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TOWN OF JONESVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF JUNE 30, 2004
AND FOR THE YEAR THEN ENDED

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 10-27-04



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF JONESVILLE, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2004
With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mike Wilson, Mayor
and Members of the Town Council
Town of Jonesville
Jonesville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of Town of Jonesville, Louisiana'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, and each major fund, of Town of Jonesville, Louisiana as of June 30, 2004, 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.

As described in Note 18, the Town has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2004.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 8, 2004, on our consideration of Town of Jonesville, Louisiana's internal control over financial reporting and our test 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.

The management's discussion and analysis and budgetary comparison information on Pages 3 through 9 and Pages 31 through 32, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jonesville, Louisiana's basic financial statements. The individual fund 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 basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Silas Simmons, LLP

Natchez, Mississippi
September 8, 2004

Required Supplemental Information (Part I)

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2004

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, 2004. 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.

This is the first year the Town has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34. This reporting model changes the presentation of financial data, and also the manner in which the information is recorded. 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 change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek 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 Gas, Electric, Water, and Sewer Departments.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2004

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 \$3,225,083 (net assets); this represents a decrease of \$186,199 from last fiscal year. Of this total net asset amount, \$592,725 is unrestricted net assets. The Town's net assets are comprised of \$1,303,877 from governmental activities and \$1,921,206 from business type activities.

The following is a condensed statement of the Town of Jonesville's net assets as of June 30, 2004:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets			
Current and other assets	\$ 298,682	\$ 1,015,115	\$ 1,313,797
Capital assets (net)	<u>1,133,601</u>	<u>1,586,918</u>	<u>2,720,519</u>
Total assets	<u>\$ 1,432,283</u>	<u>\$ 2,602,033</u>	<u>\$ 4,034,316</u>
Liabilities			
Other liabilities	\$ 74,831	\$ 680,827	\$ 755,658
Long-term liabilities	<u>53,575</u>	<u>-</u>	<u>53,575</u>
Total liabilities	<u>\$ 128,406</u>	<u>\$ 680,827</u>	<u>\$ 809,233</u>
Net assets			
Invested in capital assets, net	\$ 1,053,228	\$ 1,579,130	\$ 2,632,358
Unrestricted	<u>250,649</u>	<u>342,076</u>	<u>592,725</u>
Total net assets	<u>\$ 1,303,877</u>	<u>\$ 1,921,206</u>	<u>\$ 3,225,083</u>

By far the largest portion of the Town's net assets (\$2,632,358 or 82%) 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 remaining balance (\$592,725 or 18%) is unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding debt of \$88,161, which was used to finance some of the \$2,720,519 capital assets. Total liabilities of \$809,233 are equal to 25% of the total net assets.

The Town's governmental activities increased net assets by \$124,454. This increase is mainly due to transfers from the business-type activities in the amount of \$730,262.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2004

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>Total</u>
Revenue			
Program revenue	\$ 387,994	\$ 3,426,915	\$ 3,814,909
General revenue and transfers	<u>1,153,581</u>	<u>(726,328)</u>	<u>427,253</u>
Total revenue and transfers	\$ 1,541,575	\$ 2,700,587	\$ 4,242,162
Expenses			
General and administrative	\$ 368,421	\$	\$ 368,421
Public safety	488,657		488,657
Public works	516,756		516,756
Recreation	26,022		26,022
Airport	1,295		1,295
Industrial	10,484		10,484
Combined utility		3,011,240	3,011,240
Interest on long-term debt	<u>5,486</u>		<u>5,486</u>
Total expenses	\$ 1,417,121	\$ 3,011,240	\$ 4,428,361
 Increase (decrease) in net assets	 \$ 124,454	 \$ (310,653)	 \$ (186,199)
 Net assets June 30, 2003	 <u>1,179,423</u>	 <u>2,231,859</u>	 <u>3,411,282</u>
 Net assets June 30, 2004	 <u>\$ 1,303,877</u>	 <u>\$ 1,921,206</u>	 <u>\$ 3,225,083</u>

Because of the change in accounting principles described in Note 18 of Notes to the Financial Statements, a comparison of various items included in the Statement Of Activities with the previous year amounts is not presented. In future years these amounts will be available and comparisons presented.

Governmental Activities

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

Business-Type Activities

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

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2004

Business Type Activities (continued)

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, 2003	\$ 937,442	\$ 189,645	\$ 223,418	\$ 118,757	\$ 1,469,262
Fiscal year ended June 30, 2004	<u>710,716</u>	<u>182,888</u>	<u>180,074</u>	<u>114,228</u>	<u>1,187,906</u>
Increase (decrease) between years	<u>\$ (226,726)</u>	<u>\$ (6,757)</u>	<u>\$ (43,344)</u>	<u>\$ (4,529)</u>	<u>\$ (281,356)</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, 2003	\$ 261,570	\$ 200,860	\$ 107,334	\$ 181,583	\$ 751,347
Fiscal year ended June 30, 2004	<u>275,978</u>	<u>196,214</u>	<u>119,305</u>	<u>229,649</u>	<u>821,146</u>
Increase (decrease) between years	<u>\$ 14,408</u>	<u>\$ (4,646)</u>	<u>\$ 11,971</u>	<u>\$ 48,066</u>	<u>\$ 69,799</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, 2003	\$ 675,872	\$ (11,215)	\$ 116,084	\$ (62,826)	\$ 717,915
Fiscal year ended June 30, 2004	<u>434,738</u>	<u>(13,326)</u>	<u>60,769</u>	<u>(115,421)</u>	<u>366,760</u>
Increase (decrease) between years	<u>\$ (241,134)</u>	<u>\$ (2,111)</u>	<u>\$ (55,315)</u>	<u>\$ (52,595)</u>	<u>\$ (351,155)</u>

The reasons for major fluctuations noted above are as follows:

Decrease in Electric and Gas Net Operating Revenues was the result of increased cost of power for fiscal year 2004. This increase was not passed on in the way of a fuel adjustment on customers' bills.

Increases in Operating Costs of Electric, Water, Gas, and Sewer Operations totaled \$69,799. Increases in personal service costs (wages, medical benefits, payroll tax, etc.) account for this increase.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2004

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 \$250,649, which is an increase of \$ 94,856. This increase is caused by excess transfers from the Town's Utility Fund. The entire ending fund balance of \$250,649 is unreserved.

