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August 24, 2018

Mr. Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
[ereports@lla.la.gov](mailto:ereports@lla.la.gov)

Re: Town of Jonesboro – Report FYE June 30, 2017

Mr. Purpera:

We are resubmitting the Town of Jonesboro's financial statements as of and for the year ended June 30, 2017.

Management's Corrective Action Plan was omitted from the original document. The corrective action plan has been added as pages 110-117.

Please let us know if you have any questions or require additional information.

Respectfully,

BOSCH & STATHAM, LLC

*Melissa E. Bosch*

Melissa E. Bosch, CPA

Enclosure

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 AUG 29 2018

REISSUE

TOWN OF JONESBORO  
JONESBORO, LOUISIANA

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FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2017

Town of Jonesboro  
Annual Financial Statements  
with Independent Auditor's Report

As of and for the year ended June 30, 2017  
with Supplemental Information Schedules

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Annual Financial Statements  
with Independent Auditor's Report

As of and for the year ended June 30, 2017  
with Supplemental Information Schedules

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Aldermen  
Town of Jonesboro, Louisiana

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jonesboro, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for The Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on conducting the engagement 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. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### *Basis for Disclaimer of Opinion*

Due to the nature and quantity of our audit findings, we were not able to accept written representations from management as required by generally accepted auditing standards.

### *Disclaimer of Opinion*

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

**TOWN OF JONESBORO**  
JONESBORO, LOUISIANA

Independent Auditor's Report – 2017

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the information listed below to supplement the basic financial statements.

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedules of Employer's Share of Net Pension Liability
- Schedules of Employer Contributions to Retirement Systems

Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the required supplementary information referred to above.

*Other Information*

We were engaged for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jonesboro's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the required supplementary information referred to above.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2018, on our consideration of the Town of Jonesboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an engagement in accordance with *Government Auditing Standards* in considering the Town of Jonesboro's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC

*Bosch & Statham*

Ruston, Louisiana  
May 14, 2018

Town of Jonesboro  
Jonesboro, Louisiana

Management's Discussion and Analysis  
As of and for the year ended June 30, 2017

As Management of the Town of Jonesboro, we offer readers of the Town of Jonesboro's financial statements this narrative overview and analysis of the financial activities of the Town of Jonesboro as of and for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Town of Jonesboro's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad view of the Town of Jonesboro's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town of Jonesboro assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Jonesboro is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. Such information may be useful in evaluating a government's near-term financing requirements.

Town of Jonesboro  
Jonesboro, Louisiana

Management's Discussion and Analysis  
As of and for the year ended June 30, 2017

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Jonesboro maintains four individual governmental funds. Information as of and for the year ended June 30, 2017, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Fire Ad Valorem Tax Fund, the Streets Ad Valorem Tax Fund, and the Street Sales Tax Funds, which are considered to be major funds.

The Town of Jonesboro adopts an annual appropriated budget for the General Fund and the special revenue funds. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 11-15 of this report.

Proprietary funds. The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses its enterprise funds to account for its sewer and water and solid waste operations.

Proprietary funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the Town.

The proprietary fund financial statements can be found on pages 16-18 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-50 of this report.

Supplemental information. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the Town of Jonesboro's compliance with budgets for its major funds. Also, other supplemental information schedules are included in the report.

#### **FINANCIAL HIGHLIGHTS**

-The assets of the Town exceeded its liabilities at June 30, 2017 by \$7,044,935.

-The Town's net position decreased by \$4,984. The net position of the governmental activities increased by \$31,485, and the net position of the business-type activities decreased by \$36,469.

-At June 30, 2017, the Town's governmental funds reported total ending fund balances of \$923,080, an increase of \$43,542, from June 30, 2016. An amount of \$186,503 is available for spending at the Town's discretion (unassigned fund balance), and \$733,975 is restricted to special revenue funds.

Town of Jonesboro  
Jonesboro, Louisiana

Management's Discussion and Analysis  
As of and for the year ended June 30, 2017

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Summary of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Cash and equivalents	\$ 557,723	\$ 549,272	\$ 21,905	\$ 37,527	\$ 579,628	\$ 586,799
Investments	264,793	264,793	-	-	264,793	264,793
Accounts receivable	185,733	174,639	116,359	84,547	302,092	259,186
Inventory	2,602	3,478	30,361	28,562	32,963	32,040
Cash and equivalents - restricted	-	-	602,435	561,058	602,435	561,058
Investments - restricted	-	-	34,340	34,340	34,340	34,340
Capital assets (net of accumulated depreciation)	1,876,853	1,977,044	7,191,660	7,462,653	9,068,513	9,439,697
<b>Total Assets</b>	<b>\$ 2,887,704</b>	<b>\$ 2,969,226</b>	<b>\$ 7,997,060</b>	<b>\$ 8,208,687</b>	<b>\$10,884,764</b>	<b>\$11,177,913</b>
<b>Deferred Outflows of Resources</b>						
Pension	\$ 728,600	\$ 389,373	\$ 177,583	\$ 54,477	\$ 906,183	\$ 443,850
<b>Total Deferred Outflows of Resources</b>	<b>\$ 728,600</b>	<b>\$ 389,373</b>	<b>\$ 177,583</b>	<b>\$ 54,477</b>	<b>\$ 906,183</b>	<b>\$ 443,850</b>
<b>Liabilities</b>						
Accounts payable	\$ 51,561	\$ 65,583	\$ 60,873	\$ 35,013	\$ 112,434	\$ 100,596
Cash overdraft	2,374	18,799	15,507	2,189	17,881	20,988
Payroll liabilities	33,836	28,262	-	-	33,836	28,262
Customer meter deposits	-	-	166,153	151,911	166,153	151,911
Current portion of long-term liabilities	-	-	122,707	117,290	122,707	117,290
Long-term liabilities	1,749,596	1,328,074	2,464,901	2,507,245	4,214,497	3,835,319
<b>Total Liabilities</b>	<b>\$ 1,837,367</b>	<b>\$ 1,440,718</b>	<b>\$ 2,830,141</b>	<b>\$ 2,813,648</b>	<b>\$ 4,667,508</b>	<b>\$ 4,254,366</b>
<b>Deferred Inflows of Resources</b>						
Pension	\$ 54,446	\$ 224,872	\$ 24,057	\$ 92,605	\$ 78,503	\$ 317,477
<b>Total Deferred Inflows of Resources</b>	<b>\$ 54,446</b>	<b>\$ 224,872</b>	<b>\$ 24,057</b>	<b>\$ 92,605</b>	<b>\$ 78,503</b>	<b>\$ 317,477</b>
<b>Net Position</b>						
Net investment in capital assets	\$ 1,876,853	\$ 1,977,044	\$ 4,989,294	\$ 5,144,301	\$ 6,866,147	\$ 7,121,345
Restricted	731,601	757,961	166,153	151,911	897,754	909,872
Unrestricted	(883,963)	(1,041,997)	164,997	60,700	(718,966)	(981,297)
<b>Total Net Position</b>	<b>\$ 1,724,491</b>	<b>\$ 1,693,008</b>	<b>\$ 5,320,444</b>	<b>\$ 5,356,912</b>	<b>\$ 7,044,935</b>	<b>\$ 7,049,920</b>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Town of Jonesboro exceeded liabilities by \$7,044,935. A significant portion (97%) of the Town of Jonesboro's net position reflects its investments in capital assets (e.g., land, building and improvements, and equipment, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

Town of Jonesboro  
Jonesboro, Louisiana

Management's Discussion and Analysis  
As of and for the year ended June 30, 2017

**Summary of Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Charges for services	\$ 295,709	\$ 304,708	\$ 866,736	\$ 754,321	\$ 1,162,445	\$ 1,059,029
Taxes:						
Ad valorem tax	338,932	326,242	-	-	338,932	326,242
Franchise tax	139,573	149,414	-	-	139,573	149,414
Sales tax	1,725,240	1,768,558	-	-	1,725,240	1,768,558
Other tax	(2,239)	7,429	-	-	(2,239)	7,429
Licenses and permits	50,128	31,492	-	-	50,128	31,492
Capital grant	-	45,192	-	116,410	-	161,602
Operating grant	22,056	4,680	69,896	233,518	91,952	238,198
Intergovernmental	34,000	60,804	-	-	34,000	60,804
Fines, forfeitures, and court costs	60,013	28,416	-	-	60,013	28,416
Rent, royalty, and commission	(14,937)	4,349	-	-	(14,937)	4,349
Interest earnings	46	571	-	-	46	571
Miscellaneous	154,863	10,199	51,784	106,546	206,647	116,745
<b>Total revenues</b>	<u>2,803,384</u>	<u>2,742,054</u>	<u>988,416</u>	<u>1,210,795</u>	<u>3,791,800</u>	<u>3,952,849</u>
<b>Expenses</b>						
Current:						
General government	652,999	453,279	-	-	652,999	453,279
Public safety						
Police	455,779	384,282	-	-	455,779	384,282
Fire	464,139	392,917	-	-	464,139	392,917
Highways and streets	906,667	817,844	-	-	906,667	817,844
Sanitation	191,223	191,008	-	-	191,223	191,008
Water and sewer	-	-	1,177,939	1,437,188	1,177,939	1,437,188
<b>Total expenses</b>	<u>2,670,807</u>	<u>2,239,330</u>	<u>1,177,939</u>	<u>1,437,188</u>	<u>3,848,746</u>	<u>3,676,518</u>
<b>Excess (deficiency) of revenues over (under) expenses</b>	<u>132,577</u>	<u>502,724</u>	<u>(189,523)</u>	<u>(226,393)</u>	<u>(56,946)</u>	<u>276,331</u>
<b>Other financing sources (uses)</b>						
Proceeds from the sale of fixed assets	51,962	-	-	-	51,962	-
Operating transfers	(153,054)	(337,723)	153,054	337,723	-	-
<b>Total other financing sources (uses)</b>	<u>(101,092)</u>	<u>(337,723)</u>	<u>153,054</u>	<u>337,723</u>	<u>51,962</u>	<u>-</u>
<b>Change in net position</b>	<u>31,485</u>	<u>165,001</u>	<u>(36,469)</u>	<u>111,330</u>	<u>(4,984)</u>	<u>276,331</u>
<b>Net position - June 30, 2016</b>	<u>1,693,008</u>	<u>1,528,009</u>	<u>5,356,912</u>	<u>5,245,582</u>	<u>7,049,920</u>	<u>6,773,591</u>
<b>Net position - June 30, 2017</b>	<u>\$ 1,724,493</u>	<u>\$ 1,693,010</u>	<u>\$ 5,320,443</u>	<u>\$ 5,356,912</u>	<u>\$ 7,044,936</u>	<u>\$ 7,049,922</u>

Governmental activities. The most significant revenues of the governmental activities are sales taxes (62%), ad valorem taxes (12%), and general charges for services (11%).

Town of Jonesboro  
Jonesboro, Louisiana

Management's Discussion and Analysis  
As of and for the year ended June 30, 2017

Highways and streets are the most significant (34%) of all governmental activities expenses, followed by general government expenses (24%). Depreciation expense is included in these amounts.

Governmental activities revenues increased by \$61,330 in the current year as compared to the prior year. The increase was primarily attributable to an increase in fines, forfeitures, and court costs and miscellaneous income, offset by a decrease in all sales tax revenues, intergovernment revenues, and rent, royalty, and commission income.

Governmental activities expenses increased by \$431,477 in the current year as compared to the prior year. The increase was primarily attributable to an increase in all governmental activities expenses.

Business-type activities. The business-type activities net position decreased by \$36,469. The business-type expenses exceeded the business-type revenues by \$189,523.

#### **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental funds. As of June 30, 2017, the combined governmental fund balances of \$923,080 reflects an increase of \$43,542 from June 30, 2016. The General Fund balance is unassigned, which is considered available for appropriation. The special revenue fund balances are restricted and are to be used for only those purposes.

The increases in the revenues and expenses of the governmental funds were described in the above Government-Wide Financial Analysis section.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Utility Fund's net position decreased by \$36,469 in the current year.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund final actual revenues exceeded budgeted revenue by \$199,304. General Fund actual expenditures were less than budgeted expenditures by \$106,789.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital assets. As of June 30, 2017, the Town of Jonesboro's investment in capital assets for its governmental activities totals \$1,876,853 (net of accumulated depreciation), and its investment in capital assets for its business-type activities totals \$7,191,660 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture, and equipment. During the year ended June 30, 2017, the Town purchased assets totaling \$72,508.

Debt administration. At year ended June 30, 2017, the Town had \$4,337,204 of long-term debt. The long-term debt consists of net pension liability (\$2,134,838), bonds payable (\$2,109,354), and capital leases (\$93,012).

Town of Jonesboro  
Jonesboro, Louisiana

Management's Discussion and Analysis  
As of and for the year ended June 30, 2017

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The fiscal year 2017-2018 governmental funds budget is forecast to provide \$2,912,612 in estimated surplus and revenues to fund costs of \$2,884,195 thereby providing a year-end expected fund balance of \$28,417.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Jonesboro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Kenisha Raybon, Town Clerk, Post Office Box 610, Jonesboro, Louisiana 71251.

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Net Position  
As of June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and equivalents	\$ 557,723	\$ 21,905	\$ 579,628
Investments	264,793	34,340	299,133
Accounts receivable	185,733	116,359	302,092
Inventory	2,602	30,361	32,963
Cash and equivalents - restricted	-	602,435	602,435
Capital assets (net of accumulated depreciation)	1,876,853	7,191,660	9,068,513
<b>Total Assets</b>	<b>2,887,704</b>	<b>7,997,060</b>	<b>10,884,764</b>
<b>Deferred Outflows of Resources</b>			
Pension	728,600	177,583	906,183
<b>Total Deferred Outflows of Resources</b>	<b>728,600</b>	<b>177,583</b>	<b>906,183</b>
<b>Liabilities</b>			
Accounts payable	51,561	60,873	112,434
Cash overdraft	2,374	15,507	17,881
Payroll liabilities	33,836	-	33,836
Customer meter deposits	-	166,153	166,153
Current portion of long-term liabilities	-	122,707	122,707
Noncurrent portion of long-term liabilities	1,749,596	2,464,901	4,214,497
<b>Total Liabilities</b>	<b>1,837,367</b>	<b>2,830,141</b>	<b>4,667,508</b>
<b>Deferred Inflows of Resources</b>			
Pension	54,446	24,057	78,503
<b>Total Deferred Inflows of Resources</b>	<b>54,446</b>	<b>24,057</b>	<b>78,503</b>
<b>Net Position</b>			
Net investment in capital assets	1,876,853	4,989,294	6,866,147
Restricted	731,601	166,153	897,754
Unrestricted	(883,963)	164,997	(718,966)
<b>Total Net Position</b>	<b>\$ 1,724,491</b>	<b>\$ 5,320,444</b>	<b>\$ 7,044,935</b>

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Activities  
For the Year Ended June 30, 2017

Expenses	Major Funds			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>						
Primary government						
Governmental activities						
General government	\$ 652,999	\$ 295,709	\$ 22,056	\$ -	\$ -	\$ (335,234)
Fire	464,139	-	-	-	-	(464,139)
Police	455,779	60,013	-	-	-	(395,766)
Sanitation	191,223	-	-	-	-	(191,223)
Highways and streets	906,667	-	-	-	-	(906,667)
Total governmental activities	<u>2,670,807</u>	<u>355,722</u>	<u>22,056</u>	<u>(2,293,029)</u>	<u>-</u>	<u>(2,293,029)</u>
Business-type activities						
Water and sewer	<u>1,177,939</u>	<u>866,736</u>	<u>69,896</u>	<u>-</u>	<u>(241,307)</u>	<u>(241,307)</u>
Total primary government	<u>\$ 3,848,746</u>	<u>\$ 1,222,458</u>	<u>\$ 91,952</u>	<u>-</u>	<u>(241,307)</u>	<u>(2,534,336)</u>
<u>General Revenues</u>						
Taxes:						
Property taxes, levied for general purposes				338,932	-	338,932
Sales taxes				1,725,240	-	1,725,240
Franchise taxes				139,573	-	139,573
Other taxes				(2,239)	-	(2,239)
Licenses				50,128	-	50,128
Intergovernmental				34,000	-	34,000
Investment earnings				46	-	46
Rental income				(14,937)	-	(14,937)
Other revenue				154,863	51,784	206,647
Gain (loss) on sale of fixed assets				51,962	-	51,962
Operating transfers				(153,054)	153,054	-
Total general revenues and transfers				<u>2,324,514</u>	<u>204,838</u>	<u>2,529,352</u>
Change in net position				31,485	(36,469)	(4,984)
Net position - June 30, 2016			10	<u>1,693,008</u>	<u>5,356,912</u>	<u>7,049,920</u>
Net position - June 30, 2017				<u>\$ 1,724,493</u>	<u>\$ 5,320,443</u>	<u>\$ 7,044,936</u>

The accompanying notes are an integral part of these financial statements.

