

TOWN OF JONESBORO
JONESBORO, LOUISIANA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2016

Town of Jonesboro
Jonesboro, Louisiana
Annual Financial Statements
With Independent Auditor's Report
As of and For the Year Ended June 30, 2016
With Supplemental Information Schedules

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Town of Jonesboro
Jonesboro, Louisiana
Annual Financial Statements
With Independent Auditor's Report
As of and For the Year Ended June 30, 2016
With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited 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, 2016, and the related notes to the financial statements, which collectively comprise the Town of Jonesboro, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the Town of Jonesboro, Louisiana, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4-9), budgetary comparison information (page 55-58), the schedules of employer's share of net pension liability (pages 59-61), and the schedules of employer contributions (pages 62-64) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jonesboro, Louisiana's basic financial statements. The schedule of compensation paid councilpersons and schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation paid councilpersons and schedule of compensation, benefits, and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation paid councilpersons and schedule of compensation, benefits, and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of the Town of Jonesboro, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Jonesboro, Louisiana's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC

Carol K. Statham

Jonesboro, Louisiana
December 28, 2016

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART I

Town of Jonesboro
Management's Discussion and Analysis

As of and For the Year Ended
June 30, 2016

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, 2016. 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. Certain comparative information is presented to provide an overview of the Town of Jonesboro's operations.

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 comprise 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between all 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 12-13 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 of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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, 2016, 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, Fire Ad Valorem Tax, Street Ad Valorem Tax, and Street Sales Tax, 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 15-18 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 water and sewer systems.

Proprietary funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide 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 19-21 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 23-53 of this report.

Supplemental Information

In addition to the basic financial statements and accompanying notes, this report 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 of Jonesboro exceeded its liabilities at June 30, 2016 by \$7,048,616.
- The Town of Jonesboro's net position increased by \$275,026 as a result of this year's operations. The net position of the governmental activities increased by \$165,000, and the net position of the business-type activities increased by \$110,026.
- At June 30, 2016, the Town of Jonesboro's governmental funds reported total ending fund balances of \$879,538, a decrease of \$47,939, from June 30, 2015. The governmental funds' fund balance of \$80,912 is available for spending at the Town's discretion, and the General Fund amount of \$3,478 is considered nonspendable as inventory. The remaining balance of \$795,148 is considered assigned and is to be used for each specific special revenue fund.

Government-Wide Financial Analysis

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 992,182	\$ 981,418	\$ 746,034	\$ 690,327	\$ 1,738,216	\$ 1,671,745
Capital assets, net	1,977,044	2,094,023	7,462,653	7,630,445	9,439,697	9,724,468
Total Assets	2,969,226	3,075,441	8,208,687	8,320,772	11,177,913	11,396,213
Deferred outflows of resources-Pension	389,373	407,579	54,477	162,779	443,850	570,358
Total Deferred Outflows of Resources	389,373	407,579	54,477	162,779	443,850	570,358
Current and other liabilities	112,645	53,942	306,403	280,528	419,048	334,470
Long-term liabilities	1,328,074	2,087,518	2,507,245	3,092,662	3,835,319	5,180,180
Total Liabilities	1,440,719	2,141,460	2,813,648	3,373,190	4,254,367	5,514,650
Deferred inflows of resources-Pension	224,872	136,751	92,605	30,118	317,477	166,869
Total Deferred Inflows of Resources	224,872	136,751	92,605	30,118	317,477	166,869
Net investment in capital assets	1,977,044	2,094,023	5,144,301	5,200,924	7,121,345	7,294,947
Restricted for:						
Public safety	7,276	28,991	-	-	7,276	28,991
Street maintenance	787,872	761,170	-	-	787,872	761,170
Street maintenance ad valorem	(37,187)	1,168	-	-	(37,187)	1,168
Customer deposits	-	-	151,911	143,296	151,911	143,296
Unrestricted	(1,041,997)	(1,680,542)	60,700	(264,031)	(981,297)	(1,944,573)
Total Net Position	\$ 1,693,008	\$ 1,204,810	\$ 5,356,912	\$ 5,080,189	\$ 7,049,920	\$ 6,284,999

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 \$7,048,616. A significant portion 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. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources.

Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program Revenues:						
Charges for services	\$ 304,708	\$ 177,884	\$ 855,778	\$ 700,300	\$ 1,160,486	\$ 878,184
General Revenues:						
Taxes:						
Ad valorem	326,242	316,686	-	-	326,242	316,686
Sales taxes	1,768,558	1,680,852	-	-	1,768,558	1,680,852
Franchise tax	149,414	177,727	-	-	149,414	177,727
Other taxes	7,429	1,707	-	-	7,429	1,707
Licenses and permits	31,492	106,583	-	-	31,492	106,583
Intergovernmental	57,804	61,876	-	-	57,804	61,876
Interest earnings	571	677	-	7	571	684
Grants	45,192	33,231	233,518	-	278,710	33,231
Rents and royalties	4,349	14,761	-	-	4,349	14,761
Forgiveness of debt	-	-	116,410	924,586	116,410	924,586
Miscellaneous	46,295	44,962	5,089	6,166	51,384	51,128
Total revenues	<u>2,742,054</u>	<u>2,616,946</u>	<u>1,210,795</u>	<u>1,631,059</u>	<u>3,952,849</u>	<u>4,248,005</u>
EXPENDITURES						
Current:						
General government	437,477	872,601	-	-	437,477	872,601
Public safety	739,567	717,648	-	-	739,567	717,648
Public works	1,062,286	957,348	-	-	1,062,286	957,348
Utility	-	-	1,437,188	1,142,135	1,437,188	1,142,135
Total expenditures	<u>2,239,330</u>	<u>2,547,597</u>	<u>1,437,188</u>	<u>1,142,135</u>	<u>3,676,518</u>	<u>3,689,732</u>
Excess (Deficiency) of revenues over expenses	<u>502,724</u>	<u>69,349</u>	<u>(226,393)</u>	<u>488,924</u>	<u>276,331</u>	<u>558,273</u>
Capital contributions	-	-	-	-	-	-
Operating transfers	(337,723)	(603,449)	337,723	593,386	-	(10,063)
Change in Net Position	165,001	(534,100)	111,330	1,082,310	276,331	548,210
Net Position, beginning - restated	1,528,009	1,738,908	5,245,582	3,997,880	6,773,591	5,736,788
Net Position, ending	<u>\$ 1,693,010</u>	<u>\$ 1,204,808</u>	<u>\$ 5,356,912</u>	<u>\$ 5,080,190</u>	<u>\$ 7,049,922</u>	<u>\$ 6,284,998</u>

Governmental Activities

The most significant revenues of the governmental activities are general taxes (82%), which include ad valorem taxes (12%), sales taxes (64%), and franchise and other taxes (6%).

Public works expenses are the most significant (47%) of all governmental activities expenses, followed by the public safety expenses (33%). Depreciation expense is included in these amounts.

Governmental activities revenues increased \$125,108 in the current year as compared to the prior year. The increase was attributable to an increase charges for services and sales taxes, offset by a decrease in licenses and permits.

Governmental activities expenses decreased \$308,267 in the current year as compared to the prior year. The decrease was attributable to an decrease in general government expenses, offset by a increase in public works expense.

Business-Type Activities

The operations of the business-type activities increased the Town's net position by \$226,393. The business-type revenues exceeded the business-type expenses by \$111,330.

Fund Financial Analysis

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, 2016, the combined governmental fund balances of \$879,538 reflect a decrease of \$47,939 from June 30, 2015. The fund balance of \$121,577 in the General Fund is nonspendable (\$3,478) and unassigned (118,099). The remaining balance of \$757,961 is assigned in the appropriate special revenue fund, and the balances are available for use in expenditures for the specific special revenue fund purpose.

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 Water and Sewer Fund's net position increased \$111,330 in the current year. The increase was primarily due to forgiveness of debt from the Louisiana Department of Environmental Quality and transfers from the General Fund.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2016, the Town of Jonesboro's investment in capital assets for its governmental activities totals to \$1,977,044 (net of accumulated depreciation), and its investment in capital assets for its business-type activities amounts to \$7,462,653 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture, and equipment.

Long-Term Debt

At the end of the fiscal year, the Town of Jonesboro had total long-term debt of \$3,952,609. The long-term debt of the governmental activities consists of net pension liability (\$1,328,074). The long-term debt of the business-type activities consists of a capital lease payable (\$180,607), a USDA loan payable (\$2,137,745), and net pension liability (\$306,183).

General Fund Budgetary Highlights

The actual revenues were \$81,513 more than the budgeted amount for the year, and actual expenditures were \$34,644 more than the budgeted amount for the year.

Economic Factors and Next Year's Budget

The fiscal year June 30, 2017 budget is forecast to provide \$2,773,925 in revenues to fund costs of \$2,725,595.

There is \$30,000 capital outlay budgeted for the year ended June 30, 2017.

Requests for Information

This financial report is designed to provide our citizens and creditors with 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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Jonesboro
Jonesboro, Louisiana

Statement of Net Position
As of June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and equivalents	\$ 549,272	\$ 37,527	\$ 586,800
Investments	264,793	34,340	299,133
Taxes receivable	139,431	-	139,431
Accounts receivable	35,208	84,547	119,756
Inventory	3,478	28,562	32,040
Cash and equivalents-restricted	-	561,058	561,058
Capital assets (net of accumulated depreciation)	1,977,044	7,462,653	9,439,698
TOTAL ASSETS	<u>\$ 2,969,226</u>	<u>\$ 8,208,687</u>	<u>\$ 11,177,914</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	\$ 389,373	\$ 54,477	\$ 443,850
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 389,373</u>	<u>\$ 54,477</u>	<u>\$ 443,850</u>
LIABILITIES			
Accounts, salaries, and other payables	\$ 93,846	\$ 35,013	\$ 128,859
Cash overdraft	18,799	2,189	20,988
Current liabilities			
Meter deposits	-	151,911	151,911
Due within one year	-	117,290	117,290
Long-term liabilities			
Due in more than one year	1,328,074	2,507,245	3,835,319
TOTAL LIABILITIES	<u>\$ 1,440,719</u>	<u>\$ 2,813,648</u>	<u>\$ 4,254,367</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	\$ 224,872	\$ 92,605	\$ 317,477
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 224,872</u>	<u>\$ 92,605</u>	<u>\$ 317,477</u>
Net investment in capital assets	1,977,044	5,144,301	7,121,345
Restricted for:			
Public safety	7,276	-	7,276
Street maintenance	787,872	-	787,872
Street maintenance ad valorem	(37,187)	-	(37,187)
Customer deposits	-	151,911	151,911
Unrestricted	(1,041,997)	60,700	(981,297)
TOTAL NET POSITION	<u>\$ 1,693,008</u>	<u>\$ 5,356,912</u>	<u>\$ 7,049,920</u>