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 \$ 310,653. The 2004 operating losses of the Water and Sewer Departments totaling \$128,747 represents an increase in loss of \$54,706 from fiscal year 2003. This operating loss was off set by the Electric Department's operating income of \$434,738 which represents a decrease of \$241,134 from fiscal year 2003 and \$60,769 of operating income in the Gas Department, which also represents a decrease of \$55,315 compared to the previous fiscal 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 major differences between the original budget and the final amended budget of the General Fund are:

1. The increase in revenue of \$52,520 is due mainly to the anticipation of receiving intergovernmental revenues (grants) in the amount of \$70,067 and a decrease of \$20,000 in charges for services. Transfers-in were decreased from \$900,000 to \$684,286. Better than expected performance in the General Fund created less need for the transfers from the Utility Fund.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2004

General Fund Budgetary Highlights (continued)

2. Expenditures increased from \$1,338,786 to \$1,460,226 for a difference of \$121,440. This was due to increases in cost of personal services (e.g. salaries and wages, hospitalization insurance, increased employer portion of retirement contributions) and equipment purchases that were not anticipated in the original budget.

The actual excess of revenue for the current fiscal year was sufficient to meet all expenditures and shows a \$94,856 increase in fund balance. The final budget and the actual results difference show a positive position of \$149,276. The majority of this variance was the result of revenues and transfers being higher than anticipated.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2004 is \$2,632,358.

New major capital assets purchased or constructed in fiscal 2004 are:

Governmental activities:

1. Improvements to the recreation and softball complex \$35,000
These improvements were partially funded by a \$15,000 contribution from a local organization and by a \$5,000 grant through the Governor's Office of Rural Development.
2. Tractor and Mower for the Street Department \$8,142
3. Komatsu Backhoe for the Street and Sewer Departments \$42,905
The Town received a \$25,000 grant from the Governor's Office of Rural Development to assist with the purchase of the backhoe.
4. Used Ford Truck for the Street Department \$2,500
5. Used Ford F-150 Truck for the Electric Department \$8,500
6. Welding Machine for the Electric, Water, Gas, and Sewer Departments \$1,888
7. Used GMC C-1500 Truck for the Gas Department \$8,800
8. Pumps for the Sewer System \$11,662

In addition to the above, the Town had Construction in Progress expenditures totaling \$18,875 as of June 30, 2004. This construction is a continuation of the LCDBG-DN Sewer Project. As of June 30, 2004 the Town also has outstanding obligations under uncompleted construction contracts of \$22,525. The construction contract for this project was not yet awarded at June 30, 2004.

Current Financial Factors

With the exception of Capital Grants, revenue for the upcoming fiscal year is expected to remain relatively constant. Construction will continue on the LCDBG-DN Sewer Project which is funded by a Federal Grant.

It is anticipated that the cost of providing employees medical insurance will decrease during the upcoming fiscal year due to changes in the Town's health insurance plan. The cost of implementing Governmental Standards Board Statement No. 34 will be an expense of the upcoming fiscal year. The total cost of implementation is unknown.

The ability of Utility Operations to continue to supplement the ever-increasing costs of general operations of the Town is doubtful. Operating costs continue to increase and it is doubtful that the total net revenues of the Utility Fund can continue to provide general fund support at current levels beyond the upcoming fiscal year. In the event that the cost of electricity or natural gas increases substantially, it will be necessary to raise rates charged for electricity and or gas. The Water and Sewer Departments are operating at a deficit and before the Town will be eligible for certain Federal Grants these rates will have to be increased so that the combined Water and Sewer Departments operate at a breakeven.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2004

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 Robert L. Swayze, 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, 2004

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 236,574	\$ 218,826	\$ 455,400
Receivables (net of allowances for uncollectibles)	62,108	610,170	672,278
Restricted assets	-	186,119	186,119
Capital assets (net)	<u>1,133,601</u>	<u>1,586,918</u>	<u>2,720,519</u>
Total assets	<u>\$ 1,432,283</u>	<u>\$ 2,602,033</u>	<u>\$ 4,034,316</u>
LIABILITIES			
Accounts, salaries, and other payables	\$ 45,268	\$ 522,849	\$ 568,117
Payable from restricted assets	-	150,190	150,190
Other liabilities	2,765	-	2,765
Capital lease payable, due within one year	26,798	-	26,798
Note payable, due within one year	-	7,788	7,788
Capital lease payable, beyond one year	<u>53,575</u>	<u>-</u>	<u>53,575</u>
Total liabilities	<u>\$ 128,406</u>	<u>\$ 680,827</u>	<u>\$ 809,233</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,053,228	\$ 1,579,130	\$ 2,632,358
Unrestricted	<u>250,649</u>	<u>342,076</u>	<u>592,725</u>
Total net assets	<u>\$ 1,303,877</u>	<u>\$ 1,921,206</u>	<u>\$ 3,225,083</u>

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

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

	Program Revenues		Capital Grants and Contributions	Net (Expenses)/ Revenue	Net (Expenses), Revenues, and Changes		Total
	Charges for Services	Operating Grants and Contributions			Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES							
General government	\$ 368,421	\$ -	\$ -	\$ (368,421)	\$ (368,421)	\$ -	\$ (368,421)
Public safety							
Police	474,003	117,210	2,989	(326,669)	(326,669)	-	(326,669)
Fire	14,654	27,610	12,013	24,969	24,969	-	24,969
Public works							
Streets	376,504	-	-	(376,504)	(376,504)	-	(376,504)
Sanitation	140,252	171,037	25,000	55,785	55,785	-	55,785
Recreation	26,022	-	5,000	(21,022)	(21,022)	-	(21,022)
Airport	1,295	-	-	(1,295)	(1,295)	-	(1,295)
Industrial	10,484	-	-	(10,484)	(10,484)	-	(10,484)
Interest on long-term debt	5,486	-	-	(5,486)	(5,486)	-	(5,486)
Total governmental activities	\$ 1,417,121	\$ 315,857	\$ 15,002	\$ (1,029,127)	\$ (1,029,127)	\$ -	\$ (1,029,127)
BUSINESS-TYPE ACTIVITIES							
Electric	\$ 1,956,819	\$ 2,391,557	\$ -	\$ 434,738	\$ 434,738	\$ -	\$ 434,738
Water	196,613	182,888	-	(13,725)	(13,725)	-	(13,725)
Gas	627,760	688,130	-	60,370	60,370	-	60,370
Sewer	230,048	114,228	50,112	(65,708)	(65,708)	-	(65,708)
Total business-type activities	\$ 3,011,240	\$ 3,376,803	\$ 50,112	\$ 415,675	\$ 415,675	\$ -	\$ 415,675
Total	\$ 4,428,361	\$ 3,692,660	\$ 107,247	\$ (613,452)	\$ (1,029,127)	\$ (415,675)	\$ (613,452)

