u>546,905</u>	<u>299,390</u>	<u>117,318</u>	<u>254,283</u>	<u>1,217,896</u>
Increase (decrease) from prior year	<u>\$ 15,437</u>	<u>\$ 54,939</u>	<u>\$ (19,906)</u>	<u>\$ (22,309)</u>	<u>\$ 28,161</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, 2010	\$ 597,162	\$ 82,955	\$ 27,322	\$ (22,409)	\$ 685,030
Fiscal year ended June 30, 2011	<u>667,465</u>	<u>43,186</u>	<u>74,376</u>	<u>(10,139)</u>	<u>774,888</u>
Increase (decrease) from prior year	<u>\$ 70,303</u>	<u>\$ (39,769)</u>	<u>\$ 47,054</u>	<u>\$ 12,270</u>	<u>\$ 89,858</u>

The reasons for major fluctuations noted above are as follows:

Electric operating revenues net of purchases increased by \$85,740 due to increased rates in effect from prior year.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Government-Wide Financial Analysis (continued)

Business-Type Activities (continued)

Water, gas, and sewer operating revenues remained level as did operating expenses during the year. Electric, water, and gas systems had operating income. The sewer system operated at a 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 only maintains one individual governmental fund type. This fund type is the General 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, which is considered to be a major fund.

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 Supplemental Information (Part II), which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Town's Governmental Fund

The Town of Jonesville's governmental fund (General Fund) reported an ending fund balance of \$79,391, which is a decrease of \$51,696. The decrease is due to the receipt of less in transfers from the utility fund, which in turn resulted from fewer capital grants in the current year. \$101,188 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 a decrease in ending fund balance of \$(11,698) from the prior fiscal year. The operating income of the electric, water, and gas departments showed the following changes: \$70,303, \$(39,769), and \$47,054, respectively. The sewer department operating income (loss) increased by \$12,270, with a resulting loss of \$(10,139). The decrease in the fund balance is primarily due to the decrease in capital grants of over \$400,000, which resulted in a corresponding decrease of \$(11,698) during the year.

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 not amended during the fiscal year.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Fund Financial Statements - Proprietary Funds (continued)

General Fund Budgetary Highlights (continued)

Revenues exceeded the budgeted amounts by \$254,243. Expenditures were \$203,688 more than provided for in the budget due to the expenditure of more state and federal airport funds than anticipated. The positive budget variance on revenues was due to more intergovernmental revenues being received than expected. Actual transfers from the utility fund were \$102,251 less than projected in the budget. There was an overall final negative budget variance of \$51,696 or .028% of the total budgeted expenditures.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2011, is \$6,450,194.

New major capital assets purchased or constructed in fiscal 2011, are:

Governmental activities:

1. Airport taxiway and lighting improvements costing \$245,812, purchased with federal funds in the amount of \$199,982 and state funds in the amount of \$45,830.

Business-type activities:

2. Approximately \$640,200 of capital related expenditures were transferred from Construction In Progress and put in service during the year to complete the Highway 84 Widening Project.
3. Water system improvements in the amount of \$110,702, purchased with \$19,917 in state grants and \$90,785 with bond proceeds.

Current Financial Factors

The State of the Town of Jonesville. We Are Looking Up.

Over the last eight to ten years, the Town of Jonesville has been dealing with declining revenues and has seen a deterioration of its infrastructure and assets. This has limited its ability to take care of its finances in a timely manner and to make improvements as well as to plan for the future. The following are steps the Town has taken to ensure a positive future:

1. New Retail Electrical and Water Rates Structure in Place: After having dealt with financial problems and issues for a number of years, in March of 2009, the Town of Jonesville instituted a new electrical rate structure that is providing the Town with a greater ability to pay its bills. Additionally, during the year, the Town oversaw the completion of an independent rate study to serve as the basis for newly adopted water and sewer rate structures to provide for debt repayment and utility system sustainability. Lastly, in addition to implementing new rate structures, the Town also implemented many new policies, such as increased disconnect/reconnect fees, etc. in order to meet USDA requirements and to provide for increased efficiency in operations.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Fund Financial Statements - Proprietary Funds (continued)

Current Financial Factors (continued)

2. **New Davis Water Well:** Approximately \$250,000 was spent on reparations to the water well, which was funded by LCDB grants and an interim loan with the Community Resource Group (CRG). The CRG loan was successfully converted to a utility revenue bond through the USDA in the current year. The well has been completed and is on-line for the enjoyment by the local residents.
3. **Major Water and Sewer Infrastructure Project:** The Town has been approved for the twenty million dollars (\$20,000,000) USDA infrastructure replacement project which will be implemented throughout the Town. Currently, the Town has major problems with its water and sewer lines and is losing revenues daily because of many water leaks. Additional cost of added sewer repairs and sewer treatment as well as labor cost and expenses make the task even tougher.

With the recent approval for funding of this project completed, it will provide not only water and sewer lines replacement, but will greatly enlarge and update the water storage system and tanks, provide for an updated lagoon waste collection system, and provide standby electrical generators which will power the water wells and sewer pumping stations when electrical power is out. New customer water meters will also be provided in this project. The Town is in the process of meeting the bond and grant requirements, such as the increased rates mentioned above and newly implemented policies, in order to successfully move forward.

4. **Replica of the Troyville Mound:** The Town of Jonesville is taking the lead for the development of a replica of the Great Mound which once stood at a height of 82 feet. Once built, along with a museum which is also in the planning, tourism will become a great piece in the economic growth of the Town of Jonesville.
5. **Catahoula Economic Development Corporation:** The Town of Jonesville is currently taking the lead in re-establishing the Catahoula Economic Development Corporation, a Parish nonprofit organization that was established through a Louisiana legislative act over twenty-one years ago.

The Corporation has been dormant for over twelve years, but with the Town taking an active lead in encouraging other activities, it is now viable to put the program back in action. The Town and Parish do not have a Chamber of Commerce program or any other pro-economic development programs entrusted to prepare for commerce development and growth. With the recent completion of the U.S. Highway 84 widening project, Jonesville should experience increased traffic and additional spent dollars, by patrons, throughout the Town. Thus, the timely reactivation of the Catahoula Economic Development Corporation, while the Town is taking on a new facelift, will help bring economic growth to Jonesville, Catahoula Parish, and the surrounding areas.

