
THE TOWN OF JONES CITY
(Including the Jones City Public Works Authority)

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT.....1

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS..... 3

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS 4

FUND FINANCIAL STATEMENTS

BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUND - MODIFIED CASH BASIS6

STATEMENT OF NET POSITION - PROPRIETARY FUND - MODIFIED CASH BASIS 7

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUND - MODIFIED CASH BASIS 8

STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS..... 9

NOTES AND OTHER INFORMATION

NOTES TO THE BASIC FINANCIAL STATEMENTS.....10

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*..... 19

SCHEDULE OF FINDINGS AND RESPONSES 21

BUDGETARY COMPARISON SCHEDULE 24

SCHEDULE OF STATE AWARDS 25

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Town of Jones City, Oklahoma

Report on Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jones City, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Town of Jones City, Oklahoma, as of June 30, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.


Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Town of Jones City's basic financial statements. The budgetary comparison schedule on page 24 and the schedule of state awards on page 25, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2020, on our consideration of the internal control over financial reporting of the Town of Jones City and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the Town of Jones City's internal control over financial reporting and compliance.



, C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
May 28, 2020

THE TOWN OF JONES CITY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total 2019
ASSETS			
Current Assets			
Cash and demand deposits	162,192	588,783	750,975
Restricted cash	167,444	57,925	225,369
Internal balances	(44,435)	44,435	0
Total current assets	285,201	691,143	976,344
Noncurrent Assets			
Depreciable property and equipment	4,304,940	4,170,178	8,475,118
Accumulated depreciation	(1,242,909)	(2,665,436)	(3,908,345)
Land	68,000	0	68,000
Construction in progress	340,997	36,597	377,594
Total noncurrent assets	3,471,028	1,541,339	5,012,367
TOTAL ASSETS	3,756,229	2,232,482	5,988,711
LIABILITIES			
Current Liabilities			
Accounts payable	0	74	74
Payroll withholding payable	8,567	0	8,567
Current portion of capital leases	99,564	0	99,564
Current portion of notes payable	0	42,000	42,000
Total current liabilities	108,131	42,074	150,205
Noncurrent Liabilities			
Meter deposits refundable	0	57,925	57,925
Capital leases, less current portion	247,445	0	247,445
Notes payable, less current portion	0	253,452	253,452
Total noncurrent liabilities	247,445	311,377	558,822
TOTAL LIABILITIES	355,576	353,451	709,027
NET POSITION			
Net investment in capital assets	3,124,019	1,541,339	4,665,358
Restricted for:			
Debt	72,601	0	72,601
Capital improvements	71,145	0	71,145
Capital outlay	1,685	0	1,685
Splash pad	18,639	0	18,639
Police equipment	3,374	0	3,374
Unrestricted	109,190	337,692	446,882
TOTAL NET POSITION	\$3,400,653	\$1,879,031	\$5,279,684

The accompanying notes are an integral part of these financial statements

**THE TOWN OF JONES CITY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total 2019
Governmental activities:							
General government	(282,788)	12,138	0	0	(270,650)	0	(270,650)
Code enforcement	(47,571)	29,169	0	0	(18,402)	0	(18,402)
Police department	(673,233)	177,851	20,720	0	(474,662)	0	(474,662)
Fire department*	(145,725)	3,728	7,686	0	(134,311)	0	(134,311)
Emergency management department	(7,674)	0	0	0	(7,674)	0	(7,674)
Library department	(28,005)	0	953	0	(27,052)	0	(27,052)
Park department**	(55,918)	800	25,292	0	(29,826)	0	(29,826)
Street department	(101,926)	3,903	40,503	0	(57,520)	0	(57,520)
Total governmental activities	(1,342,840)	227,589	95,154	0	(1,020,097)	0	(1,020,097)
Business-type activities:							
Sewer department	(305,968)	139,428	0	0	0	(166,540)	(166,540)
Trash department	(264,301)	365,261	0	0	0	100,960	100,960
Water department	(209,321)	169,698	0	0	0	(39,623)	(39,623)
Gas department	(337,820)	454,052	0	0	0	116,232	116,232
Total business-type activities	(1,117,410)	1,128,439	0	0	0	11,029	11,029
Total all activities	(2,460,250)	1,356,028	95,154	0	(1,020,097)	11,029	(1,009,068)
General revenues:							
Taxes:							
					804,969	0	804,969
					214,892	0	214,892
					70,519	0	70,519
					8,167	91,696	99,863
					1,331	1,698	3,029
					858	0	858
					(77,060)	77,060	0
					1,023,676	170,454	1,194,130
					3,579	181,483	185,062
					3,386,193	1,697,548	5,083,741
					10,881	0	10,881
					\$3,400,653	\$1,879,031	\$5,279,684