General Revenues:

Property taxes	\$ 72,513	\$ -	\$ -	\$ 72,513
Sales taxes	173,794	-	-	173,794
Franchise taxes	7,467	-	-	7,467
Beer taxes	8,009	-	-	8,009
Occupational licenses	128,281	-	-	128,281
Investment earnings	2,155	3,934	-	6,089
Other general revenues	31,100	-	-	31,100
Transfers	730,262	(730,262)	-	-
Total general revenues and transfers	\$ 1,153,581	\$ (726,328)	\$ -	\$ 427,253
Change in Net Assets	\$ 124,454	\$ (310,653)	\$ -	\$ (186,199)
Net assets - beginning	1,179,423	2,231,859	-	3,411,282
Net assets - ending	\$ 1,303,877	\$ 1,921,206	\$ -	\$ 3,225,083

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

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Fund Financial Statements

Governmental Funds

TOWN OF JONESVILLE, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2004

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 236,574
Receivables (net of allowances for uncollectibles)	34,391
Due from other governments	<u>27,717</u>
Total assets	<u>\$ 298,682</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 43,480
Accrued liabilities	1,788
Other liabilities	<u>2,765</u>
Total liabilities	<u>\$ 48,033</u>
Fund balances:	
Unreserved, reported in:	
General Fund	<u>\$ 250,649</u>
Total fund balances	<u>\$ 250,649</u>
Total liabilities and fund balances	<u>\$ 298,682</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 GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET ASSETS

JUNE 30, 2004

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

Fund Balances, Total Governmental Funds (Statement C)	\$	250,649
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		1,133,601
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital lease payable		<u>(80,373)</u>
Net Assets of Governmental Activities (Statement A)	\$	<u>1,303,877</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, 2004

	<u>General Fund</u>
<u>REVENUES</u>	
Taxes:	
Ad valorem	\$ 72,513
Sales and use	173,794
Other taxes, penalties, interest, etc.	15,477
Licenses and permits	128,281
Intergovernmental revenues:	
Federal grants	1,065
State	69,147
Fines and forfeitures	117,210
Charges for services	198,647
Investment earnings	2,155
Other revenues	<u>33,024</u>
 Total revenues	 \$ <u>811,313</u>
<u>EXPENDITURES</u>	
General government	\$ 358,839
Public safety:	
Police	452,842
Fire	14,488
Public works:	
Streets	379,819
Sanitation	123,654
Recreation	21,980
Capital outlay	73,547
Debt service:	
Principal	23,800
Interest and fiscal fees	<u>5,486</u>
 Total expenditures	 \$ <u>1,454,455</u>
 Excess (deficiency) of revenues over (under) expenditures	 \$ <u>(643,142)</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfers in	\$ 730,262
Sale of capital assets	<u>7,736</u>
 Total other financing sources (uses)	 \$ <u>737,998</u>
 Net change in fund balance	 \$ 94,856
Fund balances – beginning	<u>155,793</u>
Fund balances – ending	<u>\$ 250,649</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, 2004

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 94,856
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.	5,798
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>23,800</u>
Change in Net Assets of Governmental Activities, Statement B	<u>\$ 124,454</u>

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, 2004

		<u>Enterprise Fund</u> <u>Utility Fund</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$	218,826
Receivables (net of allowances for uncollectibles)		578,933
Due from other governments		<u>31,237</u>
Total current assets	\$	<u>828,996</u>
Noncurrent assets		
Restricted assets:		
Cash and cash equivalents	\$	186,119
Capital assets (net of accumulated depreciation)		<u>1,586,918</u>
Total noncurrent assets	\$	<u>1,773,037</u>
Total assets	\$	<u>2,602,033</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$	513,409
Accrued liabilities		9,440
Note payable		<u>7,788</u>
Total current liabilities	\$	<u>530,637</u>
Current liabilities payable from restricted assets		
Consumer deposits	\$	<u>150,190</u>
Total liabilities	\$	<u>680,827</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	\$	1,579,130
Unrestricted		<u>342,076</u>
Total net assets	\$	<u>1,921,206</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, 2004

	<u>Enterprise Fund</u> <u>Utility Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Electricity sales	\$ 2,357,429
Water sales	179,068
Gas sales	678,310
Sewer charges	112,598
Other operating revenue	<u>49,398</u>
Total operating revenues	<u>\$ 3,376,803</u>
<u>OPERATING EXPENSES</u>	
Personal services	\$ 359,970
Purchase of utilities provided	2,188,897
Materials and supplies	89,112
Repairs and maintenance	80,972
Depreciation	98,955
Utilities and telephone	65,969
Bad debts	11,816
Other operating expenses	<u>114,352</u>
Total operating expenses	<u>\$ 3,010,043</u>
Operating Income	<u>\$ 366,760</u>
Nonoperating Revenues (Expenses)	
Interest earnings	\$ 3,934
Interest expense	<u>(1,197)</u>
Total nonoperating revenues (expenses)	<u>\$ 2,737</u>
Income Before Contributions and Transfers	<u>\$ 369,497</u>
Capital contributions	50,112
Transfer out	<u>(730,262)</u>
Change in Net Assets	<u>\$ (310,653)</u>
Total net assets – beginning	<u>2,231,859</u>
Total net assets – ending	<u>\$ 1,921,206</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, 2004