6. **In its April meeting last year,** the Town of Jonesville took steps to establish a Master Plan for the Town of Jonesville to guide the Town for the next several years. This plan was completed during the year and will jumpstart the five or ten year strategic plan designed for the future growth of the Town. It was professionally developed and had the participation of citizens from various sections of the Town.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Fund Financial Statements - Proprietary Funds (continued)

Current Financial Factors (continued)

In summation, the future looks great for the Town of Jonesville. Although the Town has witnessed some tough times recently, the Town is on the right track to get moving in the right direction.

Requests for Information

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

Basic Financial Statements

Government-Wide Financial Statements

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 108,619	\$ 95,802	\$ 204,421
Receivables (net of allowances for uncollectibles)	50,837	865,352	916,189
Restricted assets	163,485	499,978	663,463
Capital assets (net)	2,463,654	3,986,540	6,450,194
Prepaid loan fees (net of amortization)	-	127,846	127,846
Total assets	\$ 2,786,595	\$ 5,575,518	\$ 8,362,113
LIABILITIES			
Accounts, salaries, and other payables	\$ 221,871	\$ 336,241	\$ 558,112
Payable from restricted assets	-	240,769	240,769
Other liabilities	21,679	-	21,679
Bonds payable, due within one year	-	110,699	110,699
Bonds payable, beyond one year	-	2,033,200	2,033,200
Total liabilities	\$ 243,550	\$ 2,720,909	\$ 2,964,459
NET ASSETS			
Invested in capital assets, net of related debt	\$ 2,463,654	\$ 3,681,466	\$ 6,145,120
Restricted for:			
Debt service	-	197,876	197,876
Airport improvements	101,188	-	101,188
Unrestricted	(21,797)	(1,024,733)	(1,046,530)
Total net assets	\$ 2,543,045	\$ 2,854,609	\$ 5,397,654

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

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues		Net (Expenses)/ Revenues	Net (Expenses), Revenues, and Changes		Total
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES							
General government	\$ 369,489	\$ 11,252	\$ -	\$ -	\$ (358,237)	\$ (358,237)	\$ (358,237)
Public safety							
Police	703,082	123,823	-	-	(579,259)	(579,259)	(579,259)
Fire	35,898	-	-	-	(35,898)	(35,898)	(35,898)
Public works							
Streets	346,471	5,015	-	-	(341,456)	(341,456)	(341,456)
Sanitation	330,899	170,110	-	-	(160,789)	(160,789)	(160,789)
Recreation	10,126	-	-	-	(10,126)	(10,126)	(10,126)
Airport	49,428	-	-	276,760	227,332	227,332	227,332
Industrial	12,428	-	-	-	(12,428)	(12,428)	(12,428)
Total governmental activities	\$ 1,857,821	\$ 310,200	\$ -	\$ 276,760	\$ (1,270,861)	\$ (1,270,861)	\$ (1,270,861)
BUSINESS-TYPE ACTIVITIES							
Electric	\$ 2,448,145	\$ 3,115,610	\$ -	\$ -	\$ 667,465	\$ 667,465	\$ 667,465
Water	299,390	342,576	-	46,873	90,059	90,059	90,059
Gas	466,600	540,976	-	-	74,376	74,376	74,376
Sewer	254,283	244,144	-	-	(10,139)	(10,139)	(10,139)
Total business-type activities	\$ 3,468,418	\$ 4,243,306	\$ -	\$ 46,873	\$ 821,761	\$ 821,761	\$ 821,761
Total	\$ 5,326,239	\$ 4,553,506	\$ -	\$ 323,633	\$ (1,270,861)	\$ 821,761	\$ (449,100)
General Revenues:							
Property taxes					\$ 86,149	\$ -	\$ 86,149
Sales taxes					223,795	-	223,795
Franchise taxes					2,145	-	2,145
Beer taxes					5,139	-	5,139
Occupational licenses					156,797	-	156,797
Investment earnings					-	2,490	2,490
Other general revenues					43,258	-	43,258
Transfers					835,949	(835,949)	-
Total general revenues and transfers					\$ 1,353,232	\$ (833,459)	\$ 519,773
Change in net assets					\$ 82,371	\$ (11,698)	\$ 70,673
Net assets - beginning					2,460,674	2,866,307	5,326,981
Net assets - ending					\$ 2,543,045	\$ 2,854,609	\$ 5,397,654

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, 2011

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	\$ 108,619
Receivables (net of allowances for uncollectibles)	30,836
Due from other governments	20,001
Restricted cash and cash equivalents	<u>163,485</u>
Total assets	<u>\$ 322,941</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 166,978
Accrued liabilities	34,363
Due to other governments	20,530
Other liabilities	<u>21,679</u>
Total liabilities	<u>\$ 243,550</u>
Fund balances:	
Restricted for airport improvements	\$ 101,188
Unassigned	<u>(21,797)</u>
Total fund balances	<u>\$ 79,391</u>
Total liabilities and fund balances	<u>\$ 322,941</u>

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

TOWN OF JONESVILLE, LOUISIANA

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

JUNE 30, 2011

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 79,391
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	<u>2,463,654</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 2,543,045</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, 2011

	<u>General Fund</u>
<u>REVENUES</u>	
Taxes	\$ 86,149
Licenses and permits	156,797
Rentals	11,252
Intergovernmental	524,439
Charges for services	170,110
Fines and forfeitures	123,823
Other	<u>31,673</u>
Total revenues	<u>\$ 1,104,243</u>
<u>EXPENDITURES</u>	
General government	\$ 364,163
Public safety:	
Police	695,998
Public works:	
Streets	343,379
Sanitation	312,815
Recreation	7,437
Airport	<u>268,096</u>
Total expenditures	<u>\$ 1,991,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (887,645)</u>
<u>OTHER FINANCING SOURCES</u>	
Transfers in	<u>\$ 835,949</u>
Total other financing sources	<u>\$ 835,949</u>
Net change in fund balance	\$ (51,696)
Fund balances - beginning	<u>131,087</u>
Fund balances - ending	<u>\$ 79,391</u>

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, 2011

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

Net Change in Fund Balances, Total Governmental Funds, (Statement E)	\$	(51,696)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

134,067

Change in Net Assets of Governmental Activities, (Statement B)	\$	<u>82,371</u>
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The accompanying notes are an integral part of this financial statement.