Town of Jonesboro  
Jonesboro, Louisiana

Balance Sheet - Governmental Funds  
As of June 30, 2017

	Special Revenue Funds			Total	
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax		Street Sales Tax
<b>Assets</b>					
Cash and equivalents	\$ 161,637	\$ -	\$ 20,040	\$ 376,046	\$ 557,723
Investments	-	-	-	264,793	264,793
Accounts receivable	112,637	-	-	73,096	185,733
Inventory	2,602	-	-	-	2,602
<b>Total Assets</b>	<u>276,876</u>	<u>-</u>	<u>20,040</u>	<u>713,935</u>	<u>1,010,851</u>
<b>Liabilities &amp; Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 51,561	\$ -	\$ -	\$ -	\$ 51,561
Cash overdraft	-	2,374	-	-	2,374
Payroll liabilities	33,836	-	-	-	33,836
<b>Total Liabilities</b>	<u>85,397</u>	<u>2,374</u>	<u>-</u>	<u>-</u>	<u>87,771</u>
Fund balances:					
Nonspendable, reported in:					
Special revenue fund	2,602	-	-	-	2,602
Restricted, reported in:					
Special revenue fund	-	-	20,040	713,935	733,975
Unassigned, reported in:					
General revenue fund	188,877	(2,374)	-	-	186,503
<b>Total Fund Balances</b>	<u>191,479</u>	<u>(2,374)</u>	<u>20,040</u>	<u>713,935</u>	<u>923,080</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 276,876</u>	<u>\$ -</u>	<u>\$ 20,040</u>	<u>\$ 713,935</u>	<u>\$ 1,010,851</u>

Town of Jonesboro  
Jonesboro, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
As of June 30, 2017

Total Fund Balances at June 30, 2017 - Governmental Funds (Statement C)	\$	923,080
Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		1,876,853
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability		(1,749,596)
Deferred outflows of resources		728,600
Deferred inflows of resources		(54,446)
		(54,446)
Net Position at June 30, 2017	\$	1,724,491

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the Year Ended June 30, 2017

	Special Revenue Funds			Total	
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax		Street Sales Tax
<b>Revenues</b>					
Taxes:					
Ad valorem tax	\$ 143,326	\$ 97,801	\$ 97,804	\$ -	338,931
Franchise tax	139,573	-	-	-	139,573
Sales tax	862,620	-	-	862,620	1,725,240
Other tax	(2,239)	-	-	-	(2,239)
Licenses and permits	50,128	-	-	-	50,128
Operating grant	22,056	-	-	-	22,056
Intergovernmental	34,000	-	-	-	34,000
Fines, forfeitures, and court costs	60,013	-	-	-	60,013
Rent, royalty, and commission	(14,937)	-	-	-	(14,937)
Charges for services	295,709	-	-	-	295,709
Miscellaneous	111,630	1,400	1,890	-	114,920
<b>Total revenues</b>	<b>1,701,879</b>	<b>99,201</b>	<b>99,694</b>	<b>862,620</b>	<b>2,763,394</b>
<b>Expenditures</b>					
Current:					
General government	716,641	-	-	-	716,641
Public safety					
Police	455,779	-	-	-	455,779
Fire	328,823	-	-	-	328,823
Streets	865,743	-	-	-	865,743
Sanitation	191,223	-	-	-	191,223
Capital outlay	60,597	-	-	-	60,597
<b>Total expenditures</b>	<b>2,618,806</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,618,806</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(916,927)</b>	<b>99,201</b>	<b>99,694</b>	<b>862,620</b>	<b>144,588</b>

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the Year Ended June 30, 2017

	Special Revenue Funds			Total	
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax		Street Sales Tax
<b>Other financing sources (uses)</b>					
Interest earnings	46	-	-	-	46
Proceeds from the sale of fixed assets	51,962	-	-	-	51,962
Operating transfers	934,822	(108,851)	(42,468)	(936,557)	(153,054)
<b>Total other financing sources (uses)</b>	<u>986,830</u>	<u>(108,851)</u>	<u>(42,468)</u>	<u>(936,557)</u>	<u>(101,046)</u>
<b>Net changes in fund balances</b>	69,903	(9,650)	57,226	(73,937)	43,542
<b>Fund balances - June 30, 2016</b>	<u>121,577</u>	<u>7,276</u>	<u>(37,187)</u>	<u>787,872</u>	<u>879,538</u>
<b>Fund balances - June 30, 2017</b>	<u>\$ 191,480</u>	<u>\$ (2,374)</u>	<u>\$ 20,039</u>	<u>\$ 713,935</u>	<u>\$ 923,080</u>

Town of Jonesboro  
Jonesboro, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Funds Balances to the Statement of Activities  
For the Year Ended June 30, 2017

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	43,542
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation		(163,699)
Capital outlay		60,597
Net pension liability decrease (increase)		91,044
Change in net position of governmental activities (Statement B)	\$	31,484

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Net Position - Proprietary Fund  
As of June 30, 2017

	Proprietary Fund - Enterprise Funds
	Utility Fund
<b>Assets</b>	
Current Assets:	
Cash and equivalents	\$ 21,905
Accounts receivable	116,359
Inventory	30,361
Total Current Assets	<u>168,625</u>
Noncurrent Assets:	
Cash and equivalents - restricted	602,435
Investments - restricted	34,340
Capital assets (net of accumulated depreciation)	7,191,660
Total Noncurrent Assets	<u>7,828,435</u>
<b>Total Assets</b>	<u>7,997,060</u>
<b>Deferred Outflows of Resources</b>	
Pension	177,583
<b>Total Deferred Outflows of Resources</b>	<u>177,583</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	60,873
Cash overdraft	15,507
Current portion of long-term liabilities	122,707
Total Current Liabilities	<u>199,087</u>
Current liabilities payable from restricted assets:	
Customer meter deposits	166,153
Long-Term Liabilities:	
Long-term liabilities	2,464,901
<b>Total Liabilities</b>	<u>2,830,141</u>
<b>Deferred Inflows of Resources</b>	
Pension	24,057
<b>Total Deferred Inflows of Resources</b>	<u>24,057</u>
<b>Net Position</b>	
Net investment in capital assets	4,989,294
Restricted	166,153
Unrestricted	164,997
<b>Total Net Position</b>	<u>\$ 5,320,444</u>

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund  
For the Year Ended June 30, 2017

	Proprietary Fund - Enterprise Funds
	Utility Fund
<b>Operating Revenues</b>	
Charges for services	\$ 866,736
Miscellaneous income	46,089
Total operating revenues	<u>912,825</u>
<b>Operating Expenses</b>	
Personnel services	232,777
Supplies	82,509
Utilities	139,471
Repairs and maintenance	263,087
Contractual services	31,325
Miscellaneous	148,777
Depreciation	279,993
Total operating expenses	<u>1,177,939</u>
<b>Operating Income (Loss)</b>	(265,114)
<b>Non-operating Revenues (Expenses)</b>	
Grant income	69,896
Miscellaneous revenue	5,695
Total non-operating revenues (expenses)	75,591
<b>Income (loss) before transfers</b>	<u>(189,523)</u>
<b>Transfers</b>	153,054
Total transfers	153,054
<b>Change in net position</b>	(36,469)
<b>Total Net Position - June 30, 2016</b>	<u>5,356,912</u>
<b>Total Net Position - June 30, 2017</b>	<u>\$ 5,320,443</u>

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Cash Flows - Proprietary Fund  
For the Year Ended June 30, 2017

	Proprietary Fund - Enterprise Funds
	Utility Fund
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 900,267
Cash payments to suppliers for goods and services	(651,813)
Cash payments to employees for services	(339,677)
Net cash provided by (used for) operating activities	<u>(91,223)</u>
<b>Cash flows from non-capital financing</b>	
Transfers from other funds	153,054
Other expense	(102,667)
Net cash provided by (used for) non-capital financing activities	<u>50,387</u>
<b>Cash flows from capital and related financing activities</b>	
Capital grant	69,896
Acquisition of capital assets	(9,000)
Other revenue	5,695
Net cash provided by (used for) capital and related financing activities	<u>66,591</u>
<b>Cash flows from investing activities</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	25,755
<b>Cash and cash equivalents - June 30, 2016</b>	<u>598,585</u>
<b>Cash and cash equivalents - June 30, 2017</b>	<u>\$ 624,340</u>
<b>Reconciliation of operating income to net provided by operating activities</b>	
Operating income	\$ (265,114)
Adjustments	
Depreciation	279,993
Net changes in assets and liabilities	
Accounts receivable	(31,812)
Inventory	(1,799)
Customers' security deposits	14,243
Accounts payable	25,860
Current increase (decrease) in pension liability	(112,594)
Net cash provided for (used for) operating activities	<u>\$ (91,223)</u>

Town of Jonesboro  
Jonesboro, Louisiana

Notes to the Financial Statements  
As of and for the year ended June 30, 2017

**INTRODUCTION**

The Town of Jonesboro, Louisiana (Town), was incorporated as a village on September 4, 1901, and as a town on May 14, 1903, under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government with five aldermen. Aldermen are elected for four year terms and compensated as shown in this report. The Town of Jonesboro serves 4,680 citizens; services provided include police protection, fire protection, sanitation services, street maintenance, and various administration functions. The Town of Jonesboro also operates a water distribution system and sewer system. The Town of Jonesboro employs approximately fifty people to serve the needs of the citizens of the Town of Jonesboro.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying financial statements of the Town of Jonesboro have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town of Jonesboro applies all relevant GASB pronouncements, and GAAP, as applicable to governmental entities. Also, the Town's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Municipal Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

**B. Reporting Entity**

GASB Statement No. 14, The Financial 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 Town of Jonesboro 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 Town of Jonesboro 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.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Town of Jonesboro for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
  - i. The ability of the government to impose its will on that organization and/or
  - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.

Town of Jonesboro  
Jonesboro, Louisiana

Notes to the Financial Statements  
As of and for the year ended June 30, 2017

2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, no component units were identified for the Town of Jonesboro.

### **C. Government-Wide Financial Statements**

The Town of Jonesboro's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities and the business-type activities for the Town of Jonesboro. Fiduciary activities of the Town of Jonesboro are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town of Jonesboro's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town of Jonesboro's governmental activities.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the Town of Jonesboro's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Town of Jonesboro's general revenues.

**Direct Expenses** - The Town of Jonesboro reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

**Indirect Expenses** - The Town of Jonesboro reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

Town of Jonesboro  
Jonesboro, Louisiana

Notes to the Financial Statements  
As of and for the year ended June 30, 2017

General revenues are taxes and other items that are not properly included among program revenues. The effect of interfund activity has been removed from the government-wide financial statements.

**D. Fund Financial Statements**

The accounts of the Town of Jonesboro are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the Town of Jonesboro are classified into two categories: governmental and proprietary.

*Governmental Funds*

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Town of Jonesboro has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Town of Jonesboro reports the following major governmental funds:

General Fund - The primary operating fund of the Town of Jonesboro, the General Fund, accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Town policy.

Fire Ad Valorem Tax Fund - The Fire Ad Valorem Fund is a special revenue fund used to account for the proceeds of Ad Valorem taxes restricted to expenditures of the Fire Department.

Town of Jonesboro  
Jonesboro, Louisiana

Notes to the Financial Statements  
As of and for the year ended June 30, 2017

Street Ad Valorem Tax Fund - The Street Ad Valorem Tax Fund is a special revenue fund used to account for the proceeds of Ad Valorem taxes restricted to expenditures of the Street Department.

Street Sales Tax Fund - The Street Sales Tax Fund is a special revenue fund used to account for the proceeds of the special 1% sales and use tax levied for the purposes of construction, maintenance, repair, and improvements of the Town of Jonesboro's streets.

Revenues

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for services. Fines and permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Town of Jonesboro  
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Notes to the Financial Statements  
As of and for the year ended June 30, 2017

*Proprietary Funds*

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges: or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

The Enterprise Fund of the Town of Jonesboro is the Water and Sewer Fund, which accounts for the operations of the waterworks and sewerage systems. The intent of the Town of Jonesboro for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**E. Equity Classifications**

The Town of Jonesboro has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Town of Jonesboro  
Jonesboro, Louisiana

Notes to the Financial Statements  
As of and for the year ended June 30, 2017

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town of Jonesboro is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town had \$2,602 in nonspendable funds for the year ended June 30, 2017.

**Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town had \$733,975 in restricted funds for the year ended June 30, 2017.

**Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town Council typically establishes commitments through the adoption and amendment of the budget. The Town did not have any committed funds for the year ended June 30, 2017.

**Assigned:** This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town did not have any assigned funds for year ended June 30, 2017.

**Unassigned:** This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The General Fund amount of \$186,503 is designated as unassigned.

The Town of Jonesboro would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Town of Jonesboro  
Jonesboro, Louisiana

Notes to the Financial Statements  
As of and for the year ended June 30, 2017

**F. Budgets**

The Mayor prepares a proposed budget and submits it to the Town Council no later than fifteen days prior to the beginning of each fiscal year. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Town Council may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. The Town of Jonesboro utilizes formal budgetary integration as a management control device for all funds.

The June 30, 2017 Governmental Funds' budgets were published in the official journal and made available for public inspection. A public hearing for the proposed budget was held on June 30, 2016, and the budget was adopted by the Mayor and Town Council. There were no amendments made to the budget.

**G. Encumbrances**

The Town of Jonesboro does not utilize encumbrance accounting, and management does not believe that the use of encumbrance accounting would provide any significant benefit for budgetary purposes.

**H. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town of Jonesboro may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The Town may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the Town of Jonesboro may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The Town of Jonesboro reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

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**I. Investments**

The Town of Jonesboro's investments comply with Louisiana Revised Statute 33:2955. Under state law, the Town of Jonesboro may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town of Jonesboro may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for the following, which are permitted under GASB Statement No. 31:

Investments in non-participating interest earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Town of Jonesboro reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less.

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

**J. Inventories**

Inventory is accounted for using the consumption method, where expenditures are recognized as inventory is used. All purchased inventory items are valued at cost (average cost method). Inventories of the Enterprise Funds consist of repair materials, spare parts, consumable supplies, and fuel.

**K. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**L. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns of the government-wide financial statements, but are not reported in the governmental fund financial statements. Acquisitions of property and equipment 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 Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

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Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. The estimated useful life for classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Computer and Peripheral Equipment	4-5 years
Machinery and Equipment	3-20 years
Vehicles	5-10 years
Portable Building	10 years
Water Meters	10 years
Water Pumping Station	20 years
Sewerage Treatment Plan	20 years
Sewerage Collection System	20 years
Streets and Sidewalks	20 years
Building Improvements	40 years
Water Distribution System	40 years

In accordance with GASB Statement No. 34, general infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets.

**M. Deferred Outflows of Resources**

The Town of Jonesboro reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town of Jonesboro reported deferred outflows of resources of \$728,900 for the governmental activities and \$177,583 for the business-type activities. The deferred outflows of resources are entirely due to the net pension liability, and they do not affect the governmental funds financial statements.

**N. Compensated Absences**

In accordance with GASB Statement No. 16, a liability for unpaid vacation that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Employees of the Town of Jonesboro earn one week to three weeks vacation leave annually, depending on length of service; with the exception of appointed department heads, vacation leave does not accumulate. Employees earn from one week to three weeks of sick leave annually, depending on length of service, and all sick leaves are forfeited upon termination of employment. Liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The cost of leave privileges is recognized as a current-year expenditure in the General Fund when leave is actually taken.

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The Town of Jonesboro has the following policy relating to vacation and sick leave:

A full-time employee after completing one year of continuous employment from the date of hire is eligible for five days of vacation with pay. An employee, upon completion of two years continuous employment from the date of hire is eligible for 10 days of vacation with pay. Upon completion of five years of continuous employment, the employee is eligible for 15 days of vacation with pay.

Full time employees who have completed their 90-day probation period will be given four hours of sick time per month until their first anniversary. Thereafter, each employee is granted 80 hours sick leave with pay annually. Each employee may accrue up to 360 hours of paid sick leave.