	<u>Enterprise Fund</u> <u>Utility Fund</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from customers and users	\$ 3,417,130
Payments to suppliers	(2,355,248)
Payments to employees	(257,821)
Net cash provided by operating activities	<u>\$ 804,061</u>
<u>Cash Flows From NonCapital Financing Activities</u>	
Transfers to other funds	\$ (730,262)
Net cash provided (used) by noncapital financing activities	<u>\$ (730,262)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Proceeds of capital debt	\$ 15,000
Capital contributions	18,875
Purchase of capital assets	(45,850)
Acquisition and construction of capital assets	(18,875)
Principal paid on capital debt	(7,212)
Interest paid on capital debt	(1,197)
Net cash provided (used) by capital and related financing activities	<u>\$ (39,259)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on temporary investments	\$ 3,934
Net cash provided (used) by investing activities	<u>\$ 3,934</u>
Net increase in cash and cash equivalents	\$ 38,474
Cash and cash equivalents, beginning of year	<u>366,471</u>
Cash and cash equivalents, end of year	<u>\$ 404,945</u>
<u>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities</u>	
Operating income	<u>\$ 366,760</u>
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities	
Depreciation	\$ 98,955
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable – customers	29,482
Increase (decrease) in:	
Accounts payable	310,514
Accrued liabilities	(12,495)
Customer deposits	10,845
Total adjustments	<u>\$ 437,301</u>
Net cash provided by operating activities	<u>\$ 804,061</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, 2004

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.

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.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary funds:

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

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.

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.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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.

For the year ended June 30, 2004, taxes of 8.71 mills were levied on property with assessed valuations totaling \$8,325,258, after abatements and exemptions and were dedicated as follows:

General corporate purposes	8.71
Total taxes levied were	\$72,513

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2004, these amounts were considered to be immaterial.

F. Restricted Assets - Utility Fund

Restricted assets were applicable to the following at June 30, 2004:

Consumer deposits	\$ 150,190
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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.

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

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

J. Fund Equity

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

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.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

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. Budgets for the General and Debt Service Funds are 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.

NOTE 3 – CASH AND CASH EQUIVALENTS

At June 30, 2004, the municipality has cash and cash equivalents (book balances) totaling \$641,519 as follows:

Demand deposits	\$ 44,557
Interest-bearing demand deposits	337,650
Time deposits	258,368
Cash on hand	<u>944</u>
Total	<u>\$ 641,519</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, 2004, the municipality has \$680,969 in deposits (collected bank balances). These deposits are secured from risk by \$204,898 of federal deposit insurance and \$492,724 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 4 - RECEIVABLES

Class of Receivable	General Fund	Enterprise Fund	Total
Taxes:			
Sales and use	\$ 13,795	\$ -	\$ 13,795
Other	5,753	-	5,753
Intergovernmental - grants:			
State	-	31,237	31,237
Accounts	45,799	666,006	711,805
Other	12,215	780	12,995
Allowance for uncollectibles	<u>(15,454)</u>	<u>(87,853)</u>	<u>(103,307)</u>
Total	\$ 62,108	\$ 610,170	\$ 672,278

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.

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES

There were no interfund receivables or payables at June 30, 2004.

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 284,850	\$ -	\$ -	\$ 284,850
Total capital assets, not being depreciated	<u>\$ 284,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,850</u>
Capital assets being depreciated				
Buildings	\$ 824,408	\$ -	\$ -	\$ 824,408
Land improvements	46,706	35,000	-	81,706
Machinery and equipment	72,922	36,047	-	108,969
Vehicles	399,366	2,500	-	401,866
Total capital assets being depreciated	<u>\$ 1,343,402</u>	<u>\$ 73,547</u>	<u>\$ -</u>	<u>\$ 1,416,949</u>
Less accumulated depreciation for:				
Buildings	\$ (289,996)	\$ (18,233)	\$ -	\$ (308,229)
Land improvements	(41,257)	(2,143)	-	(43,400)
Machinery and equipment	(42,277)	(7,908)	-	(50,185)
Vehicles	(126,919)	(39,465)	-	(166,384)
Total accumulated depreciation	<u>\$ (500,449)</u>	<u>\$ (67,749)</u>	<u>\$ -</u>	<u>\$ (568,198)</u>
Total capital assets being depreciated, net	<u>\$ 842,953</u>	<u>\$ 5,798</u>	<u>\$ -</u>	<u>\$ 848,751</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 6 – CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 21,612	\$ -	\$ -	\$ 21,612
Construction in progress	-	18,875	-	18,875
Total capital assets, not being depreciated	<u>\$ 21,612</u>	<u>\$ 18,875</u>	<u>\$ -</u>	<u>\$ 40,487</u>
Capital assets being depreciated				
Buildings	\$ 11,579	\$ -	\$ -	\$ 11,579
Infrastructure	4,739,933	11,662	-	4,751,595
Machinery, equipment, and vehicles	259,322	34,188	(3,200)	290,310
Total capital assets being depreciated	<u>\$ 5,010,834</u>	<u>\$ 45,850</u>	<u>\$ (3,200)</u>	<u>\$ 5,053,484</u>
Less accumulated depreciation for:				
Buildings	\$ (11,566)	\$ -	\$ -	\$ (11,566)
Infrastructure	(3,165,475)	(89,616)	-	(3,255,091)
Machinery, equipment, and vehicles	(234,257)	(9,339)	3,200	(240,396)
Total accumulated depreciation	<u>\$ (3,411,298)</u>	<u>\$ (98,955)</u>	<u>\$ 3,200</u>	<u>\$ (3,507,053)</u>
Total capital assets being depreciated, net	<u>\$ 1,599,536</u>	<u>\$ (53,105)</u>	<u>\$ -</u>	<u>\$ 1,546,431</u>

Depreciation expense of \$67,749 for the year ended June 30, 2004, was charged to the following governmental functions:

General government	\$ 9,582
Public safety:	
Police	21,161
Fire	166
Public works:	
Streets	4,421
Sanitation	16,598
Recreation	4,042
Airport	1,295
Industrial	10,484
Total	<u>\$ 67,749</u>

NOTE 7 – CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of June 30, 2004. At year-end the commitments with contractors are as follows:

<u>Project</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
FY 2003 DN Sewer Project	<u>\$ 18,875</u>	<u>\$ 22,525</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 7 – CONSTRUCTION COMMITMENTS (continued)

Construction contract was not yet awarded at June 30, 2004. Commitments were for engineering and administration contracts.