* Interest expense of \$2,873 is included in the police department

** Interest expense of \$6,705 is included in the fire department

*** Interest expense of \$3,046 is included in the park department

**** Interest expense of \$1,814 is included in each of the sewer, trash, water, and gas departments

**THE TOWN OF JONES CITY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>General Fund</u>
ASSETS	
Cash and demand deposits	162,192
Restricted cash	167,444
TOTAL ASSETS	<u><u>329,636</u></u>
LIABILITIES	
Payroll liabilities payable	8,567
Due to other funds	44,435
TOTAL LIABILITIES	<u>53,002</u>
FUND BALANCE	
Restricted for:	
Debt	72,601
Capital improvements	71,145
Capital outlay	1,685
Splash pad	18,639
Police equipment	3,374
Unassigned	109,190
TOTAL FUND BALANCE	<u>276,634</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$329,636</u></u>

Reconciliation of fund balance to net position of governmental activities:

Fund balance	276,634
Depreciable capital assets	4,304,940
Accumulated depreciation	(1,242,909)
Land	68,000
Construction in progress	340,997
Capital lease payable	(347,009)
Net position	<u><u>\$3,400,653</u></u>

**THE TOWN OF JONES CITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>
REVENUES	
Sales and use taxes	804,969
Sales taxes - restricted	214,892
Franchise taxes	70,519
Shared taxes	48,670
Fines and fees	169,912
Licenses, permits, inspections	22,228
Donations	50,651
Grants	4,000
Sales of capital assets	25,477
Other revenues	35,448
Interest	1,331
TOTAL REVENUES	<u>1,448,097</u>
EXPENDITURES	
General government department	273,740
Code enforcement department	40,050
Police department	631,334
Fire department	94,648
Emergency management department	7,674
Park department	33,149
Street department	76,416
Debt service	91,908
Capital outlay	279,834
TOTAL EXPENDITURES	<u>1,528,753</u>
REVENUES OVER (UNDER) EXPENDITURES	(80,656)
OTHER FINANCING SOURCES (USES)	
Loan proceeds	159,061
Transfers-in (out)	(77,060)
TOTAL OTHER FINANCING SOURCES (USES)	<u>82,001</u>
NET CHANGE IN FUND BALANCES	1,345
BEGINNING FUND BALANCE	264,408
Prior period adjustment	10,881
ENDING FUND BALANCE	<u><u>\$276,634</u></u>
Reconciliation of net change in fund balance to change in net position of governmental activities:	
Net change in fund balances - governmental funds	1,345
Capital asset purchases capitalized	279,834
Gain on sale of capital assets	858
Sale of capital assets	(25,477)
Depreciation expense	(173,204)
Loan proceeds	(159,061)
Principal payments on capital leases	79,284
Change in Net Position of Governmental Activities	<u><u>\$3,579</u></u>

The accompanying notes are an integral part of these financial statements

**THE TOWN OF JONES CITY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2019**

	<u>Jones City Public Works Authority</u>
ASSETS	
Current Assets	
Cash and demand deposits	588,783
Restricted cash	57,925
Due from other funds	<u>44,435</u>
Total current assets	691,143
Noncurrent Assets	
Depreciable property and equipment	4,170,178
Accumulated depreciation	(2,665,436)
Construction in progress	<u>36,597</u>
Total noncurrent assets	<u>1,541,339</u>
TOTAL ASSETS	<u>2,232,482</u>
LIABILITIES	
Current Liabilities	
Sales tax payable	74
Current portion of notes payable	<u>42,000</u>
Total current liabilities	42,074
Noncurrent Liabilities	
Meter deposits refundable	57,925
Notes payable, less current portion	<u>253,452</u>
Total noncurrent liabilities	<u>311,377</u>
TOTAL LIABILITIES	353,451
NET POSITION	
Net investment in capital assets	1,245,887
Unrestricted	<u>633,144</u>
TOTAL NET POSITION	<u>\$1,879,031</u>