Proprietary Funds

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Enterprise Fund</u> <u>Utility Fund</u>
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 95,802
Receivables (net of allowances for uncollectibles)	<u>865,352</u>
Total current assets	<u>\$ 961,154</u>
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	\$ 499,978
Prepaid loan fees (net of amortization)	127,846
Capital assets (net of accumulated depreciation)	<u>3,986,540</u>
Total noncurrent assets	<u>\$ 4,614,364</u>
Total assets	<u>\$ 5,575,518</u>
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ 311,969
Accrued liabilities	24,272
Due to other funds	-
Current portion of notes payable	<u>110,699</u>
Total current liabilities	<u>\$ 446,940</u>
Current liabilities payable from restricted assets	
Due to other governments	\$ 22,894
Consumer deposits	172,875
Current portion of notes payable	<u>45,000</u>
Total current liabilities payable from restricted assets	<u>\$ 240,769</u>
Long-term liabilities	
Note payable	<u>\$ 2,033,200</u>
Total long-term liabilities	<u>\$ 2,033,200</u>
Total liabilities	<u>\$ 2,720,909</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	\$ 3,681,466
Reserved for debt service	197,876
Unrestricted	<u>(1,024,733)</u>
Total net assets	<u>\$ 2,854,609</u>

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

TOWN OF JONESVILLE, LOUISIANA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Enterprise Fund</u> <u>Utility Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Electricity sales	\$ 3,061,464
Water sales	326,427
Gas sales	523,877
Sewer charges	236,544
Other operating revenue	<u>94,994</u>
Total operating revenues	<u>\$ 4,243,306</u>
<u>OPERATING EXPENSES</u>	
Personal services	\$ 372,632
Purchase of utilities provided	2,250,522
Materials and supplies	126,413
Repairs and maintenance	113,490
Depreciation	206,367
Utilities and telephone	71,593
Bad debts	62,195
Other operating expenses	<u>265,206</u>
Total operating expenses	<u>\$ 3,468,418</u>
Operating Income	<u>\$ 774,888</u>
Nonoperating Revenues	
Interest earnings	\$ 2,490
Total nonoperating revenues	<u>\$ 2,490</u>
Income Before Contributions and Transfers	\$ 777,378
Grant proceeds	46,873
Transfers out	<u>(835,949)</u>
Change in Net Assets	\$ (11,698)
Total net assets - beginning	<u>2,866,307</u>
Total net assets - ending	<u>\$ 2,854,609</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, 2011

	<u>Enterprise Fund</u> <u>Utility Fund</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from customers and users	\$ 4,027,128
Payments to suppliers	(2,689,450)
Payments to employees	(369,131)
Net cash provided by operating activities	<u>\$ 968,547</u>
<u>Cash Flows From Non-Capital Financing Activities</u>	
Transfers to other funds	\$ (835,949)
Net cash used for noncapital financing activities	<u>\$ (835,949)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Proceeds from capital grants	\$ 88,905
Acquisition and construction of capital assets	(199,884)
Proceeds from notes payable	205,000
Principal paid on capital debt	(362,535)
Net cash used for capital and related financing activities	<u>\$ (268,514)</u>
<u>Cash Flows From Investing Activities</u>	
Interest on temporary investments	\$ 2,490
Net cash provided by investing activities	<u>\$ 2,490</u>
Net decrease in cash and cash equivalents	\$ (133,426)
Cash and cash equivalents, beginning of year	729,206
Cash and cash equivalents, end of year	<u>\$ 595,780</u>
<u>Reconciliation Of Operating Income To Net Cash Provided By Operating Activities</u>	
Operating income	\$ 774,888
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities	
Depreciation	\$ 206,367
Amortization	7,598
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable - customers	(216,663)
Accounts receivable - other	(2,800)
Allowance for uncollectible accounts	67,603
Increase (decrease) in:	
Accounts payable	124,768
Accrued liabilities	3,501
Customer deposits	3,285
Total adjustments	<u>\$ 193,659</u>
Net cash provided by operating activities	<u>\$ 968,547</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, 2011

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.

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 assets 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, 2011

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 fund:

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 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.

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

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal 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.

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Catahoula Parish.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. *Receivables and Payables* (continued)

For the year ended June 30, 2011, taxes of 8.71 mills were levied on property with assessed valuations totaling \$9,890,890, after abatements and exemptions, and were dedicated as follows:

General corporate purposes	<u>8.71 mills</u>
Total taxes levied were	<u>\$ 86,149</u>

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, 2011, these amounts were considered to be immaterial.

F. *Restricted Assets - Utility Fund*

Restricted assets were applicable to the following at June 30, 2011:

Designated grant and loan deposits	\$ 127,321
Consumer deposits	174,781
Debt service	<u>197,876</u>
Total restricted assets	<u>\$ 499,978</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, 2011

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Equity Classification

Equity is classified as net assets and displayed in three components: (1) invested in capital assets, net of related debt - 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 assets - consists of net assets 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 assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide statement of net assets reports \$299,064 of restricted net assets, all of which is restricted by enabling legislation.

Fund financial statements -

Beginning with fiscal year 2011, the Town implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on 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, 2011

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, 2011

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2011, the municipality has cash and cash equivalents (book balances) totaling \$867,884 as follows:

	Governmental Activities	Business-Type Activities	Totals
Demand deposits	\$ 241,529	\$ 470,213	\$ 711,742
Interest-bearing savings	-	50,567	50,567
Time deposits	30,000	75,000	105,000
Cash on hand	575	-	575
Total	<u>\$ 272,104</u>	<u>\$ 595,780</u>	<u>\$ 867,884</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, 2011, the municipality had \$888,173 in deposits (collected bank balances). These deposits are secured from risk by \$355,000 of federal deposit insurance and \$860,749 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, 2011.