The Town of Jonesboro's recognition and measurement criteria for compensated absences follow:

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees when both of the following conditions are met:

- The employee's right to receive compensation is attributable to services already rendered, and
- It is probable that the employee will be compensated for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave should be accrued using one of the following termination approaches:

- An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The Town of Jonesboro uses the first approach to accrue the liability for sick leave which includes salary-related payments.

There are no compensated absences for the year ended June 30, 2017.

#### **O. Long-Term Obligations**

In the government-wide financial statements and the proprietary fund financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond payables are reported net applicable bond premium or discount. Bond issuance costs are reported as deferred outflows of resources and amortized over the term of the related debt.

In the fund financial statements, expenditures for principal and interest payments for long-term obligations are recognized when due as current liabilities and other financing uses. The face amount of debt issued is reported as other financing sources. Premiums received 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

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**P. Deferred Inflows of Resources**

The Town of Jonesboro reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town of Jonesboro will not recognize the related revenues until a future event occurs. The Town of Jonesboro reported deferred inflows of resources of \$54,446 in the governmental activities and \$24,057 in the business-type activities, and no deferred inflows of resources affect the governmental funds financial statements.

**Q. Interfund Transactions**

Interfund activity is reported 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 or expenses. Reimbursements are when a 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 enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other funds" or "due to other funds" on the Fund Financial Statements Balance Sheet (Statement C), as well as all other outstanding balances between funds.

In the process of aggregating data for the Statement of Net Position (Statement A) and the Statement of Activities (Statement B), some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**R. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

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**2. Ad Valorem Taxes**

Ad Valorem taxes are levied on a calendar year basis on real and business property located within the Town of Jonesboro's boundaries. Taxes attach as an enforceable lien on property as of January 1 of each year. Ad valorem taxes are levied by the Town of Jonesboro on property values assessed by the Jackson Parish Tax Collector and approved by the state of Louisiana Tax Commission in November of each year. Taxes are levied by the Town of Jonesboro in September or October, and taxpayers are billed in November. Billed taxes become delinquent on January 1 of the following year. State law requires the Town to collect property taxes in the calendar year in which the assessment is made, and if the taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Town is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Revenues from ad valorem taxes is recognized in the period for which taxes are levied, and, accordingly, taxes are budgeted in the year billed. The amount of taxes to be collected occurs in December 2016, and January and February, 2017. All property taxes are recorded in the general and special revenue funds. The Town of Jonesboro considers the date penalty and interest accrues (January 1, 2017) as the date an enforceable legal claim occurs for property taxes.

Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

The schedule below summarizes the millage that was approved by the Town Council on July 14, 2015, and the millage that is the maximum millage that can be assessed without the approval of the voter of the Town of Jonesboro. For Ad valorem taxes for the year ended June 30, 2017, three rates of taxes were levied on property within the corporate limits, as follows:

	Authorized Millage	Levied Millage
Constitutional	7.66	6.95
Operation and maintenance - fire protection	5.00	5.00
Operation and maintenance - streets	5.00	5.00

The difference between authorized and levied millages is the result of reassessments of taxable property required by Article 7, Section 18 (f) of the Louisiana Constitution of 1974. A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2009. Total assessed value was \$19,992,260 in calendar year 2016.

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**3. Sales Tax**

The voters of the Town of Jonesboro levied a one percent sales and use tax on April 1, 1980, to provide funds for any lawful activity of the Town of Jonesboro.

In January of 1988, the taxpayers of the Town of Jonesboro levied an additional one percent sales and use tax for a period of 10 years commencing August 1, 1989. In July of 1998, the taxpayers of the Town of Jonesboro renewed the one percent sales and use tax for an additional 10 years commencing August 1, 1999. In July of 2008, the taxpayers renewed the one percent sales and use tax for an additional 10 year commencing August 1, 2009. The purpose of this tax is for the general construction, maintenance, repair, and improvements of the Town of Jonesboro's streets.

**4. Cash and Cash Equivalents**

At June 30, 2017, the Town of Jonesboro had cash and cash equivalents (book balances) totaling \$1,182,063. The following schedule shows the cash and cash equivalents by type:

Demand Deposits	\$	579,628
Restricted Funds		<u>602,435</u>
Total	\$	<u>1,182,063</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.

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at June 30, 2017. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Town of Jonesboro has cash and cash equivalents that are covered by \$250,000 of federal depository insurance. The remaining balance is exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging financial institution.

At June 30, 2017, the Town of Jonesboro had \$1,570,724 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$1,117,777 of pledged securities. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Town of Jonesboro has complied with these requirements of state law.

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Notes to the Financial Statements  
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**5. Investments**

As stated above in Note 2, Cash and Cash Equivalents, investments are categorized to give an indication of the level of risk assumed by the Town. Investments are shown below at June 30, 2017. These amounts are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging financial institution.

Type of Investment	
Certificates of Deposit	\$ 299,133

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. The Town of Jonesboro does not have a policy addressing interest rate risk.

**6. Receivables**

The receivables of \$302,092 at June 30, 2017, are as follows:

<u>Class of Receivables</u>	Fund		Total
	General	Enterprise	
Taxes receivables	\$ 146,193	\$ -	\$ 146,193
Other receivables	39,540	-	39,540
Utilities	-	-	-
Billed receivables	-	116,359	116,359
Gross receivables	185,733	116,359	302,092
Less: allowance for uncollectable accounts	-	-	-
Total	\$ 185,733	\$ 116,359	\$ 302,092

Management believes all receivables to be collectible; therefore, no allowance is recorded as of June 30, 2017.

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**7. Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2017, is as follows:

*A. Capital Assets - Governmental Activities*

	Balance, July 01, 2016	Additions	Deletions	Balance, June 30, 2017
Capital assets not depreciated				
Land	\$ 148,177	\$	\$	\$ 148,177
Total capital assets not being depreciated	<u>148,177</u>	-	-	<u>148,177</u>
Capital assets being depreciated				
Buildings	922,006	-	-	922,006
Equipment and furniture	1,926,080	63,508	-	1,989,588
Land improvements	1,869,457	-	-	1,869,457
Vehicles	1,127,309	-	-	1,127,309
Total capital assets being depreciated	<u>\$ 5,844,853</u>	<u>\$ 63,508</u>	<u>\$ -</u>	<u>\$ 5,908,360</u>
Less accumulated depreciation				
Buildings	814,540	11,335	-	825,874
Equipment and furniture	1,800,211	29,749	-	1,829,960
Land improvements	382,581	93,557	-	476,138
Vehicles	1,018,654	29,058	-	1,047,712
Total accumulated depreciation	<u>4,015,986</u>	<u>163,699</u>	<u>-</u>	<u>4,179,684</u>
Capital assets, net	<u>\$ 1,828,867</u>	<u>\$ (100,191)</u>	<u>\$ -</u>	<u>\$ 1,728,676</u>
Governmental capital assets - net	<u>\$ 1,977,044</u>	<u>\$ (100,191)</u>	<u>\$ -</u>	<u>\$ 1,876,853</u>

Depreciation expense for the year ended June 30, 2017, is \$163,699, charged to the following governmental functions:

Functional Allocation of Depreciation Expense

General government	\$ 73,664
Public safety	49,110
Public works	40,925
Total	<u>\$ 163,699</u>

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Notes to the Financial Statements  
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*B. Capital Assets - Business-Type Activities*

	Balance, July 01, 2016	Additions	Deletions	Balance, June 30, 2017
<b>Capital assets being depreciated</b>				
Building	\$ 125,411	\$ -	\$ -	125,411
Equipment	1,335,263	9,000	-	1,344,263
Sewer	5,229,166	-	-	5,229,166
Water	4,828,329	-	-	4,828,329
<b>Total capital assets being depreciated</b>	<b>\$ 11,518,169</b>	<b>\$ 9,000</b>	<b>\$ -</b>	<b>11,527,169</b>
<b>Less accumulated depreciation</b>				
Building	\$ 64,098	\$ 2,453	\$ -	66,551
Equipment	1,047,903	60,832	-	1,108,735
Sewer	1,482,317	117,235	-	1,599,553
Water	1,461,197	99,474	-	1,560,670
<b>Total accumulated depreciation</b>	<b>\$ 4,055,516</b>	<b>\$ 279,993</b>	<b>\$ -</b>	<b>4,335,509</b>
<b>Capital assets, net</b>	<b>\$ 7,462,653</b>	<b>\$ (270,993)</b>	<b>\$ -</b>	<b>7,191,660</b>

**8. Payables**

The payables of \$164,151 at June 30, 2017, are as follows:

	Fund		Total
	General	Enterprise	
Accounts payable	\$ 51,561	\$ 60,873	\$ 112,434
Payroll liabilities	33,836	-	33,836
Other liabilities	2,374	15,507	17,881
<b>Total</b>	<b>\$ 87,771</b>	<b>\$ 76,380</b>	<b>\$ 164,151</b>

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Notes to the Financial Statements  
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**9. Retirement Systems**

Substantially all employees of the Town of Jonesboro are members of the Municipal Employees' Retirement System of Louisiana, Municipal Police Employees' Retirement System of Louisiana, or Firefighters' Retirement System of Louisiana. These systems are cost-sharing, multi-employer defined benefit pension plans administered by separate boards of trustees.

**A. Municipal Employees' Retirement System of Louisiana (System)**

*Plan Description*

The Town of Jonesboro contributes to the Municipal Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Any member of Plan A can retire providing the member meets on of the following criteria:

1. Any age with 25 years of creditable service.
2. Age 60 with a minimum of ten years of creditable service.
3. Under age 60 with five years of creditable service eligible for disability benefits.
4. Survivor's benefits require five years creditable service at death of member.
5. Any age with 20 years creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement shall consist of an amount equal to 3% of the employee's monthly average final compensation multiplied by his or her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended June 30, 2017, the Town of Jonesboro's total payroll for all employees was \$1,213,711. Total covered payroll was \$523,205. Covered payroll refers to all compensation paid by the Town of Jonesboro to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810, or by visiting the System's website [www.mersla.com](http://www.mersla.com).

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Notes to the Financial Statements  
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*Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2017, the actual employer contribution rate was 22.75% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Jonesboro to the System monthly. The Town of Jonesboro's contributions to the System under Plan A for the year ending June 30, 2017 were \$119,029.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

At June 30, 2017, the Town of Jonesboro reported a liability of \$1,167,399 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Jonesboro's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Town's proportion was 0.284821%, which was an increase of 0.025082% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town of Jonesboro recognized pension expense of \$168,993 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$492,930). Total pension expense for the Town of Jonesboro for the year ended June 30, 2017 was (\$323,937).

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At June 30, 2017, the Town of Jonesboro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 36,903
Changes in assumptions	42,497	-
Net difference between projected and actual earnings on pension plan	266,603	-
Changes in employer's proportion of beg NPL	113,537	35,998
Differences between employer and proportionate share of contributions	(3,536)	-
Subsequent measurement contributions	119,029	-
Total	<u>\$ 541,666</u>	<u>\$ 72,901</u>

The \$119,029 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	
2017	\$ 155,077
2018	155,077
2019	155,077

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Notes to the Financial Statements  
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*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016, are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.500%
Inflation rate	2.875%
Salary increases, including inflation and merit increases	5.000%
Annuitant and beneficiary mortality	For annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
Employee mortality	For employees, the RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females.
Disabled lives mortality	For disabled Annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.
Expected Remaining Service Lives	3 years for Plan A

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50%	2.60%
Public fixed income	35%	1.80%
Alternatives	15%	0.80%
Totals	<u>100%</u>	<u>5.20%</u>
Inflation		<u>2.50%</u>
Expected arithmetic nominal return		<u>7.70%</u>

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Notes to the Financial Statements  
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*Discount Rate*

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

*Sensitivity of the Town of Jonesboro's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Town of Jonesboro's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Town of Jonesboro's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$ 1,483,981	\$ 1,167,399	\$ 897,257

*Plan Fiduciary Net Position*

Detailed information about the Plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana Audit Report at [www.mersla.com](http://www.mersla.com).

**B. Municipal Police Employees' Retirement System of Louisiana (System)**

*Plan Description*

The Town of Jonesboro contributes to the Municipal Police Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. Membership in the System is mandatory for all full-time police officers employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria.

Any member of the Plan who was hired before January 1, 2013, can retire providing the member meets on of the following criteria:

1. Any age with 25 years of creditable service.
2. Age 50 with a minimum of twenty or more years of creditable service.
3. Age 55 with a minimum of twelve years of creditable service.
4. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

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The monthly amount of benefits are 3 1/3% of their average final compensation (employee's average monthly earnings during the highest 36 consecutive or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Eligibility for retirement for members hired on or after January 1, 2013 is as follows:

*Hazardous Duty*

1. Any age with 25 years of creditable service.
2. Age 55 with twelve or more years of creditable service.
3. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

*Non Hazardous Duty*

1. Any age with 30 years of creditable service.
2. Age 55 with twenty-five or more years of creditable service.
3. Age 60 with ten or more years of creditable service.
4. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

The benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

The system also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended June 30, 2017, the Town of Jonesboro's total payroll for all employees was \$1,213,711. Total covered payroll was \$179,772. Covered payroll refers to all compensation paid by the Town of Jonesboro to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411, or by visiting the System's website [www.lampers.org](http://www.lampers.org).

*Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2017, the actual employer contribution rate was 41.75%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31.50% and 10.00%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 33% and 8%, respectively. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

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*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

At June 30, 2017, the Employer reported a liability of \$460,552 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Jonesboro's proportion of the Net Pension Liability was based on a projection of the Town of Jonesboro's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Town of Jonesboro's proportion was 0.049137%, which was an increase of 0.013285% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town of Jonesboro recognized pension expense of \$58,648 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$23,996. Total pension expense for the Town of Jonesboro for the year ended June 30, 2017 was \$82,644.

At June 30, 2017, the Town of Jonesboro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,326
Changes in assumptions	22,395	28
Net difference between projected and actual earnings on pension plan	70,867	-
Changes in employer's proportion of beg NPL	113,550	-
Differences between employer and proportionate share of contributions	(59,697)	(30,249)
Subsequent measurement contributions	57,078	-
Total	<u>\$ 263,890</u>	<u>\$ 7,354</u>

The \$57,078 reported as deferred inflows of resources related to pensions resulting from Town of Jonesboro contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	
2017	\$ 45,324
2018	45,324
2019	45,324
2020	45,324

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*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016, are as follows:

Valuation Date	June 30, 2016	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	7.5%, net of investment expense	
Inflation Rate	2.875%	
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.	
Projected Salary Increases	Years of Service	Salary Growth Rate
	1-2	9.75%
	2-23	4.75%
	Above 23	4.25%
Expected Remaining Service Lives	4 years	
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	53%	3.69%
Fixed income	21%	0.49%
Alternatives	20%	1.11%
Other	6%	0.21%
Totals	100%	6%
Inflation		2.75%
Expected arithmetic nominal return		8.75%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

*Sensitivity of the Town of Jonesboro's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Town of Jonesboro's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town of Jonesboro's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability \$	613,956 \$	460,552 \$	331,756

*Plan Fiduciary Net Position*

Detailed information about the Plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana Audit Report at [www.lampers.com](http://www.lampers.com).

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**C. Firefighters' Retirement System of Louisiana (System)**

*Plan Description*

The Town of Jonesboro contributes to the Firefighters' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. Membership in the System is mandatory for all full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana.

Any member of the Plan can retire providing the member meets one of the following criteria:

1. Any age with 25 years of creditable service.
2. Age 50 with a minimum of twenty or more years of creditable service.
3. Age 55 with a minimum of twelve years of creditable service.

The monthly amount of benefits are 3 1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100% of final salary.

The system also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended June 30, 2017, the Town's total payroll for all employees was \$1,213,711. Total covered payroll was \$138,515. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Firefighters' Retirement System of Louisiana, 3100 Brentwood Drive, Baton Rouge, Louisiana, or by visiting the System's website [www.lafirefightersret.com](http://www.lafirefightersret.com).

*Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2016, total contributions due for employers and employees were 35.25%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer and employee contribution rates for all members were 25.25% and 10.00%, respectively. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

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*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

At June 30, 2017, the Town of Jonesboro reported a liability of \$506,887 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Jonesboro's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Town's proportion was 0.077495% which was an increase of 0.001356% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town of Jonesboro recognized pension expense of \$80,391 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$5,815. Total pension expense for the Town for the year ended June 30, 2017 was \$86,206.