**THE TOWN OF JONES CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Jones City Public Works Authority</u>
OPERATING REVENUES	
Sewer revenues	139,428
Trash revenues	365,261
Water revenues	169,698
Gas revenues	454,052
Late fees	22,233
Other income	<u>69,463</u>
TOTAL OPERATING REVENUES	1,220,135
OPERATING EXPENSES	
Administration	94,736
Sewer department	240,420
Storm water department	40,050
Trash department	238,803
Water department	183,823
Gas department	<u>312,321</u>
TOTAL OPERATING EXPENSES	1,110,153
OPERATING INCOME	109,982
NON-OPERATING REVENUES (EXPENSES)	
Interest income	1,698
Interest expense	<u>(7,257)</u>
NET NON-OPERATING REVENUES (EXPENSES)	(5,559)
INCOME BEFORE TRANSFERS	104,423
TRANSFERS	
Transfers-in (out)	<u>77,060</u>
CHANGE IN NET POSITION	181,483
BEGINNING NET POSITION	<u>1,697,548</u>
ENDING NET POSITION	<u><u>\$1,879,031</u></u>

The accompanying notes are an integral part of these financial statements

**THE TOWN OF JONES CITY
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Jones City Public Works Authority</u>
Cash flows from operations:	
Cash received from:	
Customers	1,220,135
Cash payments for:	
Goods and services	(697,493)
Employees	<u>(297,748)</u>
Net cash provided from operations	224,894
Cash flows from capital financing activities:	
Principal payments	(40,750)
Interest payments	(7,257)
Purchases of capital assets	(56,956)
Inter-fund transfers	<u>93,007</u>
Net cash from capital financing activities	(11,956)
Cash flows from non-capital financing activities:	
Interfund transfers	<u>(15,947)</u>
Net cash from non-capital financing activities	(15,947)
Cash flows from investing activities:	
Interest income	<u>1,698</u>
Net cash from investing activities	1,698
Net (decrease) in cash	<u>198,689</u>
Beginning cash	<u>390,094</u>
Ending cash	<u><u>\$588,783</u></u>
Reconciliation of income from operations	
to net cash from operations:	
Operating income	109,982
Adjustments to income from operations:	
Depreciation	139,637
Change in assets and liabilities:	
(Increase) decrease in due from other funds	(29,034)
Increase (decrease) in payables	510
Increase (decrease) in due to other funds	<u>3,799</u>
Net cash provided by operations	<u><u>\$224,894</u></u>

**The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019**

1. Summary of Significant Accounting Policies

1A. Introduction

The Town's financial statements are prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP in substance but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. Generally, that means that only items arising from cash transactions are recorded. Accounts receivable and accounts payable, for instance, are not recorded.

1B. Financial Reporting Entity

The Town of Jones City, Oklahoma, was incorporated January 4, 1909, under the laws of the State of Oklahoma. The Town of Jones City (Town) operates under the Statutory Town Board of Trustees form of government and provides the following major services: public safety, streets, public improvements, planning and zoning, and general administration. Sewer, trash, water, and gas utilities are provided by the Town's public works authority.

1B1. Blended Component Units

The Jones City Public Works Authority (JCPWA) was established to finance, establish, and operate utility services for the citizens of the Town. JCPWA is a legally separate entity from the Town and is governed by the same board of trustees that governs the Town. For financial reporting purposes, the JCPWA is reported as if it were part of the Town's operations. The JCPWA does not present separate financial statements.

1C. Basis of Presentation

1C1. Fund Accounting

The Town uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures/expenses. The Town's funds are organized into two categories: governmental and proprietary. Within these categories, funds are further defined as major or non-major. The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories as defined by GASB 34. The Town has one governmental fund and one business-type fund.

1C2. Basis of Accounting and Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Measurement focus is a term used to describe which transactions are recorded.

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019

1C2a. Modified Cash Basis of Accounting

The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP and is a modification of the pure cash basis of accounting. Professional standards define the cash basis of accounting *as a basis of accounting an entity uses to record cash receipts and disbursements, and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets.)* Although the modified cash basis of accounting is not separately defined by professional standards, the modifications to the cash basis have evolved over time through common practice, and generally result when cash receipts or disbursements provide a benefit or obligation covering multiple reporting periods, and the reporting of the cash transaction would be more meaningful to financial statement users if spread over those multiple periods.

For modifications to be considered to have substantial support, they should:

1. be made as a result of cash receipts or disbursements;
2. have substantial support in GAAP or other accounting literature; and
3. be logical.