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

Town of Jonesboro
Jonesboro, Louisiana

Statement of Activities
For the Year Ended June 30, 2016

Funcations/Programs	MAJOR FUNDS				Net (Expense) Revenue and Changes in Net Position		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 437,477	\$ 236,133	\$ -	\$ -	\$ (201,344)	\$ -	\$ (201,344)
Public safety	739,567	68,575	-	45,192	(625,800)	-	(625,800)
Public works	1,062,286	-	-	-	(1,062,286)	-	(1,062,286)
Total governmental activities	<u>2,239,330</u>	<u>304,708</u>	<u>-</u>	<u>45,192</u>	<u>(1,889,430)</u>	<u>-</u>	<u>(1,889,430)</u>
Business-type activities:							
Water fund	1,129,407	617,349	40,626	192,892	-	(278,540)	(278,540)
Sewer fund	307,781	238,429	-	-	-	(69,352)	(69,352)
Total business-type activities	<u>1,437,188</u>	<u>855,778</u>	<u>40,626</u>	<u>192,892</u>	<u>-</u>	<u>(347,892)</u>	<u>(347,892)</u>
Total primary government	<u>\$ 3,676,518</u>	<u>\$ 1,160,486</u>	<u>\$ 40,626</u>	<u>\$ 238,084</u>	<u>(1,889,430)</u>	<u>(347,892)</u>	<u>(2,237,322)</u>
Taxes:							
Property taxes, levied for general purposes					326,242	-	326,242
Sales taxes					1,768,558	-	1,768,558
Franchise taxes					149,414	-	149,414
Other taxes for general purposes					7,429	-	7,429
Licenses and permits					31,492	-	31,492
Interest and investment earnings					571	-	571
Intergovernmental					57,804	-	57,804
Rents and royalties					4,349	-	4,349
Miscellaneous					46,295	5,089	51,384
Forgiveness of debt					-	116,410	116,410
Transfers in (out)					(337,723)	337,723	-
Total general revenues					<u>2,054,430</u>	<u>459,222</u>	<u>2,513,652</u>
Change in net position					165,000	111,330	276,330
Net position - Beginning					<u>1,528,009</u>	<u>5,245,582</u>	<u>6,773,590</u>
Net position - Ending					<u>\$ 1,693,008</u>	<u>\$ 5,356,912</u>	<u>\$ 7,049,920</u>

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

FUND FINANCIAL STATEMENTS

Town of Jonesboro
Jonesboro, Louisiana

Balance Sheet - Governmental Funds
As of June 30, 2016

	Special Revenue Funds				Total Governmental Funds
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax	Street Sales Tax	
ASSETS					
Cash, equivalents, and investments	\$ 80,067	\$ 15,841	\$ -	\$ 453,364	\$ 549,272
Investments	-	-	-	264,793	264,793
Taxes receivable	69,715	-	-	69,715	139,431
Other receivables	35,208	-	-	-	35,208
Inventory	3,478	-	-	-	3,478
TOTAL ASSETS	<u>\$ 188,469</u>	<u>\$ 15,841</u>	<u>\$ -</u>	<u>\$ 787,872</u>	<u>\$ 992,182</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts, salaries, and other payables	\$ 66,892	\$ 8,566	\$ 18,388	\$ -	\$ 93,846
Cash overdraft	-	-	18,799	-	18,799
TOTAL LIABILITIES	<u>66,892</u>	<u>8,566</u>	<u>37,187</u>	<u>-</u>	<u>112,645</u>
Fund balances:					
Nonspendable, reported in:					
General fund	3,478	-	-	-	3,478
Restricted, reported in:					
Special revenue fund	-	7,276	-	787,872	795,148
Unassigned, reported in:					
General fund	118,099	-	(37,187)	-	80,912
TOTAL FUND BALANCES	<u>121,577</u>	<u>7,276</u>	<u>(37,187)</u>	<u>787,872</u>	<u>879,538</u>
Total Liabilities & Fund Balances	<u>\$ 188,469</u>	<u>\$ 15,841</u>	<u>\$ -</u>	<u>\$ 787,872</u>	<u>\$ 992,182</u>

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

Town of Jonesboro
Jonesboro, Louisiana

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
For the Year Ended June 30, 2016

Total Fund Balances at June 30, 2016 - Governmental Funds	\$ 879,538
Capital assets used in governmental activities are not financial resources and, therefore, are not report in governmental funds (net of depreciation)	1,977,044
Certain liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
Compensated absence	-
Net pension liability	(1,328,074)
Deferred outflows of resources	389,373
Deferred inflows of resources	<u>(224,872)</u>
Net Position at June 30, 2016	<u>\$ 1,693,008</u>

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

Town of Jonesboro
Jonesboro, Louisiana
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2016