At June 30, 2017, the Town of Jonesboro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 20,065
Changes in assumptions	4,368	141
Net difference between projected and actual earnings on pension plan	121,822	-
Changes in employer's proportion of beg NPL	39,785	8,291
Differences between employer and proportionate share of contributions	(37,088)	-
Subsequent measurement contributions	34,975	-
Total	<u>\$ 200,950</u>	<u>\$ 28,497</u>

The \$34,975 reported as deferred inflows of resources related to pensions resulting from Town of Jonesboro contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$	19,338
2018		19,338
2019		19,338
2020		19,338
2021		19,338
2022		19,338
2023		19,338

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*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016, are as follows:

Valuation Date	June 30, 2016	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation	
Inflation Rate	2.875%	
Salary Increases	Years of Service	Salary Growth Rate
	1-2	15.00%
	3-14	5.75%
	15-24	5.25%
	25 & over	4.75%
Mortality rates	Mortality assumptions were based on the above mentioned experience study. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the fund's liabilities. The RP-2000 combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.	

The long-term expected rate of return selected for this report by the fund was 7.50%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from the participating employers and non-employer contributing entities will be made at actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on these assumptions and the other assumptions and methods as specified in this report, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. Thus, the discount rate used to measure the total pension liability was 7.50%.

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*Discount Rate*

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

*Sensitivity of the Town of Jonesboro's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Town of Jonesboro's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$ 690,593	\$ 506,887	\$ 352,394

*Plan Fiduciary Net Position*

Detailed information about the Plan's fiduciary net position is available in the separately issued Firefighters' Retirement System of Louisiana Audit Report at [www.lafirefightersret.com](http://www.lafirefightersret.com).

**10. On Behalf Supplemental Pay**

Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$34,000 is recognized as intergovernmental revenue and public safety expenditures in the following departments:

Department	Amount
Police	\$ 10,500
Fire	23,500
Total	\$ 34,000

**11. Commitments and Contingencies**

**A. Litigation**

At June 30, 2017, the Town of Jonesboro is involved in several lawsuits. In the opinion of the Town of Jonesboro's legal counsel, the outcome of any remaining lawsuits will not materially affect the financial statements.

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**B. Grants Receivable**

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 of Jonesboro expects such amounts, if any, to be immaterial.

**12. Long-Term Obligations**

The following schedule is a summary of the long-term obligation transactions for the year ended June 30, 2017. The schedule also includes the current portion (due in one year or less) of the long-term obligations.

	Balance, July 01, 2016	Additions	Deletions	Balance, June 30, 2017	Amount Due Within One Year
<b>Governmental activities:</b>					
Capital leases	\$	\$	\$	\$	\$
Compensated absences	-	-	-	-	-
Net pension liability	1,328,074	421,522	-	1,749,596	-
<b>Total governmental activities</b>	<b>\$ 1,328,074</b>	<b>\$ 421,522</b>	<b>\$ -</b>	<b>\$ 1,749,596</b>	<b>\$ -</b>
<b>Business type activities:</b>					
Bonds payable	\$ 2,137,745	\$ -	\$ 28,391	\$ 2,109,354	\$ 31,059
Capital leases	180,607	-	87,595	93,012	93,012
Net pension liability	306,183	79,059	-	385,242	-
<b>Total capital assets being depreciated</b>	<b>\$ 2,624,535</b>	<b>\$ 79,059</b>	<b>\$ 115,986</b>	<b>\$ 2,587,608</b>	<b>\$ 124,071</b>
<b>Total long-term liabilities</b>	<b>\$ 3,952,609</b>	<b>\$ 500,581</b>	<b>\$ 115,986</b>	<b>\$ 4,337,204</b>	<b>\$ 124,071</b>

The individual bond issue is as follows:

Bond Issue	Issue Date	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding
<b>Business-type activities</b>						
USDA - Water Revenue Bonds Series 2008	01/22/2009	\$ 2,300,000	4.50%	01/22/2049	\$ 1,823,670	\$ 2,109,355

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The annual requirements to amortize all bonds outstanding at June 30, 2017, are scheduled below.

For the year ended June 30, 2017	Principal	Interest	Total
2018	\$ 31,059	\$ 94,245	\$ 125,304
2019	32,486	92,818	125,304
2020	33,978	91,326	125,304
2021	35,539	89,765	125,304
2022	37,172	88,132	125,304
2023-2027	213,100	413,420	626,520
2028-2032	255,039	371,481	626,520
2033-2037	319,257	307,263	626,520
2038-2042	399,645	226,875	626,520
2043-2047	500,274	48,345	548,619
2048-2049	251,806	-	251,806
Total	<u>\$2,109,355</u>	<u>\$1,823,670</u>	<u>\$3,933,025</u>

The capital leases are paid using resources from the governmental and business-type activities, whereas the compensated absences are paid using resources from the corresponding fund in which the salaries are being paid. The bond principal payments are being paid from the business-type activities.

The Town of Jonesboro records items under capital lease as a capital asset and an obligation in the accompanying financial statements. The cost of the water meters was \$820,513 less accumulated depreciation of \$625,226; the book value of the water meters is \$195,286.

### 13. Grants

During the year ended June 30, 2017, in the governmental activities, the Town of Jonesboro received \$7,500 from the Jackson Parish Police Jury for assistance in the repair of Moffett Street and Thrasher Street. In addition, in the governmental activities, the Town received \$11,954 from FEMA to complete repairs on flood damaged areas of the Town. In the business-type activities, the Town received \$38,063 from FEMA to make repairs from flood damage to the south pond levee. Also, in the business-type activities, the Town received an LGAP grant of \$31,833 for the purchase of a sewer pump.

### 14. Risk Management

The Town of Jonesboro is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town of Jonesboro maintains commercial insurance coverage from independent third parties covering each of these risks of loss, except for general liability, law enforcement officers' liability, and public officials' liability coverages that were obtained from the Louisiana Municipal Risk Management Agency (Agency). The Louisiana Municipal Risk Management Agency is a municipal risk pool administered by the Louisiana Municipal Association, and the Agency operated similar to a commercial insurance company.

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Premiums are assessed for members of the Louisiana Municipal Association annually, based on past experience of claims. The Agency services all claims for risk of loss to which the Town of Jonesboro is exposed and cannot assess additional amounts if losses exceed their premium (the covered risks are transferred to the Agency). Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town of Jonesboro. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were not significant reductions in insurance coverage during the year ended June 30, 2017.

**15. Deficit Net Position**

At June 30, 2017, an unrestricted net position deficit of \$718,966 exists for the Town of Jonesboro (for the governmental activities, \$883,963, offset by the business-type activities, \$164,997), resulting from the net pension liability that was accounted for according to GASB Statement 68. The liability is an estimate of the Town's proportionate share of the cost-sharing retirement plan for municipal employees, firefighters, and police. Please refer to Note 8 for a detailed explanation of the retirement plan.

At June 30, 2017, a fund balance deficit of \$2,374 exists for fire maintenance ad valorem. This deficit is due to a cash overdraft of \$2,374.

**16. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 10, 2018, and determined that one event occurred that requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

The Town of Jonesboro has two ad valorem taxes that will expire in 2018, one for the operation and maintenance of fire protection and one for the operation and maintenance of streets. As of the report date, May 10, 2018, these taxes have not been renewed by vote of the taxpayers of the Town of Jonesboro. The Town is in the process of insuring that the tax continuations will be available on the ballot before the taxes expire.

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Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2017

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>			
Taxes:			
Ad valorem tax	\$ 125,250	\$ 143,326	\$ 18,076
Franchise tax	125,000	139,573	14,573
Sales tax	850,000	862,620	12,620
Other tax	14,025	(2,239)	(16,264)
Licenses and permits	29,625	50,128	20,503
Operating grant	7,800	22,056	14,256
Intergovernmental	70,025	34,000	(36,025)
Fines, forfeitures, and court costs	20,000	60,013	40,013
Rent, royalty, and commission	17,950	(14,937)	(32,887)
Charges for services	242,400	295,709	53,309
Miscellaneous	500	111,630	111,130
<b>Total revenues</b>	<u>1,502,575</u>	<u>1,701,879</u>	<u>199,304</u>
<b>Expenditures</b>			
Current:			
General government	710,470	716,641	(6,171)
Public safety			
Police	336,425	455,779	(119,354)
Fire	332,950	328,823	4,127
Streets	1,122,250	865,743	256,507
Sanitation	193,500	191,223	2,277
Capital outlay	30,000	60,597	(30,597)
<b>Total expenditures</b>	<u>2,725,595</u>	<u>2,618,806</u>	<u>106,789</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,223,020)</u>	<u>(916,927)</u>	<u>306,093</u>

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Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2017

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
<b>Other financing sources (uses)</b>			
Interest earnings	500	46	(454)
Proceeds from the sale of fixed assets	-	51,962	51,962
Operating transfers	<u>1,262,250</u>	<u>934,822</u>	<u>(327,428)</u>
<b>Total other financing sources (uses)</b>	<u>1,262,750</u>	<u>986,830</u>	<u>(275,920)</u>
<b>Net changes in fund balances</b>	39,730	69,903	30,173
<b>Fund balances - June 30, 2016</b>	<u>121,577</u>	<u>121,577</u>	-
<b>Fund balances - June 30, 2017</b>	<u>\$ 161,307</u>	<u>\$ 191,480</u>	<u>\$ 30,173</u>

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Budgetary Comparison Schedule - Fire Ad Valorem Tax  
For the Year Ended June 30, 2017

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>			
Taxes:			
Ad valorem tax	\$ 90,000	\$ 97,801	\$ 7,801
Miscellaneous	-	1,400	1,400
<b>Total revenues</b>	<u>90,000</u>	<u>99,201</u>	<u>9,201</u>
<b>Expenditures</b>			
Current:			
Public safety			
Fire	-	-	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>90,000</u>	<u>99,201</u>	<u>9,201</u>
<b>Other financing sources (uses)</b>			
Operating transfers	<u>(90,000)</u>	<u>(108,851)</u>	<u>(18,851)</u>
<b>Total other financing sources (uses)</b>	<u>(90,000)</u>	<u>(108,851)</u>	<u>(18,851)</u>
<b>Net changes in fund balances</b>	-	(9,650)	(9,650)
<b>Fund balances - June 30, 2016</b>	<u>7,276</u>	<u>7,276</u>	-
<b>Fund balances - June 30, 2017</b>	<u>\$ 7,276</u>	<u>\$ (2,374)</u>	<u>\$ (9,650)</u>

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Budgetary Comparison Schedule - Streets Ad Valorem Tax  
For the Year Ended June 30, 2017

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>			
Taxes:			
Ad valorem tax	\$ 90,000	\$ 97,804	\$ 7,804
Miscellaneous	-	1,890	1,890
<b>Total revenues</b>	<u>90,000</u>	<u>99,694</u>	<u>9,694</u>
<b>Expenditures</b>			
Current:			
Public works	-	-	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>90,000</u>	<u>99,694</u>	<u>9,694</u>
<b>Other financing sources (uses)</b>			
Operating transfers	<u>(90,000)</u>	<u>(42,468)</u>	<u>47,532</u>
<b>Total other financing sources (uses)</b>	<u>(90,000)</u>	<u>(42,468)</u>	<u>47,532</u>
<b>Net changes in fund balances</b>	-	57,226	57,226
<b>Fund balances - June 30, 2016</b>	<u>(37,187)</u>	<u>(37,187)</u>	-
<b>Fund balances - June 30, 2017</b>	<u>\$ (37,187)</u>	<u>\$ 20,039</u>	<u>\$ 57,226</u>

Town of Jonesboro  
Jonesboro, Louisiana

Budgetary Comparison Schedule - Streets Sales Tax  
For the Year Ended June 30, 2017

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>			
Taxes:			
Sales taxes	\$ 850,000	\$ 862,620	\$ 12,620
<b>Total revenues</b>	<u>850,000</u>	<u>862,620</u>	<u>12,620</u>
<b>Expenditures</b>			
Current:			
Public works	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>850,000</u>	<u>862,620</u>	<u>12,620</u>
<b>Other financing sources (uses)</b>			
Operating transfers	<u>(1,122,250)</u>	<u>(936,557)</u>	<u>185,693</u>
<b>Total other financing sources (uses)</b>	<u>(1,122,250)</u>	<u>(936,557)</u>	<u>185,693</u>
<b>Net changes in fund balances</b>	(272,250)	(73,937)	198,313
<b>Fund balances - June 30, 2016</b>	<u>787,872</u>	<u>787,872</u>	<u>-</u>
<b>Fund balances - June 30, 2017</b>	<u>\$ 515,622</u>	<u>\$ 713,935</u>	<u>\$ 198,313</u>

Town of Jonesboro  
Jonesboro, Louisiana

Schedule of Employer's Share of Net Pension Liability  
Municipal Employees Retirement System  
For the year ended June 30, 2017

	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.284821%	0.259739%	0.325444%
Employer's proportionate share of the net pension liability (asset)	\$ 1,167,399	\$ 927,828	\$ 835,235
Employer's covered employee payroll	\$ 508,788	\$ 443,307	\$ 530,325
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	229.45 %	209.30 %	157.49 %
Employer's proportion of the net pension liability (asset)	62.11 %	66.18 %	73.99 %

The amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Jonesboro  
Jonesboro, Louisiana

Schedule of Employer's Share of Net Pension Liability  
Municipal Police Employees Retirement System  
For the year ended June 30, 2017

	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.049137 %	0.035852 %	0.028929 %
Employer's proportionate share of the net pension liability (asset)	\$ 460,552	\$ 280,860	\$ 180,981
Employer's covered employee payroll	\$ 137,645	\$ 95,903	\$ 81,307
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	334.59 %	292.86 %	222.59 %
Employer's proportion of the net pension liability (asset)	66.04 %	70.73 %	75.10 %

The amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Jonesboro  
Jonesboro, Louisiana

Schedule of Employer's Share of Net Pension Liability  
Firefighters' Retirement System  
For the year ended June 30, 2017

	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.077495%	0.078851%	0.076682%
Employer's proportionate share of the net pension liability (asset)	\$ 506,887	\$ 425,569	\$ 341,228
Employer's covered employee payroll	\$ 174,733	\$ 167,572	\$ 155,770
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	290.09 %	253.96 %	219.06 %
Employer's proportion of the net pension liability (asset)	68.16 %	72.45 %	76.02 %

The amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Jonesboro  
Jonesboro, Louisiana

Schedule of Employer Contributions  
Municipal Employees Retirement System  
For the year ended June 30, 2017

	2017	2016	2015
Contractually required contribution	\$ 119,029	\$ 100,486	\$ 87,553
Contributions in relation to contractually required contribution	119,029	100,486	87,553
Contribution deficiency (excess)	-	-	-
Employer's covered payroll	\$ 523,205	\$ 508,788	\$ 443,307
Contributions as a percentage of covered employee payroll	22.75 %	19.75 %	19.75 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Jonesboro  
Jonesboro, Louisiana

Schedule of Employer Contributions  
Municipal Police Employees Retirement System  
For the year ended June 30, 2017

	2017	2016	2015
Contractually required contribution	\$ 57,078	\$ 40,605	\$ 30,209
Contributions in relation to contractually required contribution	57,078	40,605	30,209
Contribution deficiency (excess)	-	-	-
Employer's covered payroll	\$ 179,772	\$ 137,645	\$ 95,903
Contributions as a percentage of covered employee payroll	31.75 %	29.50 %	31.50 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Jonesboro  
Jonesboro, Louisiana

Schedule of Employer Contributions  
Firefighters' Retirement System  
For the year ended June 30, 2017

	2017	2016	2015
Contractually required contribution	\$ 34,975	\$ 47,615	\$ 49,015
Contributions in relation to contractually required contribution	34,975	47,615	49,015
Contribution deficiency (excess)	-	-	-
Employer's covered payroll	\$ 138,515	\$ 174,733	\$ 167,572
Contributions as a percentage of covered employee payroll	25.25 %	27.25 %	29.25 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



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 Honorable Mayor and Board of Aldermen  
Town of Jonesboro, Louisiana

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Jonesboro, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Jonesboro, Louisiana's basic financial statements and have issued our report thereon dated May 14, 2018. Our report disclaims an opinion on such financial statements because, due to the nature and quantity of our audit findings, we were not able to accept written representations from management as required by generally accepted auditing standards.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. [2017-001 through 2017-011, 2017-014 through 2017-017 and 2017-020]

**Compliance and Other Matters**

In connection with our engagement to audit the financial statements of the Town of Jonesboro, Louisiana, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-002, 2017-005, 2017-010 through 2017-014, 2017-018 through 2017-020. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

**TOWN OF JONESBORO**

GAGAS Report

Page Two

**Town of Jonesboro, Louisiana's Response to Findings**

Town of Jonesboro, Louisiana's response to the findings identified in our engagement is described in the accompanying schedule of findings and questioned costs. Town of Jonesboro, Louisiana's response was not subjected to the auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an engagement to perform an audit 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.