1C3. Government-wide Financial Statements

The government-wide financial statements are highly aggregated financial statements that present financial information for all assets, deferred outflows, liabilities, deferred inflows, and net assets using the economic resources measurement focus within the limitations of the modified cash basis of accounting. This means that revenues are recorded when received and expenses, with the exception of capitalizing and depreciating capital assets, are recorded when paid. The government-wide financial statements required are the statement of net assets and the statement of activities. These financial statements are designed to help users assess the finances of a government in its entirety, including the year's operating results; determine whether the government's overall financial position improved or deteriorated; and evaluate whether the government's current-year revenues were sufficient to pay for current year services. They are also designed to help users assess the cost of providing services to its citizenry; determine how the government finances its programs; understand the extent to which the government has invested in capital assets; and make better comparisons between governments.

1C4. Governmental Fund Financial Statements

The general fund of the Town is a governmental fund. The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources. They are presented using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when they are received, and expenditures are recorded when paid. The financial statements required for governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balance. The governmental fund balance sheet does not present capital assets or long-term liabilities. Instead, the statement of revenues, expenditures and changes in fund balance reports the financial resource inflows and outflows arising from the disposition and acquisition of capital assets, the issuance and repayment of long-term debt, and maturation of non-debt long-term liabilities. Capital assets and long-term liabilities associated with and generally arising from activities reported in governmental funds are reported only in the government-wide financial statements.

1C5. Proprietary Fund Financial Statements

The utility fund of the Town is a proprietary fund. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting, the objectives of which involves the determination of operating income, changes in net position, net position, and cash flows. The

**The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019**

accounting principles applicable are those similar to businesses in the private sector. The Town maintains one proprietary fund, which is an enterprise fund. Enterprise funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues; has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or establishes fees and charges based on a pricing policy designed to recover similar costs.

1D. Cash and Cash Equivalents

Cash and cash equivalents for purposes of the statement of cash flows are defined as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1E. Deposits and Investments

The governing body has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and address the specific types of risk to which the government is exposed. However, it is the policy of the governing body to require deposits in excess of FDIC limits to be collateralized as required by Oklahoma Statutes.

Investments are accounted for in accordance with GASB-31, *Accounting and Financial Reporting for Certain Investments*, which states that investments held at year end with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

1F. Interfund Activity

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other Interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

1G. Capital Assets

Capital assets purchased or acquired with an original cost of \$3,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	15 to 40 years
Vehicles and equipment	5 to 25 years
Infrastructure	25 to 40 years

GASB-34 required the Town to report and depreciate new infrastructure assets effective with the 2004 year. Infrastructure assets include roads, sidewalks, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has been reported in the financial statements. Retroactive reporting is not required.

**The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019**

Since management did not maintain sufficient financial records to adequately support the valuation of capital assets prior to July 1, 2008, the cost of significant capital assets purchased or constructed prior to July 1, 2008, is estimated based on the recollection of past board members and current employees.

1H. Equity Classifications

In the government-wide statements, equity is classified as net position and reported in three components as follows:

1. Net investment in capital assets – Capital assets, net of accumulated depreciation, are reduced by the outstanding balances of any debt attributable to their acquisition, construction, or improvement.
2. Restricted – Net assets that have had constraints placed upon them either by external sources such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
3. Unrestricted – All other net assets that do not meet the definition of the previous two classifications.

In the fund financial statements, governmental fund equity is classified as fund balance and reported as needed in five components as follows:

1. Nonspendable – amounts not in a spendable form, or legally or contractually required to be maintained intact.
2. Restricted – constraints placed on fund balance are externally imposed by creditors, grantors, or other governments; or are imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the individual government's highest level of decision-making authority.
4. Assigned – constraints placed on fund balance are imposed by the government's intent that it be used for specific purposes but are neither restricted nor committed. An individual government must define and disclose how it expresses its intent for purposes of making assignments. For the Town, this intent is expressed by a vote of the board of trustees encumbering amounts for assigned purposes.
5. Unassigned – remaining fund balance in excess of all other classifications.