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	\$ 3,968	\$ -	\$ 3,968
Intergovernmental:			
State	914	-	914
Parish	19,087	-	19,087
Accounts	77,284	1,242,730	1,320,014
Other	518	6,323	6,841
Allowance for uncollectibles	(50,934)	(383,701)	(434,635)
Total	<u>\$ 50,837</u>	<u>\$ 865,352</u>	<u>\$ 916,189</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.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 5 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2011, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 284,850	\$ -	\$ -	\$ 284,850
Construction in progress	<u>38,189</u>	<u>72,904</u>	<u>(38,189)</u>	<u>72,904</u>
Total capital assets, not being depreciated	<u>\$ 323,039</u>	<u>\$ 72,904</u>	<u>\$ (38,189)</u>	<u>\$ 357,754</u>
Capital assets being depreciated				
Buildings	\$ 918,521	\$ 13,434	\$ -	\$ 931,955
Land improvements	1,360,362	211,097	-	1,571,459
Machinery and equipment	256,715	2,933	-	259,648
Vehicles	<u>681,521</u>	<u>8,000</u>	<u>-</u>	<u>689,521</u>
Total capital assets being depreciated	<u>\$ 3,217,119</u>	<u>\$ 235,464</u>	<u>\$ -</u>	<u>\$ 3,452,583</u>
Less accumulated depreciation for:				
Buildings	\$ (404,110)	\$ (19,319)	\$ -	\$ (423,429)
Land improvements	(140,647)	(36,773)	-	(177,420)
Machinery and equipment	(195,466)	(25,138)	-	(220,604)
Vehicles	<u>(470,348)</u>	<u>(54,882)</u>	<u>-</u>	<u>(525,230)</u>
Total accumulated depreciation	<u>\$ (1,210,571)</u>	<u>\$ (136,112)</u>	<u>\$ -</u>	<u>\$ (1,346,683)</u>
Total capital assets being depreciated, net	<u>\$ 2,006,548</u>	<u>\$ 99,352</u>	<u>\$ -</u>	<u>\$ 2,105,900</u>
Governmental-type activities capital assets, net	<u>\$ 2,329,587</u>	<u>\$ 172,256</u>	<u>\$ (38,189)</u>	<u>\$ 2,463,654</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 21,612	\$ -	\$ -	\$ 21,612
Construction in progress	<u>612,957</u>	<u>27,243</u>	<u>(640,200)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>\$ 634,569</u>	<u>\$ 27,243</u>	<u>\$ (640,200)</u>	<u>\$ 21,612</u>
Capital assets being depreciated				
Buildings	\$ 11,579	\$ -	\$ -	\$ 11,579
Infrastructure	7,239,882	770,809	-	8,010,691
Machinery, equipment, and vehicles	<u>336,266</u>	<u>-</u>	<u>-</u>	<u>336,266</u>
Total capital assets being depreciated	<u>\$ 7,587,727</u>	<u>\$ 770,809</u>	<u>\$ -</u>	<u>\$ 8,358,536</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 5 - CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings	\$ (11,566)	\$ -	\$ -	\$ (11,566)
Infrastructure	(3,909,859)	(198,044)	-	(4,107,903)
Machinery, equipment, and vehicles	(265,816)	(8,323)	-	(274,139)
 Total accumulated depreciation	 \$ (4,187,241)	 \$ (206,367)	 \$ -	 \$ (4,393,608)
 Total capital assets being depreciated, net	 \$ 3,400,486	 \$ 564,442	 \$ -	 \$ 3,964,928
 Business-type activities capital assets, net	 \$ 4,035,055	 \$ 591,685	 \$ (640,200)	 \$ 3,986,540

Depreciation expense of \$136,112 for the year ended June 30, 2011, was charged to the following governmental functions:

General government	\$ 5,326
Public safety:	
Police	20,518
Fire	35,898
Public works:	
Streets	14,025
Sanitation	18,084
Recreation	2,689
Airport	27,144
Industrial	12,428
 Total	 \$ 136,112

NOTE 6 - CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of June 30, 2011. At year end, the commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Jonesville Airport-Earthwork and Drainage project	\$ -	\$ 59,998
Jonesville Airport-Emergency Generator project	-	9,913
Jonesville Airport-Rehabilitate Lighting project	72,904	350,927
 Total	 \$ 72,904	 \$ 420,838

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2011, were as follows:

\$835,949 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 8 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$558,112 at June 30, 2011, were as follows:

	General Fund	Enterprise Fund	Total
Accounts	\$ 166,978	\$ 311,969	\$ 478,947
Accrued liabilities	34,363	24,272	58,635
Due to other governments	20,530	-	20,530
Total	<u>\$ 221,871</u>	<u>\$ 336,241</u>	<u>\$ 558,112</u>

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2011:

	Bonds Payable	Enterprise Fund Notes Payable	Total
Long-term obligations at beginning of year	\$ 1,540,000	\$ 806,434	\$ 2,346,434
Proceeds of USDA loan	205,000	-	205,000
Repayment of principal	<u>(55,000)</u>	<u>(307,535)</u>	<u>(362,535)</u>
Long-term obligations at end of year	\$ 1,690,000	\$ 498,899	\$ 2,188,899
Less current portion	<u>(47,000)</u>	<u>(108,699)</u>	<u>(155,699)</u>
Long-term portion	<u>\$ 1,643,000</u>	<u>\$ 390,200</u>	<u>\$ 2,033,200</u>

Long-term debt as of June 30, 2011, is comprised of the following:

Enterprise Fund

Revenue refunding bonds to refinance debt and pay electricity purchases in the amount of \$1,600,000, commencing on November 25, 2007, and payable in annual installments beginning at \$25,000 and increasing annually until maturity on November 1, 2027, with an annual interest rate of 7.5%.

\$ 1,485,000

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

Forty year bond payable to provide financing in the amount of \$205,000, to United States Department of Agriculture, dated August 10, 2010, with principal due annually and interest due semi-annually, with an annual interest rate of 3.75%. 205,000

Note payable to pay electricity purchases in the amount of \$600,000, commencing on March 16, 2009, and payable in monthly installments of \$9,942 until maturity on February 26, 2015, with an annual interest rate of 6%. 398,825

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%. 100,074

Total long-term debt \$ 2,188,899

The annual requirements to amortize all outstanding debt as of June 30, 2011, including interest payments, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 155,699	\$ 149,313	\$ 305,012
2013	167,236	131,041	298,277
2014	179,168	120,249	299,417
2015	161,369	108,774	270,143
2016	75,752	106,378	182,130
2017-2021	441,675	429,192	870,867
2022-2026	568,000	247,170	815,170
2027-2031	301,000	44,970	345,970
2032-2036	26,000	18,570	44,570
2037-2041	31,000	14,220	45,220
2042-2046	37,000	9,060	46,060
2047-2051	45,000	2,820	47,820
Totals	<u>\$ 2,188,899</u>	<u>\$ 1,381,757</u>	<u>\$ 3,570,656</u>

NOTE 10 - SALES AND USE TAX REVENUES

The Town of Jonesville, Louisiana receives hard surface road tax and sanitation tax from Catahoula Parish.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 11 - PENSION PLAN

All full-time police department employees are required to participate in their respective retirement systems. All employees of the Town participate in the Social Security System. Pertinent information relative to the Police Retirement System is as follows:

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time certified police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.50% of their annual covered salary, and the Town of Jonesville, Louisiana is required to contribute at an actuarially determined rate. The current rate is 15.5% of annual covered payroll. The contribution requirements of plan members and the Town of Jonesville, Louisiana are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesville, Louisiana's contributions to the System for the years ending June 30, 2011, 2010, and 2009, were \$0, \$0, and \$0, respectively, equal to the required contributions for each year. There were no covered employees during the year ending June 30, 2011.