BOSCH & STATHAM, LLC



Ruston, Louisiana

May 14, 2018

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report disclaims an opinion on the Town's financial statements as a whole.
2. Sixteen material weaknesses were disclosed by the audit of the financial statements.
3. Ten instances of noncompliance material to the financial statements of the Town of Jonesboro were disclosed in the audit of the financial statements.
4. No management letter was issued.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2017-001 Cash Receipt Books Not Properly Maintained**

**Condition**

This finding was first reported in 2015. In 2015, prenumbered cash receipts were not used in order. During the year ended June 30, 2016, new ticket books were purchased and clerks were instructed to use them in order. We were better able to perform a test to account for receipt numbers. However, we noted eight receipt numbers that we could not account for. We selected twenty-five receipt numbers and attempted to trace them to deposits. We were only able to trace nine out of twenty-five receipts to deposits posted in the accounting system. We were unable to complete the test because the deposit summary does not list individual receipts. The deposit summary lists totals for each type of collection such as fines.

During the year ended June 30, 2017, we found that the deposit summary had not been revised to provide a proper audit trail. We did not select a sample from the receipt books. We did select twenty-five tickets from the tickets issued by the police department during the year. Fifteen of the twenty-five tickets were paid. We were unable to trace four of the payments to a summary.

**Criteria**

Basic internal control procedures for cash receipts include:

1. Using a prenumbered receipt book in order.
2. Notating in the books which receipt numbers were included in which deposit.
3. Retaining all copies of any voided receipts.

**Cause**

The auditor was unable to determine the cause of the condition.

**Effect**

Cash receipts may be missposted causing a misstatement in the financial statements. The Town is at risk for fraud.

**Recommendation**

Our 2015 recommendation read:

1. Receipt book purchases should be documented.
2. Receipt books should be numbered when they are received from the vendor.
3. A log book should be maintained to record who each book is issued to.
4. Clerks should use the receipts in order.
5. All copies of any voided receipts should be retained.
6. Notation should be made as to the deposit date and deposit amount for each receipt (or series of receipts as long as all receipts are included in a deposit).
7. The Town Clerk should review the books periodically to ensure that implemented procedures are being followed.

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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We recommend that management continue to address the identified issues. We specifically recommend that the system for summarizing daily receipts be modified to ensure that a cash receipt can be easily traced from the receipt book to the deposit. We recommend listing individual receipt numbers and amounts on the daily summary including a total for each fund for each revenue account.

We have no further recommendations.

**Management's Response**

See management's corrective action plan.

**2017-002 Bank Account Required by Debt Agreement Not Fully Funded**

**Condition**

This finding was first reported in 2015. The debt agreement required that a Short Lived Asset Fund be established upon completion and acceptance of the waterworks improvements. A monthly deposit of \$1,216 is required for fifteen years. While it appears that all of the required deposits were made during the year ending June 30, 2017, the account is underfunded by approximately \$11,525. The deficiency most likely occurred prior to July 1, 2014.

**Criteria**

See Condition

**Cause**

The auditor was unable to determine the cause of the condition.

**Effect**

The Town is not in compliance with the debt agreement.

**Recommendation**

We recommend that management arrange to fully fund the account as soon as possible.

**Management's Response**

See management's corrective action plan.

**2017-003 Liability for Customer Deposits Exceeds Restricted Cash**

**Condition**

This finding was first reported in 2015. As of June 30, 2017, the liability for customer deposits per the general ledger, \$166,153, exceeds the cash held in restricted bank accounts by \$74,281. The liability per the meter deposit report from the billing software is \$211,595.

**Criteria**

Customer deposits are not available for spending.

**Cause**

The auditor was unable to determine the cause of the condition. It appears that there was an \$82,366 deduction in 2011 but the reason is unknown.

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**Effect**

The required funds have not been separated from the operating account.

**Recommendation**

We recommend that management transfer funds to match the liability as soon as possible.

**Management's Response**

See management's corrective action plan.

**2017-004 Utility Fund Accounts Receivable Includes Bad Debts**

**Condition**

This finding was first reported in 2015. Historically, though amounts reported in financial statements were adjusted down to the estimated collectible amount, the subsidiary records were not written down. The totals of the subsidiary records at June 30, 2017, 2016, and 2015, were \$264,260, \$271,278 and \$255,746, respectively. The fiscal advisor adjusted the amount in the control account to \$76,511, \$84,547, and \$68,205, respectively, which appeared to be the sum of balances that were no more than sixty days old.

In 2015, we selected a sample of ten balances out of approximately 300 balances to test for subsequent payment. Out of the ten sample items, four had been paid at the time of our fieldwork. We then selected amounts greater than \$75 for testing. We looked at thirteen of the accounts that had balances in excess of \$75. Out of those thirteen, two had been paid at the time of testing. One of those thirteen was a commercial account with a disputed balance of \$62,307. No allowance has been recorded. During this testing, we noted that the billing system presented balances as current that were not current. Many times the balances were more than a year old.

In 2016, we selected a sample of 33 balances out of the balances in the "over 90" column to test for subsequent payment. Out of the 33 sample items, two were credit balances, one was under a payment plan, and one had paid \$18,600 out of \$50,155 at the time of our fieldwork. This account was disputed. The \$18,600 was a negotiated payment.

In 2017, we selected a sample of ten balances from the accounts receivable trial balance as of June 30, 2017. None of the balances were paid as of April 11, 2018.

**Criteria**

Proper internal control requires that procedures be in place to ensure that the subsidiary ledger is accurate and balances presented in the financial statements are properly valued.

**Cause**

We do not understand the cause.

**Effect**

Receivables and revenue may be overstated.

**Recommendation**

We recommend that management create a reasonable timeline to work to clean up the subsidiary ledger. It seems that adjustment entries could be recorded in each account that has been determined to be uncollectible. Even though the account balance would be adjusted to zero and the account made inactive, the account would still contain the history of transactions should the Town need to access it.

**Management's Response**

See management's corrective action plan.

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**2017-005 Noncompliance with Public Bid Law**

**Condition**

This finding was first reported in 2015. During our fiscal year 2015 test of disbursements, we noted one disbursement out of twenty-five disbursements that appeared to have required compliance with the Public Bid Law. The disbursement was for fuel. We noted no bids obtained. The Town spent over \$50,000 for fuel during the fiscal year. No bid was obtained for fiscal year 2016 purchases either.

During 2017, the Town advertised for fuel bids but not until May 25, 2017 and June 1, 2017. The minutes of the June 13, 2017 meeting indicate no bids were received. The Town's fuel purchases for the year ended June 30, 2017 totaled \$44,449.

Also, during 2017, the Town purchased a backhoe for \$25,000. The Town's purchase file included three quotes. Two of the quotes, in the amounts of \$26,500 and \$56,021, were for new backhoes. The quote that was accepted was for a used 2005 backhoe. The typed portion of the accepted quote included "Quote" "Komatsu Backhoe", the serial number, the model number and \$25,000, a signature blank, and a date blank. Other identifying numbers were handwritten. There was no signature or date, typed or written.

**Criteria**

Louisiana Revised Statute 38:2212.1 states in part. "A.(1)(a) All purchases of any materials or supplies exceeding the sum of thirty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised, and no such purchase shall be made except as provided in this Part. (b) However, purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations. A written confirmation of the accepted offer shall be obtained and made a part of the purchase file. If quotations lower than the accepted quotation are received, the reasons for their rejection shall be recorded in the purchase file." The statute also states in part. "C.(1) Whenever a public entity desires to purchase technical equipment, apparatus, machinery, materials, or supplies of a certain type and such purchases are clearly in the public interest, the public entity may specify a particular brand, make, or manufacturer in the specifications let out for public bid as provided by this Part. If a particular brand, make, or manufacturer is specified, the model or catalog number also shall be specified. (2) Wherever in specifications the name of a certain brand, make, manufacturer, or definite specification is utilized, the specifications shall state clearly that they are used only to denote the quality standard of product desired and that they do not restrict bidders to the specific brand, make, manufacturer, or specification named; that they are used only to set forth and convey to prospective bidders the general style, type, character, and quality of product desired; and that equivalent products will be acceptable."

Louisiana Revised Statute 42:20, part A states. "All public bodies shall keep written minutes of all of their open meetings. The minutes to be kept by the legislature and legislative committees and subcommittees shall be governed by the provisions of R.S. 42:21. The minutes of all other public bodies shall include but need not be limited to: (1) The date, time, and place of the meeting. (2) The members of the public body recorded as either present or absent. (3) The substance of all matters decided, and, at the request of any member, a record, by individual member, of any votes taken. (4) Any other information that the public body requests be included or reflected in the minutes."

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**Cause**

Bids had not been obtained for fuel in previous years. Current management believed that bids were not required because the vendor owns the fuel pumps that are on Town property. Management compared prices paid for refilling the pumps compared to local filling stations and found the prices paid to be lower.

The auditor was unable to determine the cause of the other conditions.

**Effect**

It appears that the Town did not comply with state law. The Town may have paid more for fuel and equipment than necessary.

**Recommendation**

We recommend that management ensure that the public bid law is followed when making any purchases. In unusual circumstances, legal counsel should be consulted. If considered necessary, an Attorney General opinion should be requested.

**Management's Response**

See management's corrective action plan.

**2017-006 Failure in Internal Control Over Purchasing**

**Condition**

We haphazardly selected an additional twenty-five disbursements for testing. We recorded the following exceptions:

1. All twenty-five disbursements should be supported by evidence that goods or services were received by the Town. The documents for one disbursement out of twenty-five, did not include evidence that the receipt of goods was documented.
2. Eighteen out of twenty-five disbursements should be supported by a purchase order. Three out of twenty-five disbursements were not supported by a proper purchase order. The invoice for two out of three disbursements did not match the purchase order.
3. One out of twenty-five disbursements included a late fee.

The Town uses blanket purchase orders for items such as small vehicle parts and hardware items. The orders are usually for a maximum amount of purchases for a period of one month. As a result of the above procedures, other procedures, and inquiries of vendors and employees, we noted that blanket purchase orders are often not submitted to the vendor until after the month begins if at all. For this reason, vendors often use old purchase order numbers.

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**Criteria**

Basic internal control procedures include: 1) Requiring a purchase order prior to incurring expenses on behalf of the Town and 2) Requiring signatures to document goods or services were received. The Town's purchasing policy requires: 1) Purchase orders to be obtained with the Mayor's signature and filed with the invoice and 2) Invoices to be signed by a responsible employee.

**Cause**

The auditor was unable to determine the cause of the condition.

**Effect**

The Town did not comply with its own policies. Unauthorized purchases could be made. The Town could pay for goods or services that it did not receive.

**Recommendation**

We recommend:

1. That employees be reminded of the policies and their purposes.
2. That employees be notified that policies will be enforced.
3. That checks to vendors not be prepared or signed if the documentation is not appropriate.

Proper internal control includes the environment, risk assessment, information and communication, and monitoring. It is imperative that all employees who are involved in purchasing in any manner believe that management expects the policies to be followed.

**Management's Response**

See management's corrective action plan.

**2017-007 Customer Refunds Not Reflected in the Billing System**

**Condition**

This condition was reported as a management letter comment in 2015. During 2015 the billing system and the accounting system showed deposits of \$162,855 and \$143,296, respectively. The amount of total additions to deposits was only slightly different between the two systems. We noted eight refunds that were not reflected in the billing system.

As of June 30, 2016, the accounting system showed deposits of \$151,911 while the billing system showed \$208,905. We selected thirteen meter deposit refunds from the accounting system. We searched for the deposits on the meter deposit schedule produced by the billing system. Five of the thirteen deposits were still reflected on the schedule indicating the refunds had not been posted to the billing system.

As of June 30, 2017, the accounting system showed deposits of \$166,153 while the billing system showed \$211,595. We selected five meter deposit refunds with fiscal year 2017 dates from the accounting system. We searched for the deposits on the meter deposit schedule produced by the billing system. All five deposits were still reflected on the schedule indicating the refunds had not been posted to the billing system.

**Criteria**

Basic internal control procedures include reconciling subsidiary accounts to control accounts in a timely manner.

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**Cause**

See other findings internal control.

**Effect**

The subsidiary ledger does not support the liability account in the accounting system. Customers could receive refunds for amounts already refunded. The Town is susceptible to fraud.

**Recommendation**

In 2015, our recommendation read:

We recommend that management oversee a project to clean up the customer deposit records in the billing system. Refunds posted in the accounting system for at least the period from July 1, 2014, through the present should be traced to the billing system. An adjustment should be made to the billing system records to reflect refunds where necessary. After that period is researched and the resulting adjustments are made, management should continue the research until the difference between the accounting system and the billing system is minimal. Management should ensure that employees understand the appropriate procedures to be followed when a deposit is refunded either to pay the customer's final bill or directly to the customer.

We have no additional recommendations.

**Management's Response**

See management's corrective action plan.

**2017-008 Overtime Pay**

**Condition**

The payment of overtime appears to be excessive.

During fiscal year 2016, the Town paid employees for overtime hours a total of \$151,838 versus \$109,059 in fiscal year 2015. The following is a summary by department of those costs:

<u>Department</u>	<u>Hours</u>	<u>Amount</u>
Administration	691.65	\$16,998
Public Works	5,998.93	93,779
Police	866.33	16,491
Fire	1,291.00	24,570
Total	<u>8,847.91</u>	<u>\$151,838</u>

During fiscal year 2017, the Town paid employees for overtime hours a total of \$136,764 versus \$151,838 in 2016. The following is a summary of those costs:

<u>Department</u>	<u>Hours</u>	<u>Amount</u>
Administration	406.67	\$9,992
Public Works	5,547.87	85,737
Police	806.58	15,309
Fire	1,348.00	25,725
Total	<u>8,109.12</u>	<u>\$136,763</u>

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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Seventy-six employees received compensation from the Town during the year ended June 30, 2017. Twenty employees received pay for more than 2080 hours (52 weeks times 40 hours). The following is a summary of the number of employees in each category:

Category	Number of Employees
Less than 2081	56
Between 2100 and 2199	6
Between 2200 and 2299	4
Between 2300 and 2399	3
Between 2500 and 2599	1
Between 2600 and 2699	1
Greater than 3000	5
Total	76

The following is a summary of the employees that were compensated for more than 2500 hours:

Title	Total Hours	Total Compensation	Total Overtime Hours	Average Overtime Per Week	Total Overtime Compensation
Town Clerk	2,597	\$47,022	338	6.51	\$8,626
Street Department Supervisor	2,642	\$41,589	485	9.32	\$10,480
Water Supervisor	3,313	\$47,930	1,130	21.73	\$20,954
Water/Sewer Laborer	3,566	\$47,212	1,234	23.72	\$20,788
Total	12,118	\$183,753	3,187	61.28	\$60,848

In many instances, overtime was paid in the same pay period as pay for time off such as sick pay, vacation pay, or holiday pay.

**Criteria**

Overtime pay is generally limited to those instances when it is imperative that work be performed outside of regular work hours. Basic internal control practices include requiring pre-authorization to work overtime and monitoring of overtime costs by a supervisory employee to minimize it where possible.

Article VII Section 14 of the Louisiana Constitution states in part, "Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. Except as otherwise provided in this Section, neither the state nor a political subdivision shall subscribe to or purchase the stock of a corporation or association or for any private enterprise."

**Cause**

The auditor was unable to determine the exact cause of the condition. Controls are not sufficiently designed to prevent the costs. Reasons given to the auditor by management for some of the overtime hours include: water and sewer repair emergencies, the need to enter meter readings manually, and the need to work early or late to review time sheets to submit them to the payroll clerk on time. We received multiple complaints by multiple sources alleging that water department employees intentionally delay some repairs until the weekend to increase their overtime pay. See other findings.