1I. Revenues and Expenditures

Program revenues in the government-wide statements include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. In proprietary funds, operating revenues and expenses result from providing the goods or services that are the funds principal ongoing operations. Revenues and expenses not meeting this definition are nonoperating revenues and expenses. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB-33. In applying GASB-33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019

transmitted before eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

1J. Use of Restricted Resources

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

2. Deposits and Investments

Custodial credit risk relates to deposits that are uninsured and uncollateralized; collateralized with securities held by a pledging financial institution or by its trust department or agent but not in the Town's name; or collateralized without a written or approved collateral agreement. The Town's policy is to comply with state law and secure its uninsured deposits with collateral. The State of Oklahoma allows municipalities to invest in the following: direct obligations of the U.S. Government, its agencies, or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; and county, municipal or school district direct debt.

At year end, the Town had deposits of \$820,904 that were collateralized with securities held by a pledging financial institution or by its trust department or agent but not in the Town's name.

3. Restricted Cash and Investments

Restricted taxes, as discussed in note 6, and restricted donations, are maintained in separate accounts of the general fund of the Town. Customer meter deposits are maintained in separate accounts of the JCPWA.

4. Capital Assets

Capital asset activity for the year just ended is summarized as follows:

	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Depreciation	Additions	Disposals	Ending Depreciation	Book Value
Governmental Activities									
Construction in progress	306,897	34,100	0	340,997	0	0	0	0	340,997
Land	68,000	0	0	68,000	0	0	0	0	68,000
Total non-depreciable	374,897	34,100	0	408,997	0	0	0	0	408,997
Buildings & bldg equipment	1,472,651	0	0	1,472,651	209,783	50,200	0	259,982	1,212,668
Equipment	1,450,586	222,255	(55,822)	1,617,019	687,023	89,476	(31,202)	745,296	871,723
Roads, bridges, sidewalks	1,191,791	23,479	0	1,215,270	204,102	33,528	0	237,630	977,640
Total depreciable	4,115,028	245,734	(55,822)	4,304,940	1,100,907	173,204	(31,202)	1,242,909	3,062,031
Total governmental	4,489,925	279,834	(55,822)	4,713,937	1,100,907	173,204	(31,202)	1,242,909	3,471,028
Business-type Activities									
Construction in progress	36,597	0	0	36,597	0	0	0	0	36,597
Total non-depreciable	36,597	0	0	36,597	0	0	0	0	36,597
Buildings & bldg equipment	80,167	0	0	80,167	63,959	3,329	0	67,288	12,879
Equipment	381,444	28,281	(28,545)	381,180	281,041	28,038	(28,545)	280,534	100,646
Utility systems	3,680,156	28,675	0	3,708,831	2,209,343	108,270	0	2,317,613	1,391,217
Total depreciable	4,141,767	56,956	(28,545)	4,170,178	2,554,344	139,637	(28,545)	2,665,436	1,504,742
Total business-type	4,178,364	56,956	(28,545)	4,206,775	2,554,344	139,637	(28,545)	2,665,436	1,541,339

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019

Depreciation (including amortization of equipment under capital leases) by department is as follows:

Governmental Activities		Business-type Activities	
General government	9,048	Sewer	73,765
Code enforcement	7,521	Water	48,760
Police department	39,025	Gas	17,112
Fire department	44,373		<u>139,637</u>
Library department	28,005		
Park department	19,722		
Street department	25,510		
	<u>173,204</u>		

	Gross	Accumulated	Net
Capital assets under	Amount	Amortization	Amount
capital leases			
Governmental	653,524	(92,245)	561,279

5. Long-term Debt

Outstanding debt at June 30, 2019, consists of the following:

Direct Borrowings - Capital Leases

Governmental	Interest Rate	Maturity Date	Amount Issued	Outstanding	Security
Tanker	3.720%	3/14/24	306,848	161,274	Tanker truck
Lights	4.022%	12/22/19	178,715	38,616	Ballfield lights
Police vehicles	4.469%	1/25/24	159,061	147,119	Police vehicles
			<u>\$644,624</u>	<u>\$347,009</u>	

Direct Borrowings - Note

Proprietary	Interest Rate	Maturity Date	Amount Issued	Outstanding	Security
Library building	Variable	3/10/28	\$484,624	\$295,452	Building and 1% sales tax
	2.25% until June 1, 2017, and then at a fixed rate equal to the then 5-Year CMT (Constant Maturity Treasury) rate plus 250 basis points with said rate to be reset on June 1, 2022 and June 1, 2027				

The Town's outstanding capital leases from direct borrowings related to governmental activities contain a provision that in the event funds are not appropriated for a subsequent fiscal year the lease will be terminated and the equipment will be returned.