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:

	Electric Utility	Water Utility	Gas Utility	Sewer Service	Total
Operating revenue	\$ 3,061,464	\$ 326,427	\$ 523,877	\$ 236,544	\$ 4,148,312
Purchase of utility	(1,901,240)	-	(349,282)	-	(2,250,522)
Operating expenses	(467,174)	(232,555)	(102,946)	(208,854)	(1,011,529)
Depreciation	(79,731)	(66,835)	(14,372)	(45,429)	(206,367)
Other operating revenue	54,146	16,149	17,099	7,600	94,994
Operating income (loss)	<u>\$ 667,465</u>	<u>\$ 43,186</u>	<u>\$ 74,376</u>	<u>\$ (10,139)</u>	<u>\$ 774,888</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, the following compensations were paid:

Hiram Evans, Mayor	\$ 19,384
Stephen R. Mophett, Council Member	7,600
Josie Bullitts, Council Member	7,200
Catina Branch, Council Member	3,800
Tommy Branch, Council Member	7,600
Benny Vault, Council Member	3,800
Totals	<u>\$ 49,384</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.

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.

Required Supplemental 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, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 84,000	\$ 87,000	\$ 86,149	\$ (851)
Licenses and permits	105,000	150,000	156,797	6,797
Rentals	21,000	17,500	11,252	(6,248)
Intergovernmental	288,800	275,000	524,439	249,439
Charges for services	210,000	155,500	170,110	14,610
Other	63,000	165,000	155,496	(9,504)
Total revenues	\$ 771,800	\$ 850,000	\$ 1,104,243	\$ 254,243
Expenditures				
General government	\$ 385,600	\$ 375,000	\$ 364,163	\$ 10,837
Public safety:				
Police	562,900	672,000	695,998	(23,998)
Public works:				
Streets	364,500	357,500	343,379	14,121
Sanitation	341,300	315,000	312,815	2,185
Recreation	7,500	10,700	7,437	3,263
Airport	5,300	58,000	268,096	(210,096)
Total expenditures	\$ 1,667,100	\$ 1,788,200	\$ 1,991,888	\$ (203,688)
Deficiency of revenues over expenditures	\$ (895,300)	\$ (938,200)	\$ (887,645)	\$ 50,555
Other Financing Sources (Uses)				
Operating transfers - in	\$ 895,300	\$ 938,200	\$ 835,949	\$ (102,251)
Total other financing sources (uses)	\$ 895,300	\$ 938,200	\$ 835,949	\$ (102,251)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ (51,696)	\$ (51,696)
Fund balances, beginning of year	131,087	131,087	131,087	-
Fund balances, end of year	\$ 131,087	\$ 131,087	\$ 79,391	\$ (51,696)

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011

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.

See Independent Auditor's Report.

Other Supplemental 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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash	\$ 108,619	\$ 120,283
Receivables (net of allowance for uncollectibles):		
Court fines	26,350	23,114
Franchise tax	-	3,055
Property taxes	3,968	-
Other	518	582
Due from other governments	20,001	17,233
Due from other funds	-	2,067
Restricted cash and cash equivalents	<u>163,485</u>	<u>100,237</u>
Total assets	<u>\$ 322,941</u>	<u>\$ 266,571</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 166,978	\$ 85,939
Accrued liabilities	34,363	25,239
Due to other governments	20,530	20,530
Other liabilities	<u>21,679</u>	<u>3,776</u>
Total liabilities	<u>\$ 243,550</u>	<u>\$ 135,484</u>
<u>FUND BALANCE</u>		
Restricted for airport improvements	\$ 101,188	\$ 30,718
Unassigned	<u>(21,797)</u>	<u>100,369</u>
Total fund balance	<u>\$ 79,391</u>	<u>\$ 131,087</u>
Total liabilities and fund balance	<u>\$ 322,941</u>	<u>\$ 266,571</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, 2011
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2010

	2011	2010
<u>REVENUES</u>		
Taxes	\$ 86,149	\$ 86,806
Licenses and permits	156,797	157,769
Rentals	11,252	10,272
Intergovernmental	524,439	236,945
Charges for services	170,110	173,377
Fines and forfeitures	123,823	65,602
Other	31,673	18,988
Total revenues	\$ 1,104,243	\$ 749,759
<u>EXPENDITURES</u>		
General government	\$ 364,163	\$ 338,117
Public safety:		
Police	695,998	647,355
Public works:		
Streets	343,379	357,827
Sanitation	312,815	298,673
Recreation	7,437	6,990
Airport	268,096	42,085
Total expenditures	\$ 1,991,888	\$ 1,691,047
Deficiency of revenues over expenditures	\$ (887,645)	\$ (941,288)
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating transfers - in	\$ 835,949	\$ 901,010
Total other financing sources (uses)	\$ 835,949	\$ 901,010
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (51,696)	\$ (40,278)
Fund balances, beginning of year	131,087	171,365
Fund balances, end of year	\$ 79,391	\$ 131,087

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES

YEAR ENDED JUNE 30, 2011

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2010

	2011	2010
<u>GENERAL GOVERNMENT</u>		
Personal services	\$ 237,572	\$ 223,753
Materials and supplies	9,492	6,213
Professional services	33,532	48,374
Repairs and maintenance	6,916	4,726
General insurance	24,526	19,211
Miscellaneous	27,665	14,646
Utility/telephone	18,509	17,930
Travel expenses	5,951	3,264
Total general government	<u>\$ 364,163</u>	<u>\$ 338,117</u>
<u>PUBLIC SAFETY - POLICE</u>		
Personal services	\$ 534,174	\$ 503,044
Materials and supplies	34,881	41,654
Professional services	15,842	12,257
Repairs and maintenance	28,203	16,408
General insurance	18,312	17,270
Miscellaneous	34,119	40,352
Utility/telephone	14,810	14,802
Travel expenses	2,223	1,568
Capital outlay	13,434	-
Total public safety - police	<u>\$ 695,998</u>	<u>\$ 647,355</u>
<u>PUBLIC WORKS - STREETS</u>		
Personal services	\$ 199,893	\$ 168,847
Materials and supplies	51,677	73,144
Professional services	3,443	7,354
Repairs and maintenance	50,592	44,213
General insurance	2,853	15,169
Miscellaneous	21,965	14,318
Utility/telephone	1,949	2,082
Travel expenses	74	-
Capital outlay	10,933	32,700
Total public works - streets	<u>\$ 343,379</u>	<u>\$ 357,827</u>