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**Effect**

The Town may have paid more than necessary to provide services because hours did not need to be paid at overtime rates or the work did not need to be done after hours. Excessive amounts of overtime cost generally mean that the staff is too small, there are inefficiencies, or there is abuse and/or fraud.

**Recommendation**

We recommend that management evaluate payroll costs in relation to work loads and needs. Controls should be revised to ensure that overtime is authorized before it is incurred and approved before it is paid. Supervisors should ensure that work is properly prioritized to prevent employees from working overtime unless it is necessary.

**Management's Response**

See management's corrective action plan.

**2017-009 Utility Billing Procedures**

**Condition**

Procedures we performed included the following:

- We inquired of the Town Clerk, various employees, vendors, and customers regarding meter reading and billing procedures. We were told by multiple sources that the meters are not read and that bills arrive too late for customers to pay on time.
- We selected a sample of four meters to locate and read to compare to the last billed reading. We read three out of four meters. Town employees could not locate the fourth meter. None of the three readings were consistent with the previous billed readings. One of the four meters was for a commercial lawn watering system, yet the billed consumption has not fluctuated since January 2016. Beginning May 1, 2014, the customer was billed 110,000 gallons for three months, 117,000 for one month, 108,000 for one month, 106,000 for two months, 105,000 for two months, 100,000 for five months, 102,000 for four months, 103,000 for two months, then 102,000 from January 1, 2016 through April 1, 2018 (28 months).
- We inspected the meter reader's records. He records readings in a notebook. It appeared that readings are only documented for cutoffs and similar situations, not for regular readings. There are approximately 2,000 customers on the system. It seems that it would be physically impossible for one person to read the meters in time to submit the readings to the Clerk to be entered for billing.
- We reviewed selected customer account histories. We noted that the billed consumption was the same for many months and sometimes years.
- The Town Clerk demonstrated how she fills out a screen in the billing software to enter a reading for every customer in the system. This task was given as a significant reason given for the Clerk's need for overtime. However, sources tell us that the outsourced billing service can bill the previous reading by instruction alone. Entering the amounts for every customer does not appear to be necessary.
- We noted through interviews with various customers and others that bills were often mailed to customers after the standard billing date. Management blamed the outsourced billing service. It appears that the fault lies with the Town not notifying the outsourced billing service to proceed with billing in a timely manner. This seems especially odd since none of the meters are being read. We were initially told that meters were being read manually. Later we were told that the meters were being read on a rotation basis whereby all meters were read every couple of months. The Town Clerk ultimately admitted that the meters were not being read and that the Mayor was aware that they were not being read.

**Criteria**

Policies and procedures for utility billing should ensure that customers are billed for the services they use at authorized rates.

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**Cause**

The auditor was unable to determine the cause of the condition. The Town has invested in a system that would read the meters electronically in a short amount of time. While the Town was under Fiscal Administration, the Fiscal Administrator was systematically updating meters that were not working with the automated reader. Had the process been continued, it seems most if not all of the meters could now be read electronically. It appears that this process would have taken an hour or two at most.

**Effect**

The Town cannot be billing for actual usage. This could result in under or overbilling customers and over or understating the Town's revenue. The billing process may be taking longer than necessary which may be costing the town in payroll expenses.

**Recommendation**

We recommend that management form a committee, perhaps including one or more Board members, to evaluate the process and determine whether meters are being read properly and customers are being billed properly. We recommend that none of the persons that are currently involved in the system be solely responsible for the project. We recommend that a plan be devised to update the remaining meters to be read by the electronic reading system. We recommend that the entire project be completed within a year.

**Management's Response**

See management's corrective action plan.

**2017-010 Timekeeping Procedures**

**Condition**

We selected for testing twenty-five employees from the pay period of January 19, 2017 through January 25, 2017. We noted the following:

1. The supervisor's approval was not documented for two out of twenty-five time/attendance records.
2. Three out of twenty-five paychecks included the use of accrued leave. One of three time/attendance records did not include evidence of a supervisor's approval of leave used.

In the prior year, we noted the following issues that also occurred in the test period referred to above:

1. No form or incomplete overtime form supporting overtime paid
2. No lunch breaks recorded
3. Clocking in and out at the exact same time everyday
4. Manual entries on time/attendance records of employees who use a clock

**Criteria**

Basic practices include procedures to ensure that time/attendance records supporting paychecks are accurate, reviewed, and approved. Town policies should be enforced to include completely and accurately preparing required forms. All state and federal laws and regulations related to payroll should be adhered to. Manually entering time for employees using a time clock should be infrequent.

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**Cause**

The auditor was unable to determine the exact cause for all aspects of the condition. It appears that the various supervisors are not consistent in enforcing policies or reviewing time reports.

**Effect**

Employees could be over or underpaid due to error, abuse or fraud.

**Recommendation**

We recommend that management ensure that supervisors and employees are properly trained and reminded of policies and procedures. Employees and supervisors should be told that payroll will not be processed without proper documentation.

**Management's Response**

See management's corrective action plan.

**2017-011 Noncompliance with Budget Act**

**Condition**

The minutes of the meeting of June 30, 2016, indicate the 2016-2017 budget was adopted but do not reference a public hearing or ordinance.

**Criteria**

Section 406 of the Lawrason Act, states in part, "A. (3) Any act of the Board of Aldermen which would provide for the appropriation of funds, the incurrence of debt, or the issuance of bonds or other evidences of indebtedness shall be by ordinance."

Section 1313 of the Budget Act also states in part, "The chief executive or administrative officer shall retain and file certified copies of the adopted budget, budget adoption instrument, duly authorized budget amendments, and copies of supporting schedules and correspondence related to the budget at the domicile of the governing authority."

Louisiana Revised Statute 42:20, part A states, "All public bodies shall keep written minutes of all of their open meetings. The minutes to be kept by the legislature and legislative committees and subcommittees shall be governed by the provisions of R.S. 42:21. The minutes of all other public bodies shall include but need not be limited to: (1) The date, time, and place of the meeting. (2) The members of the public body recorded as either present or absent. (3) The substance of all matters decided, and, at the request of any member, a record, by individual member, of any votes taken. (4) Any other information that the public body requests be included or reflected in the minutes."

**Cause**

The auditor was unable to determine the cause of the condition.

**Effect**

The Town's budget file does not clearly demonstrate the Town's compliance with the Budget Act. Controls did not operate effectively to prevent noncompliance.

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**Recommendation**

We recommend that management consult with the Town Attorney to revise procedures to ensure that the Town complies with laws affecting the budget process.

**Management's Response**

See management's corrective action plan.

**2017-012 Failure to Publish Minutes**

**Condition**

This condition was first reported in 2016. The Town did not publish Board of Aldermen minutes in the official journal for a period of several months. The June 2015 minutes were published July 23, 2015. We noted no other minutes published from July 23, 2015 through June 30, 2016.

The minutes for meetings held between July 19, 2016 and September 12, 2017 were published November 16, 2017.

**Criteria**

Louisiana Revised Statute 42:20 states, "Written minutes A. All public bodies shall keep written minutes of all of their open meetings. The minutes to be kept by the legislature and legislative committees and subcommittees shall be governed by the provisions of R.S. 42:21. The minutes of all other public bodies shall include but need not be limited to: (1) The date, time, and place of the meeting. (2) The members of the public body recorded as either present or absent. (3) The substance of all matters decided, and, at the request of any member, a record, by individual member, of any votes taken. (4) Any other information that the public body requests be included or reflected in the minutes. B.(1) The minutes shall be public records and shall be available within a reasonable time after the meeting, except where such disclosures would be inconsistent with R.S. 42:16, 17, and 18, or rules adopted under the provisions of R.S. 42:21. (2) If the public body has a website, the public body shall post on its website a copy of the minutes made available pursuant to Paragraph (1) of this Subsection and shall maintain the copy of those minutes on the website for at least three months after the posting. If the public body is required to publish its minutes in an official journal, the public body shall post its minutes on its website as required by this Paragraph within ten days after publication in the official journal. If the public body is not required to publish its minutes in an official journal, the public body shall post its minutes on its website as required by this Paragraph within a reasonable time after the meeting. The inability of the public to access the public body's website due to any type of technological failure shall not be a violation of the provisions of this Chapter."

Louisiana Revised State 43:144 states, "Penalty for failure to have proceedings published. The official of any municipal corporation, police jury, or school council by law responsible for the preparing and recording of the official proceedings who, within twenty days from the date of any meeting at which the official proceedings were had, wilfully neglects or fails to furnish the official journal with a copy of the minutes, ordinances, resolutions, budgets, and proceedings for publication, shall be fined not less than twenty-five dollars nor more than five hundred dollars, or be imprisoned for not less than ten days nor more than six months, or both."

**Cause**

See finding 2017-016.

**Effect**

The Town did not comply with state law concerning minutes.

**Recommendation**

We recommend that management review policies and procedures to ensure that policies and procedures are adequately designed and monitored to prevent noncompliance.

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**Management's Response**

See management's corrective action plan.

**2017-013 Late Filing of Police Supplemental Pay Reports**

**Condition**

Four out of twelve police supplemental pay warrants were signed after the tenth of the month following the reporting period.

**Criteria**

LRS 40 :1667 through 40:1667.9 provides for supplemental pay. The warrant required submitted to the Louisiana Department of Public Safety & Corrections, Public Safety Services states that it is due to the Department by the tenth of the month following the paid month.

**Cause**

The auditor was unable to determine the cause for the delays.

**Effect**

The Town is not in compliance with state law as it relates to police supplemental pay.

**Recommendation**

We recommend that management design and implement procedures to ensure that requirements relating to supplemental pay are met.

**Management's Response**

See management's corrective action plan.

**2017-014 Financial Statements Issued After Due Date**

**Condition**

The audit report was submitted after the statutory due date.

**Criteria**

State law requires the Town to submit to the Louisiana Legislative Auditor audited financial statements within six months of year end or December 31, 2017.

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**Cause**

See other findings. The audit report was delayed by the following:

- Accounting records were not properly maintained.
- The outside accountant was not asked to monitor bookkeeping during the year to confirm that all transactions had been entered, that bank accounts had been reconciled, and to check for bookkeeping errors.
- The outside accountant was not able to work at Town Hall on year-end adjustments in the time frame he had scheduled. The Town Clerk had not completed her work and asked him to come in later.
- Once the outside accountant could begin his work, he found incomplete bookkeeping and errors.
- The above delays caused scheduling conflicts for the outside accountant and auditor. Both firms were booked for other engagements. The firms had to work on the town's books and audit as their schedules permitted. In an attempt to make progress, as our schedule permitted, we began completing procedures before the books were adjusted to their final state. Only a limited amount of work can be completed before the books are available.
- Information obtained from procedures performed indicated a higher risk of material misstatement and noncompliance with laws, regulations, and contracts than initially assessed. Additional procedures had to be performed.

**Effect**

When an entity is late filing its report, the entity is placed on the LLA's noncompliance list. Being placed on the list results in an entity receiving no funds from the State until the entity is removed from the list.

**Recommendation**

We recommend the following:

1. Implement recommendations in other findings.
2. Clearly communicate proper lines of authority and responsibility to all employees.
3. Ensure that the internal control system design includes proper monitoring, supervision, and review and ensure that such monitoring, supervision, and review is taking place.
4. Ensure that management is present and actively monitoring operations and supervising employees.
5. Engage the outside CPA to monitor accounting monthly to ensure that proper accounting and control procedures are followed.
6. Ensure that the outside CPA is allowed access to complete year-end adjustments and submit data to the auditor by August 31<sup>st</sup> each year.

**Management's Response**

See management's corrective action plan.

**2017-015 Financial Statements Not Provided to Board of Aldermen**

**Condition**

Monthly financial statements were not submitted to the Board of Aldermen during the year ended June 30, 2017.

**Criteria**

Proper internal controls and LLA Best Practices include review of financial statements by management and the governing board.

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**Cause**

Management did not utilize the services of the outside accountant to ensure that monthly procedures were followed to ensure that all transactions were entered into the accounting system and reconciled to supporting documents such as bank statements. Without these procedures, accurate financial statements cannot be produced and provided to management and the Board of Aldermen.

The Town Clerk is responsible for reconciling bank accounts. The June 30, 2017 bank statements were not reconciled until September 2017. Based on the software's audit trail report, other bank reconciliations during the year could not have been completed timely.

In the period subsequent to the audit period, we noticed that deposits were not posted in a timely manner which means the bank accounts could not be reconciled in a timely manner. The Town Clerk is also responsible for preparing deposit documentation and submitting the documentation to the bookkeeper for posting. Town procedure is to prepare, deposit, and post deposits daily. According to the bookkeeper, the deposit information was often not submitted to her on a timely basis. Therefore, deposits and transfers between bank accounts were often not recorded for weeks at a time. The software and documentation appear to corroborate the bookkeeper's assertion. The software documents when transactions are entered and by whom regardless of the effective date that is entered. For example, in the General Fund, according to the software, some deposits were entered as follows:

- July 13, 2017 – by the bookkeeper – seven deposits with dates ranging from June 28, 2017 through July 12, 2017
- October 4, 2017 – by the bookkeeper – seven deposits with dates ranging from September 25, 2017 through September 27, 2017
- November 28, 2017 – all except one were entered by the Town Clerk - thirty-five deposits with dates ranging from November 4, 2016 through September 9, 2017
- February 5, 2018 – by the bookkeeper – twenty-nine deposits with dates ranging from December 15, 2017 through February 1, 2018
- February 15, 2018 – all except two were entered by the Town Clerk - thirty deposits with dates ranging from September 22, 2017 through February 12, 2018

**Effect**

Management and the Board of Aldermen have not been able to fulfill their responsibility to oversee the Town's finances.

**Recommendation**

We recommend that the Town utilize the outside accountant to ensure that financial statements are provided to management and the Board of Aldermen. We recommend that the accountant be allowed to perform the following procedures on a monthly basis:

- Confirm that all deposits have been made and recorded
- Confirm that bank reconciliations have been performed for all bank accounts
- Agree other asset and liability accounts to supporting documentation
- Review the general ledger for accounting errors and make adjustments as needed
- Read financial statements produced from the accounting system and make any changes needed

**Management's Response**

See management's corrective action plan.

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**2017-016 Failure in Multiple Elements of Internal Control**

**Condition**

The performance of our audit procedures and statewide agreed-upon procedures included the following:

- Observance of management and employees
- Interviews of elected officials, management, employees, citizens, vendors, and contractors
- Tests of transactions

From these procedures, we identified deficiencies and/or weaknesses in all of the components of internal control:

- Control environment
- Risk Assessment
- Information and communication
- Monitoring
- Control activities

Evidence obtained from the above procedures indicated the following specific issues:

- Overall lack of communication and, sometimes, animosity between officials, between departments, and between employees
- Mayor and Town Clerk are often absent from Town Hall
- Town Clerk is often behind closed doors when she is present at Town Hall

**Criteria**

Local governments typically use the Green Book as a model for internal control. Per <https://www.gao.gov/greenbook/overview>, "Internal control helps an entity run its operations efficiently and effectively, report reliable information about its operations, and comply with applicable laws and regulations. *Standards for Internal Control in the Federal Government*, known as the "Green Book," sets the standards for an effective internal control system for federal agencies."

The Town is subject to the Lawrason Act found in LRS 33:321-463. The Act stipulates that the Council or Board of Aldermen has legislative powers and the Mayor is the Chief Executive Officer. The Clerk's duties, per the Act, include keeping the minute book, maintaining custody of the town seal, maintaining the court docket, and maintaining and preserving other books and records.

**Cause**

We were unable to identify the cause of the condition.

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**Effect**

We identified the following effects from the above described condition:

- The absence of management creates an environment ripe for abuse and fraud. For example, multiple sources (officials, employees, citizens, and vendors) reported that employees are often parked/idol in town vehicles for extended periods of time during work hours. We received multiple complaints that the phone at the public works department often goes unanswered. We received multiple complaints that employees use town equipment for personal uses. Also see the other findings, including, but not limited to, excessive overtime.
- Poor communication limits the ability of employees to perform their assigned duties. It is necessary to communicate information and transfer data and documents among departments to ensure that transactions are properly initiated, authorized, documented, and recorded. For example, we noted that the bookkeeper responsible for processing payroll and accounts payable and posting deposits has difficulty getting properly completed time/attendance and leave records, purchase orders, invoices, and deposit information from other employees. Also, the police chief moved the collection of fines from town hall to the police department due to failures reported in the fiscal year 2016 audit report.