	Special Revenue Funds				Total Governmental Funds
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax		
REVENUES					
Taxes:					
Ad valorem	\$ 136,492	\$ 95,256	\$ 94,494	\$ -	\$ 326,242
Sales taxes	884,246	-	-	884,312	1,768,558
Franchise tax	149,414	-	-	-	149,414
Other taxes	10,429	-	-	-	10,429
Licenses and permits	31,492	-	-	-	31,492
Charges for services	301,708	-	-	-	301,708
Intergovernmental					
Supplemental reimbursement	57,804	-	-	-	57,804
Rents and royalties	4,349	-	-	-	4,349
Interest earnings	180	-	-	391	571
State revenue	-	45,192	-	-	45,192
Miscellaneous revenue	10,750	-	-	-	10,750
Total revenues	<u>\$ 1,586,863</u>	<u>\$ 140,448</u>	<u>\$ 94,494</u>	<u>\$ 884,703</u>	<u>\$ 2,706,508</u>
EXPENDITURES					
Current:					
General government	\$ 610,983	\$ -	\$ -	\$ -	\$ 610,983
Public safety	721,710	-	-	-	721,710
Public works	1,016,045	-	-	-	1,016,045
Capital outlay	67,985	-	-	-	67,985
Total expenditures	<u>2,416,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,416,724</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENDITURES					
	<u>(829,861)</u>	<u>140,448</u>	<u>94,494</u>	<u>884,703</u>	<u>289,784</u>
OTHER FINANCING SOURCES (Uses):					
Operating transfers	815,290	(162,164)	(132,850)	(858,000)	(337,723)
Total other financing sources (uses)	<u>815,290</u>	<u>(162,164)</u>	<u>(132,850)</u>	<u>(858,000)</u>	<u>(337,723)</u>
Net Changes in Fund Balances	(14,571)	(21,715)	(38,355)	26,703	(47,939)
FUND BALANCES - BEGINNING	<u>136,147</u>	<u>28,991</u>	<u>1,168</u>	<u>761,170</u>	<u>927,476</u>
FUND BALANCES - ENDING	<u>121,577</u>	<u>7,276</u>	<u>(37,187)</u>	<u>787,872</u>	<u>879,538</u>

The accompanying notes are an integral part of these statements.

Town of Jonesboro
Jonesboro, Louisiana

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2016

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(47,939)
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 is capitalized over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay for the period.		
		(116,978)
Depreciation	\$184,963	
Capital Outlay	67,985	
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position		
Net pension liability expense		294,372
Net pension liability revenue - nonemployer compensation		35,545
Compensated absence expense decrease (increase)		-
Change in net position of governmental activities (Statement B)	\$	<u>165,000</u>

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

Town of Jonesboro
Jonesboro, Louisiana

Statement of Net Position - Proprietary Funds
As of June 30, 2016

	Proprietary Fund - Enterprise Funds
ASSETS	
Current Assets:	
Cash and equivalents	\$ 37,527
Receivables (net of allowances for uncollectibles)	84,547
Inventory	28,562
Total Current Assets	150,636
Restricted Assets:	
Cash and cash equivalents	561,058
Investments	34,340
Total Restricted Assets	595,398
Noncurrent Assets:	
Capital assets:	
Buildings and equipment (net of accumulated depreciation)	7,462,653
Total Non-Current Assets	7,462,653
TOTAL ASSETS	\$ 8,208,687
DEFERRED OUTFLOWS OF RESOURCES	
Pension	\$ 54,477
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 54,477
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 35,013
Cash overdraft	2,189
Capitalized lease obligations	87,595
Bonds payable	29,695
Current Liabilities payable from restricted assets - meter deposits	151,911
Total Current Liabilities	306,403
Non-current Liabilities:	
Capitalized lease obligations	\$ 93,012
Bonds payable	2,108,050
Net pension liability	306,183
Total Non-current Liabilities	2,507,245
TOTAL LIABILITIES	\$ 2,813,648
DEFERRED INFLOWS OF RESOURCES	
Pension	\$ 92,605
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 92,605
NET POSITION	
Net investment in capital assets	\$ -
Reserved for customer deposits	151,911
Unrestricted	5,205,001
TOTAL NET POSITION	\$ 5,356,912

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

Town of Jonesboro
Jonesboro, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
For the Year Ended June 30, 2016

	Proprietary Fund - Enterprise Funds
OPERATING REVENUES	
Charges for services	\$ 785,810
Other services	69,963
Total operating revenues	<u>855,773</u>
OPERATING EXPENSES	
Personnel services	245,828
Supplies	47,035
Utilities	148,376
Repairs and maintenance	541,814
Other supplies and charges	73,032
Depreciation	284,202
Total operating expenses	<u>1,340,288</u>
Operating income (loss)	<u>(484,515)</u>
NON-OPERATING REVENUES (Expenses)	
Interest expense and fiscal charges	(96,900)
Forgiveness of debt	116,410
State grant	40,626
Miscellaneous revenue	197,981
Total non-operating revenues (expenditures)	<u>258,117</u>
Income (loss) before contributions and transfers	(226,398)
TRANSFERS IN (OUT)	
Transfers in	338,102
Transfers out	(379)
Total non-operating revenues (expenditures)	<u>337,723</u>
CHANGES IN NET POSITION	<u>111,325</u>
TOTAL NET POSITION - June 30, 2015	<u>5,245,582</u>
TOTAL NET POSITION - June 30, 2016	<u><u>\$ 5,356,907</u></u>