NOTE 8 – INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2004, were as follows:

\$730,262 was transferred from the Utility Fund to the General Fund.

Transfers are primarily used to move funds from:

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

NOTE 9 – ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$568,117 at June 30, 2004 are as follows:

	General Fund	Enterprise Fund	Total
Withholdings	\$ 1,788	\$ 9,440	\$ 11,228
Accounts	<u>43,480</u>	<u>513,409</u>	<u>556,889</u>
Total	<u>\$ 45,268</u>	<u>\$ 522,849</u>	<u>\$ 568,117</u>

NOTE 10 – SHORT-TERM DEBT

The following is a summary of short-term obligation transactions for the year ended June 30, 2004:

Short-term obligations payable at June 30, 2003	\$ -
Note proceeds	15,000
Repayment of note principal	<u>(7,212)</u>
Short-term obligations payable at June 30, 2004	<u>\$ 7,788</u>

The Town of Jonesville issued a note in the amount of \$15,000 in connection with the purchase of a backhoe.

NOTE 11 – LEASES

The municipality records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of capital leases:

Type	Recorded Amount
Equipment (2 garbage trucks)	\$ 165,980
Less: Accumulated depreciation	<u>(17,981)</u>
Net carrying value	<u>\$ 147,999</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 11 - LEASES (continued)

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2004:

<u>Fiscal Year</u>	<u>Equipment</u>
2005	\$ 29,286
2006	29,286
2007	<u>26,846</u>
Net minimum lease payments	\$ 85,418
Less - amounts representing interest	<u>5,045</u>
Present value of net minimum lease payments	<u>\$ 80,373</u>

NOTE 12 - SALES AND USE TAX REVENUES

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

NOTE 13 - PENSION PLAN

All full-time police and fire department employees are required to participate in their respective retirement systems. The Town currently has no full-time fire department employees. 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 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 15.25% 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 contributions to the System for the years ending June 30, 2004, 2003, and 2002 were \$4,179, \$5,208, and \$6,863, respectively, equal to the required contributions for each year.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 14 – SEGMENT INFORMATION FOR UTILITY FUND

The Enterprise Fund operated by the Town provides electric, gas, water, and sewer utility services. The following is a summary of segment information for Enterprise Funds.

	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Gas Utility</u>	<u>Sewer Service</u>	<u>Total</u>
Operating revenue	\$ 2,357,429	\$ 179,068	\$ 678,310	\$ 112,598	\$ 3,327,405
Purchase of utility	(1,680,841)	-	(508,056)	-	(2,188,897)
Operating expenses	(256,160)	(161,711)	(105,308)	(199,012)	(722,191)
Depreciation	(19,818)	(34,503)	(13,997)	(30,637)	(98,955)
Other operating revenue	<u>34,128</u>	<u>3,820</u>	<u>9,820</u>	<u>1,630</u>	<u>49,398</u>
Operating income (loss)	<u>\$ 434,738</u>	<u>\$ (13,326)</u>	<u>\$ 60,769</u>	<u>\$ (115,421)</u>	<u>\$ 366,760</u>
Interest earnings	\$ 2,787	\$ 212	\$ 802	\$ 133	\$ 3,934
Interest expense	<u>-</u>	<u>(399)</u>	<u>(399)</u>	<u>(399)</u>	<u>(1,197)</u>
Income (loss) before contributions and transfers	<u>\$ 437,525</u>	<u>\$ (13,513)</u>	<u>\$ 61,172</u>	<u>\$ (115,687)</u>	<u>\$ 369,497</u>

NOTE 15 – 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, 2004, the following compensations were paid:

	<u>Salary</u>	<u>Health Insurance</u>	<u>Totals</u>
Mike Wilson, Mayor	\$ 19,731	\$ 11,055	\$ 30,786
Stephen R. Mophett, Council Member	3,700	11,055	14,755
Josie Bullitts, Council Member	3,900	4,076	7,976
Loria Hollins, Council Member	4,000	11,055	15,055
Charles Branch, Council Member	4,000	11,055	15,055
Tommy Branch, Council Member	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Totals	<u>\$ 39,331</u>	<u>\$ 48,296</u>	<u>\$ 87,627</u>

NOTE 16 – RISK MANAGEMENT

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

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 17 – CONTINGENT LIABILITIES

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

NOTE 18 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For the fiscal year ended June 30, 2004, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

At June 30, 2004, there was no effect on fund balances as a result of implementing GASB Statements 37 and 38.

GASB Statement No. 34 creates new basic financial statements for reporting on the Town’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and governmental fund financial statements prepared on the modified accrual basis of accounting, which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003, caused by the conversion to GASB Statement No. 34.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

	General Fund
Fund balances, June 30, 2003	
As originally presented	\$ 155,793
GASB Statement No. 34 Adjustment:	
Capital asset, net	1,127,803
Long-term liabilities	(104,173)
Governmental activities net assets, June 30, 2003	\$ 1,179,423

Required Supplemental Information (Part II)