**Recommendation**

We recommend that an intentional effort be made to ensure that the Town's internal control system is properly designed, implemented, and monitored. We previously recommended that the Town utilize its outside accountant or CPA firm to monitor the accounting and reporting function. The firm could also assist in evaluating and adjusting the internal control system and perhaps testing the system to ensure that it is functioning as designed.

**Management's Response**

See management's corrective action plan.

**2017-017 Lack of Segregation of Duties in Collections**

**Condition**

During the year ended June 30, 2017, some employees performed incompatible duties. The Town Clerk received collections from the cashiers, prepared the deposits, took the deposit to the bank, and prepared the daily summary of collections at town hall. The tax collector prepared tax bills, collected tax payments, posted tax payments in the tax software, and managed the tax sale. Additionally, during the year, due to a fiscal year 2016 audit finding, the police chief moved collections of fines from town hall to the police department. A better segregation of duties is achieved when collections are at town hall since the police department writes citations and accounts for citation numbers.

We did not identify any control activities that mitigated the risk increase caused by the lack of proper segregation of duties.

**Criteria**

Paragraph 10.13 of the Green Book reads in part (emphasis added), "Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process. Management considers the need to **separate control activities related to authority, custody, and accounting of operations** to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk."

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**Cause**

The Town Clerk assumed her duties due to lack of available personnel to assign selected duties to. The tax collector collected tax payments because she believed it helped her ensure an accurate accounting. The police department collected payments of fines due to the police chief's concern about collections issues highlighted in the fiscal year 2016 audit.

**Effect**

Improper segregation of duties without compensating controls gives one individual too much power and thus increases the risk for fraud, waste, and abuse.

**Recommendation**

Our recommendation in the finding regarding failure to produce financial statements could also address the lack of segregation of duties. The outside accountant's role could include monitoring of these activities. However, we recommend that cashiers at town hall be responsible for all collections.

**Management's Response**

See management's corrective action plan.

**2017-018 Utility Accounts of Employees and Officials Paid Late**

**Condition**

The utility accounts of two supervisory employees were allowed to remain open in spite of a lack of payment.

The first employee did not make payment on his account from March 3, 2017 to December 22, 2017, when he paid the entire balance of \$712.52. A check was issued to this employee on December 22, 2017, for \$931.83, for eighty vacation hours.

The second employee was first billed on February 1, 2017, but did not make a payment until January 4, 2018, when he paid the full balance of \$860.10. A check was issued to this employee on December 27, 2017, for \$960.00, with a memo that read, "REPAIRED WATER LEAKS, WATER WELLS, &...". This check was written outside of the payroll system, as if the employee was an independent contractor. An invoice supporting this check indicates the work was performed during June and July 2017, when the employee was briefly retired. This employee is also the subject of finding 2017-019.

Additionally, though her account was current at year end, the Town Clerk, who is responsible for overseeing the utility billing and collection, was charged seven penalties during the year for late payment. Finally, several other officials and key employees were charged one or more penalties during the year, indicating their payments were received past the due date.

**Criteria**

Article VII Section 14 of the Louisiana Constitution states in part, "Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. Except as otherwise provided in this Section, neither the state nor a political subdivision shall subscribe to or purchase the stock of a corporation or association or for any private enterprise."

**Cause**

We did not identify the cause of the condition.

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**Effect**

In failing to collect balances owed by employees to the Town, the Town loaned funds to the employees in violation of the Constitution. Additionally, failing to collect from any individual or company who owes the Town is reducing the Town's ability to provide services.

**Recommendation**

We recommend that the Town ensure that its written policy for terminating services and collecting payments is appropriately designed and implemented.

**Management's Response**

See management's corrective action plan.

**2017-019 Employee Paid as Contract Labor**

**Condition**

The water department supervisor filed retirement papers with a retirement date of May 31, 2017, was issued a check from the Municipal Employees Retirement System of Louisiana representing a refund of his contributions and forfeiture of the employer matching contributions. The employee was rehired July 3, 2017. On December 22, 2017, the employee received a nonpayroll check for \$960.00 for 80 hours of work he performed in June and July 2017, when he was officially retired.

**Criteria**

LRS R.S. 42:1121 provides that a former public employee is prohibited for two years following termination of their public employment from:

- Assisting persons, for compensation, in any transaction, or making an appearance in connection with a transaction involving their former agency in which they participated at any time during their public employment; and
- Rendering any services which they rendered during their employment on a contractual basis to, for, or on behalf of their former agency.

Additionally, Internal Revenue Service Regulations prohibit the classification of an employee as an independent contractor. Taxes are not withheld, and employer payroll taxes are not paid on payments to contractors.

**Cause**

We did not identify the cause of the condition.

**Effect**

The employee and the Town appear to have violated the Louisiana Code of Governmental Ethics and IRS regulations concerning the classification of employees. The Town could be liable for payroll taxes that should have been paid on the compensation to the employee.

**Recommendation**

We recommend that management consult legal counsel on corrective action.

**Management's Response**

See management's corrective action plan.

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**2017-020 Certificate of Deposit Cashed Without Board of Aldermen Approval**

**Condition**

Subsequent to the end of the audit year but before we issued the audit report, management cashed a Street Sales Tax certificate of deposit and deposited the proceeds of \$265,479 in the General Fund. We noted no Board of Aldermen approval either in the 2017-2018 budget or in the minutes of meetings.

**Criteria**

The transfer of such a large sum of money should have been approved by the Board of Aldermen. The use of the funds in the General Fund may not be in accordance with the tax proposition approved by the voters.

**Cause**

We have concern that the Town is overspending and experiencing problems with cash flow due to conditions mentioned in other findings. When deposits are not posted timely and bank reconciliations are not performed timely, management cannot know how much cash is available to spend.

**Effect**

Management may be spending funds that the Board of Aldermen intended to remain intact. The Town may have violated the tax proposition.

**Recommendation**

We recommend that the Town consult legal counsel and take appropriation action.

**Management's Response**

See management's corrective action plan.

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**C. STATUS OF PRIOR YEAR FINDINGS AND COMMENTS**

**2016-001 Improper Treatment of Town Vehicles**

**Initial Year of Reporting**

2012

**Status**

The finding is cleared.

**2016-002 Police Tickets Not Adequately Tracked**

**Initial Year of Reporting**

2015

**Status**

The finding is cleared.

**2016-003 Cash Receipt Books Not Properly Maintained**

**Initial Year of Reporting**

2015

**Status**

The finding is repeated. See Finding 2017-001.

**2016-004 Bank Account Required by Debt Agreement Not Fully Funded**

**Initial Year of Reporting**

2015

**Status**

The finding is repeated. See Finding 2017-002.

**2016-005 Liability for Customer Deposits Exceeds Restricted Cash**

**Initial Year of Reporting**

2015

**Status**

The finding is repeated. See Finding 2017-003.

**2016-006 Utility Fund Accounts Receivable Includes Bad Debts**

**Initial Year of Reporting**

2015

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**Status**

The finding is repeated. See Finding 2017-004.

**2016-007 Noncompliance with Public Bid Law**

**Initial Year of Reporting**

2015

**Status**

The finding is repeated. See Finding 2017-005.

**2016-008 Failure in Internal Control Over Purchasing**

**Initial Year of Reporting**

2016

**Status**

The finding is repeated. See Finding 2017-006.

**2016-009 Customer Refunds Not Reflected in the Billing System**

**Initial Year of Reporting**

2016

**Status**

The finding is repeated. See Finding 2017-007.

**2016-010 Overtime Pay Appears to be Excessive**

**Initial Year of Reporting**

2016

**Status**

The finding is repeated. See Finding 2017-008.

**2016-011 Utility Billing Procedures**

**Initial Year of Reporting**

2016

**Status**

The finding is repeated. See Finding 2017-009.

**2016-012 Timekeeping Procedures**

**Initial Year of Reporting**

2016

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**Status**

The finding is repeated. See Finding 2017-010.

**2016-013 Noncompliance with Budget Act**

**Initial Year of Reporting**

2016

**Status**

The finding is repeated. See Finding 2017-012.

**2016-014 Failure to Publish Minutes**

**Initial Year of Reporting**

2016

**Status**

The finding is repeated. See Finding 2017-012.

Town of Jonesboro  
Jonesboro, LouisianaSchedule of Compensation Paid Councilpersons  
For the year ended June 30, 2017

	2017
Devin R. Flowers	\$ 6,000
Nia E. Johnson	6,000
Janet Martin	6,000
Robbie A. Siadek	6,000
Aaron Stringer	6,000
	\$ 30,000

Town of Jonesboro  
Jonesboro, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head  
For the year ended June 30, 2017

James Bradford Mayor	
Salary	\$ 60,000
Reimbursements	<u>734</u>
	<u>\$ 60,734</u>



Independent Accountant's Report  
on Applying Agreed-Upon Procedures

To the Town of Jonesboro  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Town of Jonesboro (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

*We requested copies of all Town policies and procedures.*

*Exceptions: None*

- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*We requested copies of all Town policies and procedures. A purchasing policy is included in the employee handbook adopted in 2016. There is also a purchasing and disbursements policy that indicates it was adopted in 2011.*

*Exceptions: The employee handbook policy does not address any of the suggested elements except the preparation of purchase orders. The 2011 policy does not address how purchases are initiated or how vendors are added to the list.*

*Management's Response: See Management's Corrective Action Plan*

- c) **Disbursements**, including processing, reviewing, and approving

*We requested copies of all Town policies and procedures. We received a purchasing and disbursements policy that indicates it was adopted in 2011.*

*Exceptions: None*

- d) **Receipts**, including receiving, recording, and preparing deposits

*We requested copies of all Town policies and procedures.*

*Exceptions: We did not receive a receipts policy. We did receive a Customer Utility Accounts Policy that addresses collections on utility accounts.*

*Management's Response: See Management's Corrective Action Plan*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*We requested copies of all Town policies and procedures. Payroll/personnel policies are included in the employee handbook.*

*Exceptions: The policy does not specifically address payroll processing or reviewing and approving time and attendance records.*

*Management's Response: See Management's Corrective Action Plan*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

*We requested copies of all Town policies and procedures. We received a contracting for services policy.*

*Exceptions: The policy does not address standard terms and conditions.*

*Management's Response: See Management's Corrective Action Plan*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

*We requested copies of all Town policies and procedures.*

*Exceptions: We did not receive a credit card policy. We did receive a debit card policy. However, there were no debit cards listed on the list of credit cards obtained in the procedure below.*

*Management's Response: See Management's Corrective Action Plan*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

*We requested copies of all Town policies and procedures. A travel policy is included in the employee handbook which was adopted in 2016. There is a separate travel policy that was adopted in 2013.*

*Exceptions: The policy in the employee handbook does not include dollar thresholds. The 2013 policy does include thresholds for meals and lodging. It is unclear whether the employee handbook was intended to replace the separate policy.*

*Management's Response: See Management's Corrective Action Plan*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*We requested copies of all Town policies and procedures. The ethics policy is included in the employee handbook.*

*Exceptions: The policy does not appear to include all the elements referenced in the procedure.*

*Management's Response: See Management's Corrective Action Plan*

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*We requested copies of all Town policies and procedures.*

*Exceptions: We did not receive a debt service policy.*

*Management's Response: See Management's Corrective Action Plan*

**Board (or Finance Committee, if applicable)**

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2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*We obtained the board minutes. The Board met at least monthly.*

*Exceptions: None*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*The minutes did not reference or include monthly budget-to-actual comparisons.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*The minutes did not reference or include monthly budget-to-actual comparisons.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*The minutes did reference approval of various contracts.*

*Exceptions: None.*

#### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*We obtained a listing and management's representation.*

*Exceptions: None*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: Town student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*We selected five accounts for testing. For four out of five accounts we received all twelve month's reconciliations. For the 5<sup>th</sup> account, we received bank reconciliations for two out of twelve months.*

*Exceptions: We did not receive bank reconciliations for ten out of twelve months for one bank account selected for testing.*

*Management's Response: See management's corrective action plan.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and  
*The bank reconciliations did not include evidence that a member of management or a board member has reviewed each bank reconciliation.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.  
*The bank reconciliations did not include documentation reflecting that management had researched reconciling items that had been outstanding for more than six months as of the end of the fiscal period.*

*Exceptions: See above*

*Management's Response: See management's corrective action plan.*

#### Collections

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*We obtained the listing and the representation.*

*Exceptions: None*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: Town student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*We obtained the Town's insurance policy declarations. The policies include employee theft. The policy does not state which employees are covered.*

*The Town Clerk can collect cash, prepare the deposit, and record deposits in the accounting software. She is responsible for preparing the deposit and taking deposits to the bank.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*We obtained the receipt books, the general ledger, and the Town's policies and procedures. We did not identify a formal process to reconcile receipt books to deposits.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

*We selected the highest week of collections, the week of February 4<sup>th</sup> through February 10<sup>th</sup> of 2017.*

Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*There were thirty-four deposits during the selected week. The deposits included eighty-four receipts. Out of thirty-four deposits, twenty-three included receipts that were more than one day from collection. Out of twenty-three receipts deposited more than one day from collection, 6 were deposited in three days and seventeen were deposited in two days.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*For one out of 84 receipts, we did not receive proper support.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*We obtained the available documentation.*

*Exceptions: We did not identify such a process.*

*Management's Response: See management's corrective action plan.*

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*We obtained a check register (QuickBooks check detail) and a general ledger for each fund and management's representation that the listings are complete.*

*Exceptions: None*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

*We selected twenty-five disbursements from the check register.*

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Out of twenty-five disbursements tested, twenty-one purchases should have been supported by a purchase order. Out of twenty-one purchases, three were not supported by a proper purchase order. Purchase requisitions are not used.*

*Exceptions: The purchase initiation and approval functions are not separated.*

*Management's Response: See management's corrective action plan.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*The purchase orders were approved by an appropriate person. However, the initiator of the purchase is not documented.*

*Exceptions: We were unable to determine whether the purchase order was approved by a person who did not initiate the purchase.*

*Management's Response: See management's corrective action plan.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Out of twenty-five disbursements, twenty-one should have been supported by purchase orders, and documentation that goods or services were received. Out of twenty-one disbursements, one was not supported by evidence that goods or services were received and three were not supported by a proper purchase order.*

*Exceptions: Four disbursements were processed without an approved purchase order and/or a receiving report.*

*Management's Response: See management's corrective action plan.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*We obtained the Town's policies. The policies do not address whether the person responsible for processing payments is prohibited from adding vendors to the system. However, we inquired of the accounts payable clerk. She is able to process payments and add vendors to the purchasing/disbursement system.*

*Exceptions: The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system.*

*Management's Response: See management's corrective action plan.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*We obtained the Town's policies. The policies do not address the described issue. However, through inquiry we determined that the Mayor, the Town Clerk and each department supervisor initiate purchases. The Mayor (purchase orders) and the Board (large purchases) authorize purchases. The Mayor and the Town Clerk can also sign checks. The accounts payable clerk records purchases.*

*Exceptions: Two of the persons with authority to initiate and/or authorize purchases also have the authority to sign checks.*

*Management's Response: See management's corrective action plan.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*We inquired of the Town Clerk. The checks are stored in a vault which she asserts is locked at all times. The Town Clerk has the only key to the vault. The tax collector has the key when the clerk is out. Both the Town Clerk and the Tax Collector can also sign checks.*

*Exceptions: The persons authorized to sign checks have access to the unused checks.*

*Management's Response: See management's corrective action plan.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*Per inquiry of the Town Clerk and the Accounts Payable Clerk, the Town does not have a signature stamp or signature machine.*

*Exceptions: None*

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

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

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

*Exceptions: During procedures we identified a card that was misplaced per the Town Clerk.*

*Management's Response: See management's corrective action plan.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

*We noted no evidence that the monthly statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*The Town did not incur finance charges or late fees on the selected statements.*

*Exceptions: None*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*There were twenty-four transactions on the card statement selected for testing. Out of the twenty-four charges, twenty-four were supported by receipt, one included documentation of business purpose, and twenty-four included purchase orders.*

*Exceptions: Out of twenty-four transactions, twenty-three did not include documentation of business purpose.*

*Management's Response: See management's corrective action plan.*

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*We compared the details of the selected transactions to the policies and to the bid law. We noted no exceptions to policy. None of the transactions appeared to be subject to the bid law.*

*Exceptions: None*

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*Out of twenty-four transactions, the agency documented the business purpose for one transaction. We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution.*