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

Town of Jonesboro
Jonesboro, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2016

	Proprietary Fund - Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 930,973
Cash payments to suppliers for goods and services	(786,455)
Cash payments to employees for services	(352,345)
Net cash provided by (used for) operating activities	<u>(207,826)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING	
Transfers from (to) other funds	337,723
Miscellaneous expense	(1,304)
Net cash provided by (used for) noncapital financing activities	<u>336,419</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING	
Forgiveness of debt	116,410
State grant	40,626
Acquisition of capital assets	(116,410)
Repayment of debt	(110,770)
Net cash provided by (used for) capital and related financing activities	<u>(186,554)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	-
Interest expense	(96,900)
Miscellaneous revenue	200,742
Net cash provided by (used for) investing activities	<u>103,842</u>
Net increase (decrease) in cash and cash equivalents	45,881
CASH AND CASH EQUIVALENTS - June 30, 2015	<u>550,514</u>
CASH AND CASH EQUIVALENTS - June 30, 2016	<u><u>\$ 596,395</u></u>
RECONCILIATION OF OPERATING INCOME TO NET PROVIDED BY OPERATION ACTIVITIES	
Operating income (loss)	\$ (484,510)
Adjustments:	
Depreciation	284,202
Net changes in assets and liabilities:	
Accounts receivable	(16,195)
Interfund receivable	-
Inventory	8,560
Accounts payable	(8,497)
Payroll liabilities	-
Interfund payables	-
Compensated absences	-
Other liabilities	-
Customer deposits	8,615
Net cash provided by (used for) operating activities	<u><u>\$ (207,826)</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements
As of and for the Year Ended June 30, 2016

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:
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.

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 a Statement of Net Position and a 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) derive 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.

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 Fund

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 that met those qualifications.

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 is the general operating fund of the Town of Jonesboro. It is used to account for all financial resources except those required to be accounted for in another fund.
- Fire Ad Valorem Tax Fund is a special revenue fund used to account for the proceeds of Ad Valorem taxes restricted to expenditures of the Fire Department.
- 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 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.

Proprietary Fund

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 contributed capital and retained earnings components. 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.
- 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 of Jonesboro had nonspendable funds of \$3,478 (inventory) for the year ended June 30, 2016.
- 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 of Jonesboro has restricted funds of \$795,148 for year ended June 30, 2016.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. 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 of Jonesboro did not have any committed funds for the year ended June 30, 2016.

- **Assigned:** This classification includes amounts that are constrained by the Town of Jonesboro'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 of Jonesboro did not have any assigned funds for the year ended June 30, 2016.
- **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 Town of Jonesboro has unassigned funds of \$80,912.

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.

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, 2016 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 29, 2015, 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 a 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 of Jonesboro 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.

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. Inventory

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 of Jonesboro 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.

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 \$389,373 for the governmental activities and \$54,477 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.

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, 2016.

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.

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 \$224,872 in the governmental activities and \$92,605 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. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Cash and Cash Equivalents

At June 30, 2016, the Town of Jonesboro had cash and cash equivalents (book balances) totaling \$1,147,857. The following schedule shows the cash and cash equivalents by type:

Demand Deposits	\$ 586,800
Restricted Funds	<u>561,058</u>
Total	<u>\$ 1,147,857</u>

These deposits are state 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, 2016. 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, 2016, the Town of Jonesboro had \$1,244,784 in deposits (collected bank balances). These deposits are secured from risk by \$466,883 of federal deposit insurance and \$778,424 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.

3. 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, 2016. These amounts are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging financial institution (pledged securities of \$65,169). Investments for the Town are under-secured by \$233,441.

Type of Investment	
Certificates of Deposit	<u>\$ 299,133</u>

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.

4. Receivables

The receivables of \$259,186 at June 30, 2016, are as follows:

<u>Class of Receivables</u>	Fund		Total
	Governmental	Enterprise	
Taxes receivables	\$ 139,431	\$ -	\$ 139,431
Other receivables	35,208	-	35,208
Utilities:			
Billed receivables	-	84,547	84,547
Gross receivables	174,639	84,547	259,186
Less: allowance for uncollectible accounts	-	-	-
Net total receivables	<u>\$ 174,639</u>	<u>\$ 84,547</u>	<u>\$ 259,186</u>

Management believes all receivables to be collectible; therefore, no allowance is recorded as of June 30, 2016.

5. Capital Assets

A summary of changes in capital assets and depreciation for the year ended June 30, 2016, is as follows:

A. Capital Assets - Governmental Activities

	Balance, July			Balance, June
	1, 2015	Additions	Deletions	30, 2016
Capital assets not depreciated				
Land	\$ 148,177	\$ -	\$ -	\$ 148,177
Total capital assets not being depreciated	148,177	-	-	148,177
Capital assets being depreciated				
Buildings	922,006	29,127	-	951,134
Furniture and equipment	1,896,953	-	-	1,896,953
Land improvements	1,869,457	-	-	1,869,457
Vehicles	1,088,451	38,858	-	1,127,309
Total capital assets being depreciated	5,776,868	67,985	-	5,844,853
Less accumulated depreciation				
Buildings	780,233	34,307	-	814,540
Furniture and equipment	1,772,762	27,450	-	1,800,211
Land improvements	289,023	93,557	-	382,581
Vehicles	989,004	29,650	-	1,018,654
Total accumulated depreciation	3,831,023	184,963	-	4,015,986
Total capital assets being depreciated, net	1,945,845	(116,978)	-	1,828,867
Governmental Activities Capital Assets, Net	\$ 2,094,023	\$ (116,978)	\$ -	\$ 1,977,045