TOWN OF JONESVILLE, LOUISIANA

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 83,000	\$ 77,242	\$ 261,784	\$ 184,542
Licenses and permits	111,000	115,920	128,281	12,361
Intergovernmental revenues	235,000	305,067	70,212	(234,855)
Fines and forfeitures	-	-	117,210	117,210
Charges for services	175,000	155,000	198,647	43,647
Other	65,000	68,291	35,179	(33,112)
Total revenues	<u>\$ 669,000</u>	<u>\$ 721,520</u>	<u>\$ 811,313</u>	<u>\$ 89,793</u>
Expenditures				
Current				
General government	\$ 402,500	\$ 360,661	\$ 358,839	\$ 1,822
Public safety:				
Police	399,700	477,697	452,842	24,855
Fire	-	-	14,488	(14,488)
Public works:				
Streets	409,100	433,272	418,366	14,906
Sanitation	93,200	124,564	123,654	910
Airport	1,000	177	-	177
Recreation	4,000	34,569	56,980	(22,411)
Debt service:				
Principal	23,800	23,800	23,800	-
Interest	5,486	5,486	5,486	-
Total expenditures	<u>\$ 1,338,786</u>	<u>\$ 1,460,226</u>	<u>\$ 1,454,455</u>	<u>\$ 5,771</u>
Excess of revenues over expenditures	<u>\$ (669,786)</u>	<u>\$ (738,706)</u>	<u>\$ (643,142)</u>	<u>\$ 95,564</u>
Other Financing Sources (Uses)				
Transfers in	\$ 900,000	\$ 684,286	\$ 730,262	\$ 45,976
Sale of capital assets	-	-	7,736	7,736
Total other financing sources (uses)	<u>\$ 900,000</u>	<u>\$ 684,286</u>	<u>\$ 737,998</u>	<u>\$ 53,712</u>
Net Change in Fund Balance	<u>\$ 230,214</u>	<u>\$ (54,420)</u>	<u>\$ 94,856</u>	<u>\$ 149,276</u>
Fund Balance (Deficit) at Beginning of Year	<u>\$ 155,793</u>	<u>\$ 155,793</u>	<u>\$ 155,793</u>	<u>\$ -</u>
Fund Balance (Deficit) at End of Year	<u>\$ 386,007</u>	<u>\$ 101,373</u>	<u>\$ 250,649</u>	<u>\$ 149,276</u>

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

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2004

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

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

2. Budget Amendments and Revisions

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

Other 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, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash	\$ 147,808	\$ 104,511
Temporary investments (at cost)	88,766	59,140
Receivables (net of allowance for uncollectibles):		
Court fines	30,345	28,574
Franchise tax	3,800	3,849
Other	246	827
Due from other governments	<u>27,717</u>	<u>27,482</u>
Total assets	<u>\$ 298,682</u>	<u>\$ 224,383</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Accounts payable	\$ 43,480	\$ 36,584
Accrued liabilities	1,788	30,898
Other liabilities	<u>2,765</u>	<u>1,108</u>
Total liabilities	<u>\$ 48,033</u>	<u>\$ 68,590</u>
FUND BALANCE		
Unreserved	<u>\$ 250,649</u>	<u>\$ 155,793</u>
Total fund balance	<u>\$ 250,649</u>	<u>\$ 155,793</u>
Total liabilities and fund balance	<u>\$ 298,682</u>	<u>\$ 224,383</u>

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

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Taxes		
Ad valorem	\$ 72,513	\$ 71,872
Franchise	7,467	7,703
Beer taxes	8,010	11,389
Sanitation sales taxes	122,026	105,225
Hard surface road tax	<u>51,768</u>	<u>47,896</u>
Total taxes	\$ 261,784	\$ 244,085
Licenses and permits		
Occupational licenses	\$ 127,562	\$ 112,448
Other permits	<u>719</u>	<u>308</u>
Total licenses and permits	\$ 128,281	\$ 112,756
Intergovernmental revenue		
State fire insurance premiums	\$ 8,141	\$ 7,821
Law enforcement, fire, and other grants	<u>62,071</u>	<u>72,343</u>
Total intergovernmental revenue	\$ 70,212	\$ 80,164
Fines and forfeits	\$ 117,210	\$ 77,531
Charges for services		
Garbage collection fees	\$ 171,037	\$ 174,473
Fire District fees	<u>27,610</u>	<u>27,968</u>
Total charges for services	\$ 198,647	\$ 202,441
Miscellaneous		
Loan proceeds	\$ -	\$ 126,000
Building rents	14,565	12,243
Interest earned	2,155	3,751
Other	<u>18,459</u>	<u>36,952</u>
Total miscellaneous	\$ 35,179	\$ 178,946
Total revenues	\$ 811,313	\$ 895,923

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TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2003

	<u>2004</u>	<u>2003</u>
<u>EXPENDITURES</u>		
Current		
General government	\$ 358,839	\$ 431,233
Public safety:		
Police	452,842	500,403
Fire	14,488	17,170
Highways and streets	418,366	428,334
Sanitation	123,654	264,993
Recreation	56,980	21,749
Debt service:		
Principal	23,800	-
Interest	5,486	-
	<u>1,454,455</u>	<u>1,663,882</u>
Total expenditures	\$ 1,454,455	\$ 1,663,882
Excess of expenditures	\$ (643,142)	\$ (767,959)
<u>OTHER FINANCING SOURCES (USES)</u>		
Sale of capital assets	7,736	-
Operating transfers from Utility Fund	730,262	687,525
Operating transfers to Debt Service Fund	-	(34,648)
	<u>738,000</u>	<u>652,877</u>
Excess of revenue and other sources (expenditures and other uses)	\$ 94,856	\$ (115,082)
Fund balance - beginning	<u>155,793</u>	<u>270,875</u>
Fund balance - ending	<u>\$ 250,649</u>	<u>\$ 155,793</u>

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

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES

YEAR ENDED JUNE 30, 2004

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2003

	<u>2004</u>	<u>2003</u>
GENERAL GOVERNMENT:		
Salaries	\$ 152,457	\$ 168,382
Payroll taxes	13,075	13,733
Employee benefits and insurance	92,735	109,043
Office supplies	4,807	5,326
Computer expense	4,206	2,104
Audit and accounting	2,756	2,714
Legal and consultant fees	28,874	34,506
Repairs and maintenance	6,260	12,397
General insurance	12,125	17,194
Miscellaneous	21,854	33,729
Utilities and telephone	13,692	21,263
Travel and meetings	5,998	7,042
Capital outlay	-	3,800
Total general government	<u>\$ 358,839</u>	<u>\$ 431,233</u>
PUBLIC SAFETY - POLICE:		
Salaries	\$ 243,964	\$ 238,040
Payroll taxes	20,873	19,515
Police retirement	4,179	5,208
Employee benefits and insurance	72,589	47,522
Uniform allowance	7,402	7,112
Office and other supplies	16,002	8,259
Prisoners' housing and supplies	11,918	6,139
General insurance	16,940	16,731
Gas and oil	13,679	8,550
Utilities and telephone	12,312	12,640
Repairs and maintenance	16,363	19,685
Miscellaneous	15,293	17,260
Travel and meetings	1,328	342
Capital outlay	-	93,400
Total public safety - police	<u>\$ 452,842</u>	<u>\$ 500,403</u>
PUBLIC SAFETY - FIRE:		
Salaries	\$ 3,675	\$ 2,055
Payroll taxes	302	-
Utilities and telephone	5,900	456
Supplies	879	9,158
General insurance	242	-
Repairs and maintenance	2,991	4,730
Miscellaneous	499	310
Travel and meetings	-	461
Total public safety - fire	<u>\$ 14,488</u>	<u>\$ 17,170</u>