-continued-

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES

YEAR ENDED JUNE 30, 2011

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2010

	<u>2011</u>	<u>2010</u>
<u>PUBLIC WORKS - SANITATION</u>		
Garbage contract	\$ 304,239	\$ 291,758
Materials and supplies	2,988	2,815
Repairs and maintenance	141	-
Miscellaneous	5,408	4,100
Utility/telephone	39	-
Total public works - sanitation	<u>\$ 312,815</u>	<u>\$ 298,673</u>
<u>RECREATION</u>		
Materials and supplies	\$ 36	\$ 1,642
Repairs and maintenance	133	667
Miscellaneous	4,582	2,320
Utility/telephone	2,686	2,361
Total recreation	<u>\$ 7,437</u>	<u>\$ 6,990</u>
<u>AIRPORT</u>		
Professional fees	\$ -	\$ 866
Repairs and maintenance	-	119
General insurance	2,050	2,140
Miscellaneous	1,668	561
Utilities and telephone	291	210
Capital outlay	264,087	38,189
Total airport	<u>\$ 268,096</u>	<u>\$ 42,085</u>
Total expenditures - all departments	<u>\$ 1,991,888</u>	<u>\$ 1,691,047</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 FUND
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash	\$ 95,802	\$ 118,735
Accounts receivable, net of allowance for uncollectible accounts (\$383,701 in 2011 and \$316,098 in 2010)	865,352	755,525
Total current assets	\$ 961,154	\$ 874,260
Restricted assets		
Cash - utility relocation	\$ 22,894	\$ 50,136
Cash - USDA bucket truck & CCR	398	155
Cash - consumer deposits	82,202	92,518
Cash - water well & USDA water & sewer reserves	44,584	415
Cash - water well reserve - loan proceeds	58,053	170,549
Cash - LGAP water well	1,392	6,436
Temporary investments at cost - consumer deposits	92,579	92,510
Cash - debt service	197,876	197,752
Total restricted assets	\$ 499,978	\$ 610,471
Plant and equipment, at cost, net of accumulated depreciation (\$4,393,608 in 2011 and \$4,187,241 in 2010)	\$ 3,986,540	\$ 4,035,055
Prepaid loan fees, net of amortization	\$ 127,846	\$ 135,443
Total assets	\$ 5,575,518	\$ 5,655,229
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities (payable from current assets)		
Accounts payable	\$ 311,969	\$ 252,127
Accrued liabilities	24,272	18,704
Due to other funds	-	2,067
Current portion of notes payable	110,699	102,535
Total current liabilities (payable from current assets)	\$ 446,940	\$ 375,433
Current liabilities (payable from restricted assets)		
Due to other governments	\$ 22,894	\$ -
Consumer deposits	172,875	169,590
Current portion of note payable	45,000	245,000
Total current liabilities (payable from restricted assets)	\$ 240,769	\$ 414,590
Long-term liabilities		
Note payable	\$ 2,033,200	\$ 1,998,899
Total long-term liabilities	\$ 2,033,200	\$ 1,998,899
Total liabilities	\$ 2,720,909	\$ 2,788,922
NET ASSETS		
Invested in capital assets, net of related debt	\$ 3,681,466	\$ 3,719,794
Restricted for debt service	197,876	197,752
Unrestricted	(1,024,733)	(1,051,239)
Total net assets	\$ 2,854,609	\$ 2,866,307
Total liabilities and net assets	\$ 5,575,518	\$ 5,655,229

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

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

YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Utility sales and fees	\$ 4,148,312	\$ 3,895,157
Other operating revenues	<u>94,994</u>	<u>150,187</u>
Total operating revenues	<u>\$ 4,243,306</u>	<u>\$ 4,045,344</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 372,632	\$ 393,906
Purchase of utilities provided	2,250,522	2,170,579
Materials and supplies	126,413	135,595
Repairs and maintenance	113,490	56,242
Depreciation	206,367	171,886
Utilities and telephone	71,593	64,544
Bad debts	62,195	44,921
Other operating expenses	<u>265,206</u>	<u>322,641</u>
Total operating expenses	<u>\$ 3,468,418</u>	<u>\$ 3,360,314</u>
Operating income	<u>\$ 774,888</u>	<u>\$ 685,030</u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

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

YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Electricity sales and fees	\$ 3,061,464	\$ 2,754,093
Other operating revenues	<u>54,146</u>	<u>85,607</u>
Total operating revenues	<u>\$ 3,115,610</u>	<u>\$ 2,839,700</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 140,084	\$ 144,818
Purchase of electricity	1,901,240	1,711,070
Materials and supplies	42,746	46,440
Repairs and maintenance	45,002	24,332
Depreciation	79,731	61,916
Utilities and telephone	16,170	12,799
Bad debts	38,534	27,828
Other operating expenses	<u>184,638</u>	<u>213,335</u>
Total operating expenses	<u>\$ 2,448,145</u>	<u>\$ 2,242,538</u>
Operating income	<u>\$ 667,465</u>	<u>\$ 597,162</u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

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

YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Water sales and fees	\$ 326,427	\$ 301,875
Other operating revenues	<u>16,149</u>	<u>25,531</u>
Total operating revenues	\$ <u>342,576</u>	\$ <u>327,406</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 70,910	\$ 71,585
Materials and supplies	44,070	38,726
Repairs and maintenance	33,828	16,052
Depreciation	66,835	50,736
Utilities and telephone	36,115	29,645
Bad debts	6,084	4,399
Other operating expenses	<u>41,548</u>	<u>33,308</u>
Total operating expenses	\$ <u>299,390</u>	\$ <u>244,451</u>
Operating income	\$ <u>43,186</u>	\$ <u>82,955</u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

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

YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Natural gas sales and fees	\$ 523,877	\$ 597,021
Other operating revenues	<u>17,099</u>	<u>27,034</u>
Total operating revenues	\$ <u>540,976</u>	\$ <u>624,055</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 35,002	\$ 53,043
Purchase of natural gas	349,282	459,509
Materials and supplies	9,867	9,629
Repairs and maintenance	21,232	7,749
Depreciation	14,372	14,253
Utilities and telephone	3,716	3,999
Bad debts	12,169	8,788
Other operating expenses	<u>20,960</u>	<u>39,763</u>
Total operating expenses	\$ <u>466,600</u>	\$ <u>596,733</u>
Operating income	\$ <u>74,376</u>	\$ <u>27,322</u>

See Independent Auditor's Report.