Depreciation expense for the year ended June 30, 2016, is \$184,963, charged to the following governmental functions:

Functional Allocation of Depreciation Expense	
General Government	83,233
Public Safety	55,489
Public Works	46,241
Total	<u>\$ 184,963</u>

B. Capital Assets - Business-Type Activities

	Balance, July 1, 2015		Additions	Deletions	Balance, June 30, 2016	
Capital assets not depreciated						
Construction in progress	\$ 1,201,332	\$ -	\$ (1,201,332)	\$ -		
Total capital assets not being depreciated	1,201,332	-	(1,201,332)	-		
Capital assets being depreciated						
Building	125,411	-	-	-	125,411	
Equipment	1,335,263	-	-	-	1,335,263	
Sewer System	3,983,515	1,245,651	-	-	5,229,166	
Water System	4,756,238	72,091	-	-	4,828,329	
Total capital assets being depreciated	10,200,427	1,317,742	-	-	11,518,169	
Less accumulated depreciation						
Building	61,544	2,555	-	-	64,098	
Equipment	987,571	60,332	-	-	1,047,903	
Sewer System	1,362,542	119,776	-	-	1,482,317	
Water System	1,359,657	101,539	-	-	1,461,197	
Total accumulated depreciation	3,771,314	284,202	-	-	4,055,516	
Total capital assets being depreciated, net	6,429,113	1,033,540	-	-	7,462,653	
Business-Type Activities Capital Assets, Net	\$ 7,630,445	\$ 1,033,540	\$ (1,201,332)	\$ -	\$ 7,462,653	

6. Payables

The payables of \$128,859 at June 30, 2016, are as follows:

Class of Payables	Fund		Total
	Governmental	Enterprise	
Accounts payable	\$ 64,083	\$ 35,013	\$ 99,096
Payroll liabilities	29,762	-	29,762
Other liabilities	-	-	-
Total	\$ 93,846	\$ 35,013	\$ 128,859

7. Long-Term Obligations

The following schedule is a summary of the long-term obligation transactions for the year ended June 30, 2016. The schedule also includes the current portion (due in one year or less) of the long-term obligations.

	Balance at July 1, 2015	Additions	Deductions	Balance at June 30, 2016	Amount Due Within One Year
Governmental activities:					
Capital leases	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated absences	-	-	-	-	-
Net pension liability	2,087,518	-	759,444	1,328,074	-
Total governmental activities	2,087,518	-	759,444	1,328,074	-
Business-type activities:					
Bonds payable	2,166,539	-	28,794	2,137,745	29,695
Capital leases	262,986	-	82,379	180,607	87,595
Net pension liability	773,907	-	467,724	306,183	-
Total business-type activities	3,203,432	-	578,897	2,624,535	117,290
Total long-term liabilities	\$ 5,290,950	\$ -	\$ 1,338,341	\$ 3,952,609	\$ 117,290

The individual bond issue is as follows:

Bond Issue	Issue Date	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding
Business-type activities:						
USDA - Water Revenue Bonds Series 2008	1/22/2009	\$ 2,300,000	4.50%	1/22/2049	\$ 1,936,117	\$ 2,137,745

The annual requirements to amortize all bonds outstanding at June 30, 2016, are scheduled below.

For the year ended June 30,	Principal	Interest	Total
2017	29,695	95,609	125,304
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
2022-2026	203,739	422,781	626,520
2027-2031	255,039	371,481	626,520
2032-2036	319,257	307,263	626,520
2037-2041	399,645	226,875	626,520
2042-2046	500,274	126,246	626,520
2047-2049	297,034	17,708	314,742
Total	\$ 2,137,745	\$ 1,936,117	\$ 4,073,862

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 \$576,405; the book value of the water meters is \$244,108.

The following schedule is a summary of the future minimum lease payments under capital leases, together with the present value of the minimum lease payments, as of June 30, 2016:

For the year ended June 30	Water Meters	Total
2017	95,000	95,000
2018	95,936	95,936
Total Minimum Lease Payments	190,936	190,936
Less amounts representing interest	(10,330)	(10,330)
Present value of net minimum lease payments	<u>\$ 180,606</u>	<u>\$ 180,606</u>

8. 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 one of the following criteria:

1. Any age with 25 years or more 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 of 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, 2016, the Town's total payroll for all employees was \$1,140,903. Total covered payroll was \$508,788. 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 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.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2016, the actual employer contribution rate was 19.75% 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 to the System monthly. The Town's contributions to the System under Plan A for the year ending June 30, 2016 were \$100,486.

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

At June 30, 2016, the Town reported a liability of \$927,828 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015, 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, 2015, the Town's proportion was 0.259739%, which was a decrease of 0.065705% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$111,216 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$494,410). Total pension expense for the Town for the year ended June 30, 2016 was (\$383,194).