The Town's outstanding note from direct borrowings related to business-type activities contains a provision that in the event of default, the 1% sales tax will be paid directly to the lender and the note becomes immediately due and payable.

**The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019**

Changes in long-term debt for the year ended June 30, 2019, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental activities:					
Notes from direct borrowings	\$267,232	\$159,061	(\$79,284)	\$347,009	\$99,564
Business-type activities:					
Notes from direct borrowings	\$336,202	\$0	(\$40,750)	\$295,452	\$42,000

Debt service requirements on long-term debt at June 30, 2019 are as follows:

Year Ending June 30:	Direct Borrowings		Direct Borrowings	
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	99,564	13,087	42,000	6,215
2021	63,516	8,965	42,000	5,270
2022	66,177	6,304	42,000	4,325
2022	68,951	3,530	42,000	3,380
2024	48,800	769	42,000	2,435
2025-2028	0	0	85,452	2,053
	\$347,009	\$32,655	\$295,452	\$23,676

6. Restricted Taxes

1 cent of the 4-cent sales tax of the town is restricted as follows: 60% for the payment of long-term debt; 20% for capital improvements of the Town and the JCPWA; and 20% for capital outlay for the Town and JCPWA.

7. Pension Plans

Defined Benefit Pension Plans

Oklahoma Firefighters Pension and Retirement System – Defined Benefit Pension Plan

Plan Description. The Town contributes to the Oklahoma Firefighters Pension and Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105, or by calling 1-800-525-7461.

Funding Policy. Volunteer firefighters are not required to contribute, but the Town is required to contribute \$60 per volunteer per year. The contribution requirements of the System are an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The Town's contribution to the System for the years ended June 30, 2019, 2018, and 2017 were \$2,310, \$4,320, and \$0 respectively. Required contributions

The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019

were not made in 2017 while the Town and the pension system updated and corrected the pension records. All contributions are now current.

Oklahoma Police Pension and Retirement System - Defined Benefit Pension Plan

Plan Description. The Town contributes to the Oklahoma Police Pension and Retirement System (OPPRS), a cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The OPPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The OPPRS is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105, or by calling 1-800-525-7461.

Funding Policy. Police are required to contribute 8% of eligible salary, while the Town is required to contribute 13%. The contribution requirement of OPPRS is an established rate determined by Oklahoma Statute and is not based on actuarial calculations. The Town and employee contributions to OPPRS for 2019, 2018 and 2017 were as follows: \$26,353, \$35,395, and \$31,259, and \$16,217, \$21,782, and \$19,236, equal to the required contributions for each year. Eligible payroll was \$202,718, \$272,269, and \$240,456.

Defined Contribution Pension Plan

The Town employees participate in the Oklahoma Municipal Retirement System as authorized by Town ordinance. Title 11, Oklahoma Statutes 1981, section 48-101 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the System to the respective employer entities. All full-time and part-time employees of the Town are eligible to participate in the System and full-time employees are fully vested after 10 years. Covered employees are required to contribute from 1% to 4% of their gross payroll which the Town must match. Employee contributions over 4% are optional and are not matched by the Town. The payroll for Town employees for the year was \$660,826. The payroll for Town employees covered by the Fund for the year was \$297,155. Actual Town and employee contributions for the year were \$9,058 each, equal to the required contributions for the year.

8. Inter-fund Transactions

	General	Utility	Net
Transfers	Fund	Fund	Transfers
Operating	15,947	(15,947)	0
Debt	(48,007)	48,007	0
Capital assets	(45,000)	45,000	0
	<u>(77,060)</u>	<u>77,060</u>	<u>0</u>

	General	Utility	Net
Loans	Fund	Fund	Interfund
Operating	(44,435)	44,435	0
	<u>(44,435)</u>	<u>44,435</u>	<u>0</u>

**The Town of Jones City
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019**

9. Budgets

The board of trustees adopts legally required annual operating budgets each year for each fund. The same generally accepted accounting principles basis of accounting used for fund financial reporting purposes is used for budgetary purposes. At the fund level, actual expenditures cannot exceed budgeted appropriations at the department level. Budgetary transfers between departments of the same fund are approved by the board when required. Supplemental appropriations, if needed, are approved by the board, and submitted to the state auditor's office as required by state statutes. All appropriations lapse at the end of the fiscal year. Encumbrance accounting is not used. Three budget amendments were approved during the year.

10. Risk Management

The Town is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. During the year just ended, no claims were made.