TOWN OF JONESVILLE, LOUISIANA

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

YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Sewer charges and fees	\$ 236,544	\$ 242,168
Other operating revenues	<u>7,600</u>	<u>12,015</u>
Total operating revenues	\$ <u>244,144</u>	\$ <u>254,183</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 126,636	\$ 124,460
Materials and supplies	29,730	40,800
Repairs and maintenance	13,428	8,109
Depreciation	45,429	44,981
Utilities and telephone	15,592	18,101
Bad debts	5,408	3,906
Other operating expenses	<u>18,060</u>	<u>36,235</u>
Total operating expenses	\$ <u>254,283</u>	\$ <u>276,592</u>
Operating loss	<u>\$ (10,139)</u>	<u>\$ (22,409)</u>

See Independent Auditor's Report.

Reports on Internal Control and Compliance


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

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

We have audited 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, 2011, which collectively comprise Town of Jonesville, Louisiana's basic financial statements, and have issued our report thereon dated October 18, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Jonesville, Louisiana's internal control over financial reporting as a basis for designing our audit procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Town of Jonesville, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control described in the accompanying schedule of findings as Item 2011-2 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Jonesville, Louisiana's financial statements are free of 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as Item 2011-1.

The Town of Jonesville, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Town of Jonesville, Louisiana's response and accordingly, we express no opinion on it.

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.

Silas Simmons, LLP

Natchez, Mississippi
October 18, 2011

Schedules of Findings, Recommendations, and Corrective Actions Planned

TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditor's report issued on the financial statements: | Unqualified |
| 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? | No |
| 3. Material noncompliance relating to the financial statements? | Yes |

TOWN OF JONESVILLE, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLANNED
FOR THE YEAR ENDED JUNE 30, 2011

<u>Reference No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Section I – Internal Control and Compliance Material to the Financial Statements:				
2011-1	The Town of Jonesville's Airport Department's expenditures exceeded the budgeted amount by 362%. The budgeted amount of expenditures was \$58,000 and the actual expenditures were \$268,096. Louisiana Revised Statute 39:1311 requires that the expenditures not exceed the budget by more than 5%.	We recommend that the Town of Jonesville closely monitor the expenditures during the year so that expenditures do not exceed the budget by more than 5%.	Deborah Savage Town Clerk	June 30, 2012
2011-2	The Town's internal control structure does not include the necessary resources to create financial statements according to GASB 34. Instead, the organization relies on its auditors to create the financial statements at year end, as most municipalities do. This is primarily due to the limited physical and financial resources that are necessary to devote to this function.	We recommend that the Town continues to be involved in financial reporting matters as much as possible and continue working with auditors to allow for a more effective use of time during period close and financial statement preparation.	Deborah Savage Town Clerk	June 30, 2012

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

N/A

Section III – Management Letter:

No management letter issued.

TOWN OF JONESVILLE, LOUISIANA

Status of Prior Audit Findings For the Year Ended June 30, 2011

<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:				
2010-1	2010	<p>Under state law, the Town's deposits must be secured by federal deposit insurance and pledged securities with a combined market value equal to the amounts on deposit at all times. The Town's deposits exceeded the required market value of FDIC and pledged securities by \$66,475. This is a violation of Louisiana Statute.</p> <p>We recommend that the Town continue working with the bank to keep them informed of deposit levels. Also, we recommend that the Town review statements periodically and follow up with the bank if noncompliance with collateral requirements is noted.</p>	Yes	This finding was included in error, as the Town complied with all deposit and collateral requirements in 2010.
2010-2	2009	<p>The Town's internal control structure does not include the necessary resources to create financial statements according to GASB 34. Instead, the organization relies on its auditors to create the financial statements at year end, as most municipalities do. This is primarily due to the limited physical and financial resources that are necessary to devote to this function.</p> <p>We recommend that the Town continue to be involved in financial reporting matters as much as possible and continue working with auditors to allow for a more effective use of time during period close and financial statement preparation.</p>	No	This is a repeat finding.

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

N/A

Section III - Management Letter:

None issued

TOWN OF JONESVILLE
AGREED-UPON PROCEDURES REPORT
FOR THE YEAR ENDED
JUNE 30, 2011



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF JONESVILLE

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

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

We have performed the procedures included in the *Louisiana Government Audit Guide* and in the attached supplement as they are a required part of the audit engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Town of Jonesville is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Town of Jonesville and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Town's compliance with certain laws and regulations during the period ended June 30, 2011, included in the *Louisiana Compliance Questionnaire*.

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

Silas Simmons, LLP

Natchez, Mississippi
October 18, 2011

**TOWN OF JONESVILLE
SUPPLEMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES AND FINDINGS
JUNE 30, 2011**

Our procedures and associated findings are as follows:

Financial Management

1. Determine if management (chief executive and board members) was presented with timely and accurate monthly financial statements, including budget-to-actual comparisons on funds (General Fund, Special Revenue Fund, Utility Fund, etc.) of the entity, during the year under examination.
2. If management was deficit spending during the period under examination, determine if there is a formal/written plan to eliminate the deficit spending and whether management is monitoring the plan. Not Applicable - N/A
3. Determine if there are written policies and procedures for the following financial/business functions of the entity:
 - Budgeting, including preparing, adopting, monitoring, and amending the budget
 - Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) checks and balances to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - Disbursements, including processing, reviewing, and approving
 - Receipts, including receiving, recording, and preparing deposits

Financial Management Findings: No exceptions noted

Credit Cards

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

[Note: There are three types of credit cards: (1) general (e.g., VISA, MasterCard, etc.), (2) store (e.g., Wal Mart, Office Depot, Sam's Club, etc.); and (3) gasoline (e.g., Fuelman, Exxon, etc.)].
2. Obtain and review the entity's written policies and procedures for credit cards (and debit cards if applicable) and determine if the following is addressed:
 - How cards are to be controlled
 - Allowable business uses
 - Documentation requirements
 - Required approvers
 - Monitoring card usage

**TOWN OF JONESVILLE
SUPPLEMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES AND FINDINGS
JUNE 30, 2011**

3. Obtain the monthly statements for all credit cards (general, stores, and gasoline) used during the period under examination and select for detailed review, the two largest (dollar amount) statements for each card. (Note: For a debit card, select the two monthly bank statements with the largest dollar amount of debit charges):

A. Obtain the entity's supporting documentation for the purchases/charges shown on the selected monthly statements:

- Determine if each purchase is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
 - Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)
- Determine if each purchase is:
 - In accordance with thresholds or guidelines established in the policies and procedures
 - For an appropriate and necessary business purpose relative to the entity
- Determine if any purchases were made for personal purposes. If there are purchases made for personal purposes, determine the date(s) of reimbursement.
- Determine if any purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

B. Determine if there was any duplication of expenses by comparing all travel and related purchases to the appropriate person's expense reimbursement report(s).