At June 30, 2016, the Town 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
Beginning balance	\$ (2,055)	\$ 604,692
Change in system deferred outflows and inflows	195,372	(83,040)
Change in proportionate share	(128,720)	(241,644)
Difference in proportionate share of contributions and actual contributions	-	613
Employer contributions subsequent to the measurement date	100,486	-
Total	<u>\$ 165,083</u>	<u>\$ 280,621</u>

The \$100,486 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2017	\$ (38,513)
2018	(38,513)
2019	(38,513)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015, as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.5%, net of investment expense
Projected salary increases	5.0% (2.875% inflation, 2.125% merit)
Mortality rates	RP-2000 Employee Table for active members (set back 2 years for males and females)
	RP-2000 Healthy Annuitant Table for healthy annuitants (set forward 2 years for males and 1 year for females)
	RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 years for females)
Expected remaining service lives	3 years for Plan A
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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50%	2.75%
Public fixed income	15%	0.83%
Alternatives	35%	1.92%
Totals	100%	5.50%
Inflation		2.80%
Expected arithmetic nominal return		8.30%

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's proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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	\$ 1,214,245	\$ 927,828	\$ 683,798

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.

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 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 or more years of creditable service.
4. After 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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 an actuarially reduced benefit from age 55.

Non Hazardous Duty

1. Any age with 30 years of creditable service.
2. Age 55 with 25 or more years of creditable service.
3. Age 60 with 10 or more years of creditable service.
4. After 20 years of creditable service at any age, with an 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, 2016, the Town's total payroll for all employees was \$1,140,903. Total covered payroll was \$137,645. 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 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.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2015, total contributions due for employers and employees were 41.50%, 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.

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

At June 30, 2015, the Town reported a liability of \$280,860 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 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, 2015, the Town of Jonesboro's proportion was 0.035852%, which was an increase of 0.006923% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town of Jonesboro recognized pension expense of \$24,414 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$44,915). Total pension expense for the Town for the year ended June 30, 2016 was (\$20,501).

At June 30, 2015, the Town 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
Beginning balance	\$ 38,358	\$ 44,188
Changes in system deferred outflows and inflows	24,507	(33,653)
Changes in proportionate share	27,979	-
Difference in proportionate share of contributions and actual contributions	(17)	-
Employer contributions subsequent to the measurement date	40,605	-
Total	<u>\$ 131,432</u>	<u>\$ 10,535</u>

The \$40,605 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2017	\$ 30,224
2018	30,224
2019	30,224
2020	30,224

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 are as follows:

Valuation Date	June 30, 2015	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	7.5%, net of investment expense	
Inflation rate	3%	
Mortality	Mortality assumptions were based on an experience study for the period July 1, 2010-June 30, 2014. The RP-200 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) were selected for annuitant and beneficiary mortality. For employees, the RP-2000 Employee table setback 4 years for males and set back 3 years for females were selected for disabled annuitants.	
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	

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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	52%	3.47%
Fixed income	20%	0.46%
Alternatives	23%	1.15%
Other	5%	0.20%
Totals	100%	5.28%
Inflation		3.00%
Expected arithmetic nominal return		8.28%

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	\$ 390,509	\$ 280,860	\$ 188,981

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Municipal Police Employees' Retirement System of Louisiana Audit Report at www.lampers.org.

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 or more 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, 2016, the Town's total payroll for all employees was \$1,140,903. Total covered payroll was \$174,733. 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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2015, total contributions due for employers and employees were 39.25%, 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 29.25% 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.

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

At June 30, 2016, the Employer reported a liability of \$425,569 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 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, 2015, the Town's proportion was 0.078851% which was an increase of 0.002169% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town of Jonesboro recognized pension expense of \$71,342 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$88,473). Total pension expense for the Town for the year ended June 30, 2016 was (\$17,131).

At June 30, 2016, 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
Beginning balance	\$ 39,526	\$ 38,850
Change in system deferred outflows and inflows	50,979	(19,220)
Change in proportionate share	9,216	6,631
Difference in proportionate share of contributions and actual contributions	-	62
Employer contributions subsequent to the measurement date	47,615	-
Total	<u>\$ 147,336</u>	<u>\$ 26,323</u>

The \$47,615 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended June 30:</u>		
2017	\$	17,288
2018		17,288
2019		17,288
2020		17,288
2021		17,288
2022		17,288
2023		17,288

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 is as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.5% per annum
Inflation rate	2.875% per annum
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Mortality rates	Mortality assumptions were set after reviewing an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. Pre and post-mortality life expectancies of participants based on the RP-2000 Healthy Annuitant Mortality Table, set back one year, for healthy annuitants and beneficiaries. RP-2000 Employee Mortality Table, set back one year, for active members RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Cost of Living Adjustments	Only those previously granted

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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	24%	1.84%
Equity	51%	6.50%
Alternatives	15%	6.96%
Other	10%	4.36%
Totals	100%	5.24%
Inflation		3.00%
Expected arithmetic nominal return		8.24%

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	\$ 603,710	\$ 425,569	\$ 275,821

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.

9. 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 \$44,625 is recognized as intergovernmental revenue and public safety expenditures in the following departments:

Department	Amount
Police	\$ 20,625
Fire	24,000
Total	\$ 44,625

10. Commitments and Contingencies

A. Litigation

At June 30, 2016, 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.

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.