11. Subsequent Events

Management performed an evaluation of the Town's activity through May 28, 2020, the date the audit report was ready to be released and concluded there were no significant subsequent events requiring disclosure through that date.

12. Prior Period Adjustment

Payroll liability balances of \$10,881 from prior years which were recorded in error were corrected during fiscal year 2019.

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

To the Board of Trustees
The Town of Jones City, Oklahoma

We have audited 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, the modified cash basis financial statements of the governmental activities, the business-type activities, and each fund of the Town of Jones City, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Jones City, and have issued our report thereon, dated May 28, 2020.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies 2019-1, 2019-2, and 2019-3 described in the accompanying schedule of findings and responses to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies 2019-4 and 2019-5 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Town of Jones City 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2019-3.

The Town of Jones City's Response to Findings

The Town of Jones City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Jones City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



, C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
May 28, 2020

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

2019-1

Criteria: Segregation of duties or other compensating procedures to provide oversight and review between those maintaining the court records, performing reconciliations, and collecting payments should be established to make deliberate fraud more difficult to enact and make it more likely that innocent errors will be found and corrected.

Condition: The same employees maintain the court records, perform reconciliations, and collect payments, with no compensating procedures to provide for oversight or review of those transactions.

Cause: There is not sufficient segregation of duties between those maintaining the court records, performing reconciliations, or collecting payments, and no compensating procedures to provide for oversight or review of those transactions.

Effect: Because there is not sufficient segregation of duties between those maintaining the court records, performing reconciliations, or collecting payments, and no compensating procedures to provide for oversight or review of those transactions, discrepancies between the recording of police fines and fees and the collections relating to those fines and fees have been discovered.

Recommendation: We recommend that procedures be established to provide segregation of duties between those maintaining the court records, performing reconciliations, and collecting payments, or, where that is not possible, establish other compensating procedures to provide for oversight and review of those transactions.

Response: We have instituted an investigation of all of our court records, including tracing all tickets to court dockets, payment receipts and/or time payment agreements and to our ODIS software for the last 3 years. Once that investigation is completed, we will determine what policies and procedures we need to institute to prevent future defalcations and discrepancies.

2019-2

Criteria: Segregation of duties or other compensating procedures to provide oversight and review between those maintaining the general ledger and billing systems, performing reconciliations, and collecting payments should be established to make deliberate fraud more difficult to enact and make it more likely that innocent errors will be found and corrected.

Condition: The same employees maintain the general ledger, billing systems, perform reconciliations, and collect payments, with no compensating procedures to provide for oversight or review of those transactions.

Cause: There is not sufficient segregation of duties between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments, and no compensating procedures to provide for oversight or review of those transactions.

Effect: Because there is not sufficient segregation of duties between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments, and no compensating procedures to provide for oversight or review of those transactions, posting or other errors are occurring and not being found and corrected on a timely basis.

Recommendation: We recommend that procedures be established to provide segregation of duties between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments, or, where that is not possible, establish other compensating procedures to provide for oversight or review of those transactions.

Response: Since we are a small town, we will never be able to have sufficient segregation of duties. However, we are working on allocating office tasks to various personnel in order to develop better reconciling and oversight procedures for our accounting records.

2019-3

Criteria: Procedures should be established to ensure that the general ledger is reviewed at least monthly for posting errors and inappropriate account balances so that any errors or inappropriate account balances are corrected on a timely basis.

Condition: The general ledger is not being reviewed at least monthly for posting errors and inappropriate account balances.

Cause: There are no established procedures to ensure that the general ledger is reviewed at least monthly for posting errors and inappropriate account balances.

Effect: Because there are no established procedures to ensure that the general ledger is reviewed at least monthly for posting errors and inappropriate account balances, the general ledger contains posting errors and inappropriate account balances, causing the board financial statements to be misstated and town departments to be out of compliance with adopted budgets once the corrections are made.

Recommendation: We recommend that procedures be established to make sure the general ledger is reviewed at least monthly for posting errors and inappropriate account balances.

Response: We will establish procedures to ensure that the general ledger is reviewed at least monthly for posting errors and inappropriate account balances.

2019-4

Criteria: Procedures should be established to insure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of capital assets are adequately maintained; and that capital assets are reconciled to the general ledger and to insurance policies at least annually.

Condition: Capital assets are not being correctly recorded in the general ledger; subsidiary schedules of capital assets are not being adequately maintained; and capital assets are not being reconciled to the general ledger or to insurance policies at least annually.