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TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES

YEAR ENDED JUNE 30, 2004

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2003

	<u>2004</u>	<u>2003</u>
HIGHWAYS AND STREETS:		
Salaries	\$ 202,212	\$ 242,159
Payroll taxes	17,358	19,515
Employee benefits and insurance	66,632	76,047
General insurance	6,398	8,934
Gas and oil	7,204	7,504
Supplies	43,252	26,746
Repairs and maintenance	23,685	24,475
Utilities and telephone	3,154	3,183
Miscellaneous	9,594	4,059
Travel and meetings	330	-
Capital outlay	<u>38,547</u>	<u>15,712</u>
Total highways and streets	<u>\$ 418,366</u>	<u>\$ 428,334</u>
SANITATION:		
Salaries	\$ 33,066	\$ 26,405
Payroll taxes	2,809	2,168
Employee benefits and insurance	48,494	40,433
General insurance	14,791	8,564
Gas and oil	11,086	8,022
Supplies	6,313	8,344
Repairs and maintenance	2,371	1,868
Utilities and telephone	1,114	1,740
Miscellaneous	3,610	1,469
Capital outlay	<u>-</u>	<u>165,980</u>
Total sanitation	<u>\$ 123,654</u>	<u>\$ 264,993</u>
RECREATION:		
Supplies	\$ 4,227	\$ 10,716
Repairs and maintenance	11,784	7,636
Utilities and telephone	5,969	3,397
Capital outlay	<u>35,000</u>	<u>-</u>
Total recreation	<u>\$ 56,980</u>	<u>\$ 21,749</u>
DEBT SERVICE:		
Principal	\$ 23,800	\$ -
Interest	<u>5,486</u>	<u>-</u>
Total debt service	<u>\$ 29,286</u>	<u>\$ -</u>
Total expenditures	<u>\$ 1,454,455</u>	<u>\$ 1,663,882</u>

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

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, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 65,457	\$ 42,611
Temporary investments at cost	153,369	151,915
Accounts receivable, net of allowance for uncollectible accounts (\$87,853 in 2004 and \$75,415 in 2003)	578,933	608,415
Due from other governments	31,237	-
Total current assets	\$ 828,996	\$ 802,941
Restricted assets – consumer deposits		
Cash	\$ 94,505	\$ 80,496
Temporary investments at cost	91,614	91,449
Total restricted assets	\$ 186,119	\$ 171,945
Plant and equipment, at cost, net of accumulated depreciation (\$3,507,053 in 2004 and \$3,411,298 in 2003)	\$ 1,586,918	\$ 1,621,148
Total assets	\$ 2,602,033	\$ 2,596,034
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Current liabilities (payable from current assets)		
Accounts payable	\$ 513,409	\$ 202,895
Accrued liabilities	9,440	21,935
Note payable	7,788	-
Total current liabilities (payable from current assets)	\$ 530,637	\$ 224,830
Current liabilities (payable from restricted assets)		
Consumer deposits	\$ 150,190	\$ 139,345
Total current liabilities (payable from restricted assets)	\$ 150,190	\$ 139,345
Total liabilities	\$ 680,827	\$ 364,175
NET ASSETS		
Invested in capital assets, net of related debt	\$ 1,579,130	\$ 1,621,148
Unrestricted	342,076	610,711
Total net assets	\$ 1,921,206	\$ 2,231,859
Total liabilities and net assets	\$ 2,602,033	\$ 2,596,034

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

TOWN OF JONESVILLE, LOUISIANA

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

YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Utility sales and fees	\$ 3,327,405	\$ 3,319,520
Other operating revenues	<u>49,398</u>	<u>92,038</u>
Total operating revenues	\$ <u>3,376,803</u>	\$ <u>3,411,558</u>
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 359,970	\$ 267,086
Purchase of utilities provided	2,188,897	1,942,296
Materials and supplies	89,112	105,801
Repairs and maintenance	80,972	82,202
Depreciation	98,955	95,402
Utilities and telephone	65,969	81,913
Bad debts	11,816	10,386
Other operating expenses	<u>114,352</u>	<u>108,557</u>
Total operating expenses	\$ <u>3,010,043</u>	\$ <u>2,693,643</u>
Operating income	\$ <u>366,760</u>	\$ <u>717,915</u>

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

TOWN OF JONESVILLE, LOUISIANA

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

YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Electricity sales and fees	\$ 2,357,429	\$ 2,375,066
Other operating revenues	<u>34,128</u>	<u>65,852</u>
Total operating revenues	\$ <u>2,391,557</u>	\$ <u>2,440,918</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 150,564	\$ 94,671
Purchase of electricity	1,680,841	1,503,476
Materials and supplies	22,609	48,625
Repairs and maintenance	18,730	33,045
Depreciation	19,818	18,357
Utilities and telephone	11,250	13,955
Bad debts	8,458	7,430
Other operating expenses	<u>44,549</u>	<u>45,487</u>
Total operating expenses	\$ <u>1,956,819</u>	\$ <u>1,765,046</u>
Operating income	\$ <u>434,738</u>	\$ <u>675,872</u>

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

TOWN OF JONESVILLE, LOUISIANA

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

YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Water sales and fees	\$ 179,068	\$ 184,529
Other operating revenues	<u>3,820</u>	<u>5,116</u>
Total operating revenues	\$ <u>182,888</u>	\$ <u>189,645</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 53,818	\$ 44,506
Materials and supplies	34,440	28,215
Repairs and maintenance	17,434	31,849
Depreciation	34,503	33,897
Utilities and telephone	32,016	40,866
Bad debts	2,363	2,016
Other operating expenses	<u>21,640</u>	<u>19,511</u>
Total operating expenses	\$ <u>196,214</u>	\$ <u>200,860</u>
Operating loss	\$ <u>(13,326)</u>	\$ <u>(11,215)</u>