*Exceptions: Purpose was not documented for twenty-three of twenty-four transactions.*

*Management's Response: See management's corrective action plan.*

*Travel and Expense Reimbursement*

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*We obtained a list of Travel and Related Expense Reimbursements and a representation that the listing is complete.*

*Exceptions: The listing contained payments to third parties as well as reimbursements.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*We obtained the policies. The most recent policy, in the employee handbook, does not include rates.*

*Exceptions: The policy does not include rates.*

*Management's Response: See management's corrective action plan.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*We compared the expense documentation to written policies.*

*Exceptions: None*

*Management's Response: See management's corrective action plan.*

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*We compared reimbursements to the documents attached to the checks. All expenses were supported by receipts where applicable. All of the expenses were supported by other required documentation (an expense form).*

*Exceptions: One expense was not supported by documentation of business purpose. One expense form was signed by the Town Clerk instead of the Mayor, as required by policy.*

*Management's Response: See management's corrective action plan.*

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*For the two reimbursements that were supported by documentation of expense reimbursement, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value.*

*Exceptions: None*

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*We inspected receipts and other support for travel and expenses and noted that a person other than the person receiving the reimbursement approved the reimbursement reports.*

*Exceptions: None*

*Management's Response: See management's corrective action plan.*

### Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*We obtained a listing of contracts and management's representation that the listing was complete.*

*Exceptions: None*

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

*We selected the five contract vendors that were paid the most during the fiscal period.*

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*Management submitted for testing the five contracts we requested. For three out of five contracts, the amount paid did not appear to agree to the contracts.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*None of the contracts selected for testing appeared to be subject to the Louisiana Public Bid Law or Procurement Code.*

*Exceptions: None.*

*Management's Response: See management's corrective action plan.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*We noted one contract that had one amendment. The amendments reduced the contract by \$19,735.*

*Exceptions: We noted no indications that the original terms contemplated or provided for such an amendment.*

*Management's Response: See management's corrective action plan.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*We compared the largest payment from each of the five contracts to the documents provided by management. We were unable to agree two of the payments with the contract terms.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*We reviewed the board minutes and contract documentation. Two of the contracts selected was approved by the Board per minutes.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

#### ***Payroll and Personnel***

---

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*We obtained the listing and management's representation that the listing is complete. We selected five employees/officials and obtained their personnel files.*

*Exceptions: None*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*We obtained detail of the employees' pay for the fiscal year and compared to documentation of authorization. Compensation changed for three out of five employees.*

*Exceptions: None*

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*We identified the pay period of January 19, 2017 through January 25, 2017 as the pay period for testing. We selected twenty-five employees/officials and noted all employees/officials documented their attendance and leave.*

*Exceptions: None*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*Supervisor approval of attendance was not documented for two out of twenty-five employees. Three employees took leave during the test period. One of three employees did not have documented supervisor approval.*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*We inspected leave records for the employees that earned leave.*

*Exceptions: None*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*We obtained a list of employees who resigned, retired, or were terminated during the fiscal period. We identified one employee who was paid for 120 accrued vacation hours at retirement. We inspected documentation for this payment.*

*Exceptions: The list did not indicate termination payments made. The employee who received payment for 120 vacation hours employee retired in May 2017 and returned to work in July 2017. The policy could be clearer. It appears that this payment was in accordance with Section XVIII. Section VI seems to say that employees cannot be paid for unused leave in cases of resignation, termination, or discharge unless otherwise stated but does not mention retirement. The employee, a supervisor, approved his own termination payment.*

*Management's Response: See Management's Corrective Action Plan*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*We obtained IRS Forms 941, Louisiana forms L-1, and retirement contribution reports for the Municipal Employees' Retirement System (MERS), the Municipal Police Employees' Retirement System, and the Firefighters Retirement System of Louisiana. We reviewed available documentation of file dates and pay dates.*

*Exceptions: We noted one federal remittance due June 14, 2017 was paid June 19, 2017. We noted no documentation of filing dates for the retirement system forms.*

*Management's Response: See management's corrective action plan.*

***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*For the five employees/officials from procedure #22, we requested ethics compliance documentation from management. No such documentation could be provided.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. Management asserts that no such violations were reported.*

*Exceptions: None*

***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*We noted no indications that debt was issued during the fiscal period.*

*Exceptions: None.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*We obtained and agreed the required debt payments per the amortization schedule to the amounts paid per the general ledger. We compared debt reserves to actual bank account balances. The "Short Lived asset Fund" appears to be underfunded by \$11,525.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*We noted no such millages.*

**Other**

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*We inquired of the Mayor and Town Clerk. Neither the Mayor nor the Town Clerk reported any misappropriation to us or outside parties.*

*Exceptions: None*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.la.gov/hotline](http://www.la.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*We toured Town Hall and reviewed the Town's website. We could not locate a posting of the notice in Town Hall. The notice is included on the Town's website.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*All exceptions are indicated in the comments above.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

BOSCH & STATHAM, LLC

*Joseph R. Statham*

Ruston, Louisiana  
May 14, 2018



## TOWN OF JONESBORO

Mayor James. E. Bradford  
Telephone: 318-259-2385  
Fax: 318-259-4177  
mayor@jonesborola.org

P.O. Box 610  
128 Allen Avenue  
Jonesboro, Louisiana 71251  
JonesboroLA.org

May 14, 2018

Bosch & Statham, LLC  
Post Office Box 2377  
Ruston, Louisiana 71273-2377

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period *July 1, 2016 through June 30, 2017*, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; disbursements; credit/debit/fuel/purchasing cards; travel and expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas as applicable.  
Yes  No
2. For the fiscal period *July 1, 2016 through June 30, 2017*, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.  
Yes  No
3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.  
Yes  No
4. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.  
Yes  No

5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between June 30, 2017, and May 14, 2018.
- Yes  No
6. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.
- Yes  No
7. We represent that the listing of bank accounts provided to you is complete.
- Yes  No
8. We represent that the listing of cash/check/money order (cash) collection locations provided to you is complete.
- Yes  No
9. We represent that the listing of entity disbursements or the general ledger population of entity disbursements provided to you is complete.
- Yes  No
10. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards, provided to you is complete.
- Yes  No
11. We represent that the listing of all travel and related expense reimbursements, by person, during the fiscal period or the general ledger population of travel and related expense reimbursements provided to you is complete.
- Yes  No
12. We represent that the listing of all contracts in effect during the fiscal period or the general ledger population of contract payments provided to you is complete.
- Yes  No
13. We represent that the listing of employees (and elected officials, if applicable) with their related salaries provided to you is complete.
- Yes  No

14. We represent that the listing of employees (and elected officials, if applicable) that terminated during the fiscal period provided to you is complete.  
Yes  No
15. We have disclosed to you other data you deemed necessary to complete SAUPs.  
Yes  No
16. We have responded fully to all inquiries made by you during the engagement.  
Yes  No
17. We are not aware of any events that have occurred subsequent to June 30, 2017, that would require adjustment to or modification of the results of the agreed-upon procedures.  
Yes  No

**The previous responses have been made to the best of our belief and knowledge.**

Signature James E. Bradford Date 05/14/2018

Title Mayor

Signature Krista Rasmussen Date 05/14/2018

Title Clerk



## TOWN OF JONESBORO

Mayor James E. Bradford  
Telephone: 318-259-2385  
Fax: 318-259-4177  
June 13, 2018

P. O. Box 610  
128 Allen Avenue  
Jonesboro, Louisiana 71251

Melissa Bosch, CPA  
Bosch & Statham, LLC  
Post Office Box 2377  
Ruston, Louisiana 71273-2377

The Town of Jonesboro respectfully submits the following corrective action plan for the year ended June 30, 2017.

2017-001

Receipt books will be used in numerical order. Notation will be made as to the deposit date and the deposit amount for each receipt. The Town Clerk will review the books periodically to insure that the procedures are being followed. The Water Billing Clerk Supervisor will also keep a log of issued receipts.

Person responsible and phone number: Kenisha Raybon, 259-2385

Anticipated completion date: June 30, 2018

2017-002

We concur with the recommendation, and it was implemented on May 10, 2018. We deposited \$11,525.00 into the Short Lived Asset Fund.

Person responsible and phone number: Kenisha Raybon, 259-2385

Completion date: May 10, 2018

2017-003

Management has contracted with a CPA to correct the liability account.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: July 30, 2018

2017-004

Management is in the process of cleaning up the billing system to correct bad debts, and the financial statements will be corrected in this process. Management has contracted with a CPA to assist in making these corrections.

Person responsible and phone number: Kenisha Raybon, 259-2385

Anticipated completion date: September 30, 2018

2017-005

Management does not agree with this finding. Management took bids for the gasoline and quotes for the backhoe. Management took quotes for a used backhoe, not a new one. Council voted to accept the lowest quote. Management did do telephone solicitation as required; however, the documentation did not include all necessary information. Management has submitted an advertisement for bids to the Jackson Independent and will advertise for gasoline bids every year. Management will update its policy on purchasing and disbursements to include provisions for public bid and soliciting quotes and the documentation needed.

Person responsible and phone number: Kenisha Raybon, 259-2385

Anticipated completion date: July 16, 2018

2017-006

Management will review the policy and procedures on the purchase order system and will communicate the procedures to all employees. Management will stress to employees that any purchases that do not have the proper documentation will not be paid until proper documentation is received.

Person responsible and phone number: Kenisha Raybon, 259-2385

Anticipated completion date: June 30, 2018

2017-007

Management concurs with this finding and corrective action has been taken to correct the billing system customer refunds.

Person responsible and phone number: Kenisha Raybon, 259-2385

Completion date: May 31, 2018

2017-008

Management has sent a memo to all employees. Punching in early and no lunch breaks will not be allowed without approval. Overtime will be monitored closely by the supervisors of each department. All overtime must be approved by the supervisor, and noncompliance with this policy will result in termination. A new fingerprint timeclock has been installed at the Public Works department. If the timeclock is not used properly, the employee will be terminated.

Person responsible and phone number: James Bradford, 259-2385

Completion date: May 31, 2018

2017-009

Management has ordered software to update the current reading system. Management will change the heads of meters that are affected. Training will be administered to the employees involved in reading meters. In addition, the Water Supervisor will do on-site reading of any meters that are not being ready by the reader. Those meters will be read manually.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: July 31, 2018

2017-010

Management will insure that employees and supervisors are signing all timesheets. Payroll will not be processed without proper documentation.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: June 15, 2018

2017-011

Management has corrected this finding. Management has consulted with the Town Attorney to revise the procedures to insure the Town complies with laws affecting the budget process.

Person responsible and phone number: James Bradford, 259-2385

Completion date: June 12, 2018

2017-012

Management has corrected this finding, and all minutes are published and current.

Person responsible and phone number: Kenisha Raybon, 259-2385

Completion date: May 31, 2018

2017-013

Management has addressed the Police Chief and all supplemental pay reports will be submitted by the 5<sup>th</sup> of each month.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: July 5, 2018

2017-014

Management has contracted with a CPA, and monthly financial statements will be given to the Council on a monthly basis.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: July 31, 2018

2017-015

Management has contracted with a CPA, and monthly financial statements will be given to the Council on a monthly basis.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: July 31, 2018

2017-016

Management has contracted with a CPA to determine the controls and how to monitor controls.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: September 30, 2018

2017-017

Management has contracted with a CPA to determine the controls and how to monitor controls.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: September 30, 2018

2017-018

Management will implement procedures so that the utility accounts for all employees and officials will be reviewed monthly. Employees and officials have been informed that accounts must be paid by the due date.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: July 31, 2018

2017-019

Management was not aware that an employee could not be hired for contract work after he/she retires. Management has consulted with the Town Attorney and will comply with the legal advice.

Person responsible and phone number: James Bradford, 259-2385

Completion date: May 31, 2018

2017-020

Management strongly disagrees with this finding. Management consulted legal counsel in reference to cashing the certificate of deposit without the Town Council approval and was told that Council approval was not needed. Although legal counsel provided a letter stating that the Mayor did not need the Town Council approval, the Mayor called every Councilperson and got their approval. Also, in the recommendation, the auditor recommended that the Town consult legal counsel. Legal counsel gave the Louisiana Revised Statute that he based his letter on.

Person responsible and phone number: James Bradford, 259-2385

Completion date: May 31, 2018

#### AUP Policies

Management will modify current policies and procedures and adopt new policies and procedures as required by the Louisiana Legislative Auditor. These policies and procedures include purchasing, receipts for collections other than utility accounts, payroll/personnel, contracting, credit cards, travel and expense reimbursements, ethics, and debt service.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: September 30, 2018

#### AUP Board

Management has contracted with a CPA, and monthly financial statements will be given to the Council on a monthly basis. These monthly statements will include budget-to-actual comparisons. The Council will include in its monthly agenda non-budgetary financial information.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: July 31, 2018

#### AUP Bank Reconciliations

Management has contracted with a CPA to provide assistance with monthly financial reports. The CPA will reconcile all bank accounts by the end of the following month. A Town Councilperson will review all bank reconciliations and document the review by initially and dating the reconciliation. Management will adopt a policy on bank reconciliation that includes monitoring reconciling items over six months old.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: July 31, 2018

#### AUP Collections

Management will adopt policy and procedures on reconciling cash collections to the general ledger and on determining completeness of all collections. Management will contact the insurance policy holder to determine if the bond policy needs to be employee or job specific and make the necessary adjustments to the policy. The management of the Town will modify the policy and procedures for collecting cash so that the same person is not able to collect cash, prepare the deposit, and record the deposit. Management will include the contract CPA in this process to provide segregation of duties. Lastly, all monies collected will be supported by a sequentially numbered receipt or other related collection documentation.

Person responsible and phone number: Kenisha Raybon, 259-2385

Completion date: July 31, 2018

#### AUP Disbursements

The Town will modify its policy and procedures for disbursements to insure that those who can authorize purchases (Mayor and Town Council) cannot initiate purchase orders. Management will also include in the policy and procedures the process for adding vendors, so that the person responsible for processing payment Person responsible and phone number: Kenisha Raybon, 259-2385

Person responsible and phone number: Kenisha Raybon, 259-2385

Anticipated completion date: July 31, 2018

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

Management will modify the policy and procedures related to credit cards to include steps for missing or lost cards, review and approval by someone other than the cardholder, and documentation of the business purpose for each transaction.

Person responsible and phone number: Kenisha Raybon, 259-2385

Anticipated completion date: July 31, 2018

#### AUP Travel and Expense Reimbursement

Management will modify the policy and procedures to include rates for travel and expense reimbursements and have the modification approved by the Town Council. The Town will follow its policy to fill out an expense form and have it signed by the Mayor before any disbursements are made to the employee. All expenses will be required to be supported by an original receipt or other documentation per the policy.

Person responsible and phone number: Kenisha Raybon, 259-2385

Anticipated completion date: July 31, 2018

#### AUP Contracts

Management will modify the policy and procedures for contracts to insure that the Town Council approves the Mayor or other designated representative to enter into the contract on behalf of the Town. All payments made on contracts will have to be cross referenced with the contract to insure payments are paid according to the contract terms.

Person responsible and phone number: Kenisha Raybon, 259-2385

Anticipated completion date: July 31, 2018

#### AUP Payroll and Personnel

Management will modify the policy and procedures on termination pay (sick, vacation, or other leave time pay) to clearly define what will and will not be paid. All supervisors will sign daily timesheets for employees before employees can receive pay.

Person responsible and phone number: Kenisha Raybon, 259-2385

Anticipated completion date: July 31, 2018

#### AUP Ethics

Management will require that all employees be required to complete the ethics compliance training. Training will be completed when employee is hired and yearly thereafter.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: September 30, 2018

#### AUP Debt Service

On May 10, 2018, we deposited \$11,525.00 into the Short Lived Asset Fund.

Person responsible and phone number: Kenisha Raybon, 259-2385

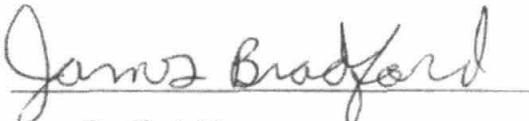
Completion date: May 10, 2018

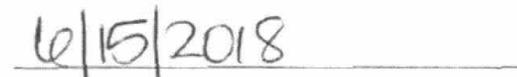
AUP Other

Management of the Town will post the fraud hotline poster at Town Hall and at Public Works.

Person responsible and phone number: James Bradford, 259-2385

Anticipated completion date: June 30, 2018

  
James Bradford, Mayor

  
Date