Cause: There are no established procedures to ensure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of capital assets are adequately maintained; or that capital assets are reconciled to the general ledger and to insurance policies at least annually.

Effect: Because there are no established procedures to ensure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of capital assets are adequately maintained; or that capital assets are reconciled to the general ledger and insurance policies at least annually, errors in either the general ledger, subsidiary schedules, or insurance policies may exist and not be corrected on a timely basis.

Recommendation: We recommend that procedures be established to make sure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of capital

assets are adequately maintained; and that capital assets are reconciled to the general ledger and to insurance policies at least annually.

Response: We will establish procedures to ensure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of capital assets are adequately maintained; and that capital assets are reconciled to the general ledger and to insurance policies at least annually.

2019-5

Criteria: Policies and procedures should be established to ensure that grants are adequately administered; that grant records are adequately maintained; and that grant revenues and expenditures are correctly recorded in the general ledger.

Condition: Grants are not being adequately administered; grant records are not being adequately maintained; and grant revenues and expenditures are not being correctly recorded in the general ledger.

Cause: There are no established policies or procedures to ensure that grants are adequately administered; that grant records are adequately maintained; or that grant revenues and expenditures are correctly recorded in the general ledger.

Effect: Because there are no established policies or procedures to ensure that grants are adequately administered, grant revenues and expenditures are not being correctly recorded in the general ledger and grant records are not organized in a consistent and clear manner.

Recommendation: We recommend that policies and procedures be established to ensure that grants are adequately administered; grant records are adequately maintained; and grant revenues and expenditures are correctly recorded in the general ledger.

Response: We will establish policies and procedures to ensure that grants are adequately administered; grant records are adequately maintained; and that grant revenues and expenditures are correctly recorded in the general ledger.

These are repeat findings.

**THE TOWN OF JONES CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and use taxes	684,495	783,925	804,969	21,044
Sales taxes - restricted	194,524	213,367	214,892	1,525
Franchise taxes	81,961	77,642	70,519	(7,123)
Shared taxes	21,996	5,239	48,670	43,431
Fines and fees	158,014	179,285	169,912	(9,373)
Licenses, permits, inspections	25,160	24,636	22,228	(2,408)
Donations	0	0	50,651	50,651
Grants	0	2,000	4,000	2,000
Sales of capital assets	0	0	25,477	25,477
Other revenues	28,268	65,688	35,448	(30,240)
Interest	985	1,323	1,331	8
TOTAL REVENUES	1,195,403	1,353,105	1,448,097	94,992
EXPENDITURES				
General government department	223,591	307,707	273,740	33,967
Code enforcement department	29,367	29,909	40,050	(10,141)
Police department	518,905	676,583	631,334	45,249
Fire department	68,647	68,206	94,648	(26,442)
Emergency management department	7,500	14,800	7,674	7,126
Park department	26,232	28,531	33,149	(4,618)
Street department	59,499	62,465	76,416	(13,951)
Debt service	125,093	140,170	91,908	48,262
Capital outlay	0	248,584	279,834	(31,250)
TOTAL EXPENDITURES	1,058,834	1,576,955	1,528,753	48,202
REVENUES OVER (UNDER) EXPENDITURES	136,569	(223,850)	(80,656)	143,194
OTHER FINANCING SOURCES				
Loan proceeds	0	159,061	159,061	0
Transfers-in (out)	0	64,789	(77,060)	(141,849)
NET OTHER FINANCING SOURCES (USES)	0	223,850	82,001	(141,849)
NET CHANGE IN FUND BALANCE	136,569	0	1,345	1,345
BEGINNING FUND BALANCE	264,408	264,408	264,408	0
Prior period adjustment	10,881	10,881	10,881	0
ENDING FUND BALANCE	\$411,858	\$275,289	\$276,634	\$1,345

Notes to the budgetary comparison schedule:

1. The budget is prepared on the modified cash basis.
2. Three budget amendments were adopted during the year.

THE TOWN OF JONES CITY
SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019
 (Modified Cash Basis)

<i>STATE GRANTOR/ PASS-THROUGH GRANTOR</i>	GRANTOR'S	RECEIPTS
PROGRAM TITLE	NUMBER	
Oklahoma Department of Agriculture N/A		
Rural Fire Protection		4,000
TOTAL STATE AWARDS		<u>\$4,000</u>