C. Determine if each monthly credit card statement (including supporting documentation) was reviewed and approved, in writing, by someone other than the person making the purchases. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality.)]

D. Determine if finance charges and/or late fees were assessed on the monthly statements.

Credit Cards Findings: No exceptions noted

TOWN OF JONESVILLE
SUPPLEMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES AND FINDINGS
JUNE 30, 2011

Travel and Expense Reimbursement

1. Obtain and review the entity's written policies and procedures for travel and expense reimbursement and determine if the following is addressed:
 - Allowable expenses
 - Dollar thresholds by category of expense
 - Documentation requirements
 - Required approvers
2. Obtain a listing of all travel and related expense reimbursements during the period under examination and select for review, the one person who was reimbursed the most money:
 - A. Obtain all of the expense reimbursement reports of the selected person, including the supporting documentation, and select the three largest (dollar) expense reports to review in detail (Note: If there are only three or less expense reports, review all (100%) of them.):
 - Determine if each expenditure is:
 - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.)
 - In accordance with thresholds or guidelines established in the policies and procedures
 - For an appropriate and necessary business purpose relative to the travel
 - Determine if each expenditure is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased) [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
 - Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)
 - Determine if any of the expenditures were for personal purposes (e.g., extended hotel stays before or after training class, meals for spouses, entertainment, etc.).
 - Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
 - B. Determine if there was any duplication of expenses by comparing the expense reports to charges/purchases made on credit card(s).

Travel and Expense Reimbursement Findings: No exceptions noted

**TOWN OF JONESVILLE
SUPPLEMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES AND FINDINGS
JUNE 30, 2011**

Contracts

1. Obtain and review the entity's written policies and procedures for contracts/contracting, including leasing, and determine if the following is addressed:
 - Types of services requiring written contracts
 - Standard terms and conditions
 - Legal review
 - Approval process
 - Monitoring process
 2. Determine if the entity has centralized control and oversight of contracts to ensure that services/deliverables received and payments made comply with the terms and conditions of the contracts.
 3. Obtain and review the accounting records (e.g., general ledgers, accounts payable vendor history reports, invoices, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and for each:
 - Determine if there is a formal/written contract that supports the services arrangement and the total amount paid.
 - Determine the business legitimacy of the vendor if not known by the auditor (e.g., look-up the vendor on the LA Secretary of State's website).
 4. Obtain a listing of all active contracts and the expenditures made during the period under examination. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period:
 - (1) Services
 - (2) Materials and supplies
 - (3) Public works
- A. Obtain the selected contracts and the related paid invoices and:
- Determine if the contract is a related party transaction.
 - Determine if the transaction is subject to the Louisiana Public Bid Law:
 - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)
 - If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.

**TOWN OF JONESVILLE
SUPPLEMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES AND FINDINGS
JUNE 30, 2011**

Contracts (continued)

- Determine if the contract was awarded under the *request for proposals* (RFP) method. If done so, obtain all proposals and the evaluation/scoring documents to determine if the contract was awarded to the most responsible offeror whose proposal was the most advantageous taking into consideration price and other evaluation factors set forth in the *request for proposals*.
- Determine if the procurement was made "off" state contract (as opposed to following the competitive bidding requirements of the Louisiana Public Bid Law). If done so, determine if the board formally adopted the use of the Louisiana Procurement Code (R.S. 39:1551-1755), the set of laws that govern most state agencies' purchases of certain services, materials and supplies, and major repairs. N/A
- Determine if the procurement related to homeland security and was made from federal General Services Administration (GSA) supply schedules. If done so, determine if the entity (1) utilized a Louisiana licensed distributor; (2) used the competitive ordering procedures of the federal GSA; and (3) received prior approval from the director of the State Office of Homeland Security and Emergency Preparedness, or his designee. N/A
- Determine if the entity "piggybacked" onto another agency's contract. If done so, determine if there is documentation on file that clearly demonstrates the contract was a previously bid, viable contract and the price paid by the entity was the same as that contract's bid price. N/A
- Determine if the contract was amended. If done so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.
- Determine if the invoices received and payments made during the period complied with the terms and conditions of the contract.
- Determine if there is written evidence that the entity's legal advisor reviewed the contract and advised entering into the contract.
- Determine if there is documentation of board approval, if required.

Contracts Findings: No exceptions noted

Payroll and Personnel

1. Obtain and review the entity's written policies and procedures for payroll and personnel and determine if they address the processing of payroll, including reviewing and approving of time and attendance records, including leave and overtime worked.
2. Obtain a listing of employment contracts/agreements in force during the period under examination. Select the largest (dollar amount) employment contract and determine if all payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract.
3. Select the attendance and leave records for one pay period and:

**TOWN OF JONESVILLE
SUPPLEMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES AND FINDINGS
JUNE 30, 2011**

Payroll and Personnel (continued)

- Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - Determine if supervisors are approving, in writing, the attendance and leave of all employees.
 - Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.
4. Select the five highest paid employees and determine if changes made to their hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.
 5. Select the five largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by documentation, made in strict accordance with policy and/or contract, and properly approved. N/A
 6. Determine if any employees were also being paid as contract labor during the period of the examination.

Payroll and Personnel Findings: There were three instances where the Town was non-compliant with statute R.S. 42:1112, as two employees got paid for contract labor related to automotive repairs and an internet wiring setup. There were no exceptions noted during review of compliance in other payroll areas.

Recommendation: We recommend the Town either raise the employees' salary to cover any additional duties performed or use a third party to perform the services.

Management Action Plan: Effective immediately, the Town will start utilizing the services of Concordia Correctional Facility, where the Town will only have to pay for the parts for automotive repairs. Additionally, the Town will utilize a third party for any internet or wiring services in the future.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Jonesville and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

October 18, 2011

Sincerely,

SILAS SIMMONS, LLP