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

TOWN OF JONESVILLE, LOUISIANA

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

YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Natural gas sales and fees	\$ 678,310	\$ 644,372
Other operating revenues	<u>9,820</u>	<u>17,866</u>
Total operating revenues	\$ <u>688,130</u>	\$ <u>662,238</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 51,654	\$ 40,186
Purchase of natural gas	508,056	438,820
Materials and supplies	8,236	10,414
Repairs and maintenance	14,808	8,784
Depreciation	13,997	12,519
Utilities and telephone	4,556	6,825
Bad debts	622	577
Other operating expenses	<u>25,432</u>	<u>28,029</u>
Total operating expenses	\$ <u>627,361</u>	\$ <u>546,154</u>
Operating income	\$ <u>60,769</u>	\$ <u>116,084</u>

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

TOWN OF JONESVILLE, LOUISIANA

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

YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Sewer charges and fees	\$ 112,598	\$ 115,553
Other operating revenues	<u>1,630</u>	<u>3,204</u>
Total operating revenues	\$ <u>114,228</u>	\$ <u>118,757</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 103,934	\$ 87,723
Materials and supplies	23,827	18,547
Repairs and maintenance	30,000	8,524
Depreciation	30,637	30,629
Utilities and telephone	18,147	20,267
Bad debts	373	363
Other operating expenses	<u>22,731</u>	<u>15,530</u>
Total operating expenses	\$ <u>229,649</u>	\$ <u>181,583</u>
Operating loss	\$ <u>(115,421)</u>	\$ <u>(62,826)</u>

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

Reports On Compliance And Internal Control



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**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 Honorable Mike Wilson, Mayor
and Members of the Town Council
Town of Jonesville
Jonesville, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Jonesville, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Town of Jonesville, Louisiana's basic financial statements, and have issued our report thereon dated September 8, 2004. 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 the Town of Jonesville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Town of Jonesville, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item number 99-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Mayor, Members of the Town Council, management of the Town of Jonesville, Louisiana, and 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
September 8, 2004

TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditor's report issued on the general purpose financial statements: | Unqualified |
| 2. Material noncompliance relating to the general pupose financial statements? | No |
| 3. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | Yes |
| b. Reportable condition(s) identified that are not considered to be material weaknesses? | No |

SECTION 2: FINANCIAL STATEMENT FINDINGS

Reportable Conditions Considered to be Material Weaknesses

Current Year

99-1 Finding

From our understanding of the Town's internal control structure, we have determined that the small size of the Town and its limited number of personnel do not allow for the adequate segregation of duties among employees. This is a continuing comment from prior years. In the past, we have recommended that the Board continue to insist on accurate monthly financial reports to help offset this problem. This finding continues for the current year.

Recommendation

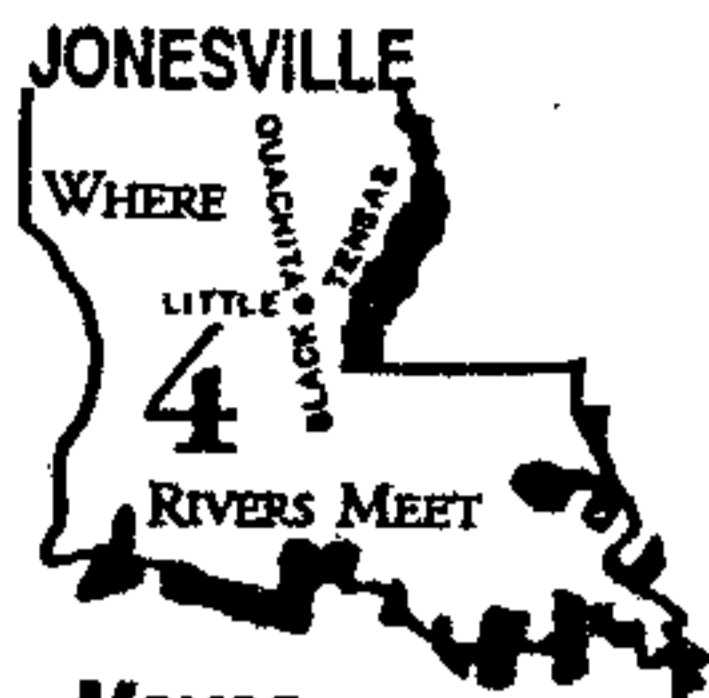
We do not believe that it would be cost effective for the Town to hire the additional staff required to resolve this problem. We believe that the Town has taken steps to offset this problem by approving certain transactions at Board meetings and requiring dual signatures on all checks. The Board has also taken the steps necessary to obtain accurate monthly financial reports, including detailed general ledgers and budget comparisons.

Corrective Action

The Town is continuing to implement alternate control procedures.

SECTION 3: FEDERAL AWARDS, FINDINGS, AND QUESTIONED COSTS

Not applicable



TOWN OF JONESVILLE

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Village - December 16, 1903 • Town - October 18, 1916

Mayor
Mike Wilson

Municipal Clerk
Robert L. Swayze

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Aldermen
Charles Branch
Stephen R. Mophett
Josie Bullitts
Loria Hollins
Tommy Branch

September 8, 2004

AUDITEE'S CORRECTIVE ACTION PLAN

Office of Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

The Town of Jonesville, Louisiana, has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2004, as reported by Silas Simmons, LLP, in its reports dated September 8, 2004:

REPORT ON COMPLIANCE AND INTERNAL CONTROL

Finding 99-1:

Inadequate segregation of duties among employees.

Corrective Action Plan:

Management is aware of the problem with segregation of duties and will continue to develop and implement control procedures to offset this inherent problem associated with being a small entity.

The management of the Town of Jonesville, Louisiana believes that the above corrective action plan will help resolve the findings contained with its audited financial statements for the fiscal year ended June 30, 2004. Should you have any questions or require additional information, please contact us. Thank you for your consideration in these matters.

Sincerely,

Town of Jonesville, Louisiana