11. Ad Valorem Tax

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 sheriff 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 sheriff 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 2015, and January and February, 2016. All property taxes are recorded in the general, special revenue, debt service, and capital projects funds. The Town of Jonesboro considers the date penalty and interest accrues (January 1, 2016) 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 the year ended June 30, 2016 ad valorem taxes, 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 \$18,951,870 in calendar year 2015.

12. Related Party Transactions

There were no material related party transactions for the year ended June 30, 2016.

13. Sales and Use 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 taxpayer 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 construction, maintenance, repair, and improvements of the Town of Jonesboro's streets.

14. Grants

The Town of Jonesboro received \$6,800 from the Louisiana Department of Transportation and Development for cleaning and painting the airport beacon tower. During the year ended June 30, 2016, the Town received a total of \$267,998 in grants and contributions to complete repairs on the elevated water tank. The Town received \$25,106 in grant revenue from Louisiana Community Water Enrichment Fund, \$142,892 from the Jackson Parish Police Jury, and \$100,000 from the Jonesboro State Bank. Lastly, the Town received \$31,220 from the Louisiana Government Assistance Program to purchase and install a sewer pump.

15. Wastewater Treatment Facility Improvements

The Town of Jonesboro issued \$1,836,000 of Sewer Revenue Bonds in 2012. These bonds were issued to upgrade the Town's north oxidation pond and for the installation of a sewer collection system in the Gate City community. This project was financed through the Louisiana Department of Environmental Quality. The bonds were forgiven as soon as the funds were expended on the projects.

The expenses and debt forgiveness were as follows:

	North Oxidation		
	Pond	Gate City	Total
Revenue Bond	\$ 901,132	\$ 934,868	\$ 1,836,000
Amount of construction - Forgiveness of debt, for the year ended June 30, 2014	-	(750,512)	(750,512)
Balance, July 1, 2014	901,132	184,356	1,085,488
Amount of construction - Forgiveness of debt, for the year ended June 30, 2015	(740,233)	(184,356)	(924,589)
Balance, July 1, 2015	\$ 160,899	\$ -	\$ 160,899
Amount of construction - Forgiveness of debt, for the year ended June 30, 2016	(116,410)	-	(116,410)
Undisbursed obligations	(44,489)	-	(44,489)
Balance, June 30, 2016	\$ -	\$ -	\$ -

16. 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.

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, 2016.

17. Equity Deficits

At June 30, 2016, an unrestricted net position deficit of \$981,297 exists for the Town of Jonesboro (for the governmental activities, \$1,041,997, offset by the business-type activities, \$60,700), 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, 2016, a fund balance deficit of \$37,187 exists for street maintenance ad valorem. This deficit is due to a cash overdraft of \$18,799 and liabilities of \$18,388.

18. Prior Period Restatement of Net Position

As of July 1, 2014, the Town of Jonesboro implemented GASB Statement 68, Accounting and Financial Reporting for Pension - Amendment of GASB Statement 27, which resulted in a cumulative change in accounting principle and also a restatement of net position. Errors were made during the GASB 68 calculation in the prior year. The net effect of the restatement to correct this error will be to increase the net position of the governmental activities by \$323,199 and the business-type activities by \$165,393.

19. Impact of Recently Issued Accounting Principles

In February of 2015, GASB issued GASB Statement 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. GASB 72 generally requires investments to be measured at fair value. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques; and these disclosures are to be organized by type of asset or liability reported at fair value. The effective date for GASB 72 are for periods beginning after June 15, 2015, and earlier application is encouraged. The Town has implement the provisions of this statement for its financial statements.

In June, 2015, GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and 68*, was issued, whose objective is to improve the usefulness of information about pensions included in the general purpose external financial reports. This statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68, and it establishes requirements for defined contribution pensions that are not within the scope of GASB 68. In addition, this statement amends certain provisions of GASB Statement 67 and 68. The requirements of this statement extend the approach to accounting and financial reporting established in GASB 68 to all pensions, with modifications as necessary. The requirements of this statement are effective for years beginning after June 15, 2015. GASB 73 provisions are effective for these financial statements.

Issued in June of 2015, GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, aim to improve accounting and financial reporting for OPEB, resulting from a comprehensive review of the effectiveness of existing standards. The requirements of these Statements will improve financial reporting through enhanced note disclosures and schedules of RSI that will be presented by OPEB plans. These Statements establish standards for recognizing and measuring liabilities, deferred outflows

and inflows of resources, and expenses/expenditures. GASB 74 is effective for years beginning after June 15, 2016, and GASB 75 is effective for years beginning after June 15, 2017. The Town is not impacted by the provisions of this Statement.

GASB Statement 76, *the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued in June of 2015. The objective of this Statement is to identify the hierarchy of generally accepted accounting principles, in the context of the current governmental financial reporting environment. The requirements of this Statement will raise the category of GASB Implementation Guides in the GAAP hierarchy, emphasize the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP, and require the consideration of consistency with GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. The effective date for this Statement is for years beginning after June 15, 2015. The Town is evaluating the effect this Statement has on its financial statements.

GASB Statement 77, *Tax Abatement Disclosures*, was issued in August of 2015. Financial statement users need information about certain limitations on a government's ability to raise resources, including tax abatements. Tax abatements are used by state and local governments, particularly to encourage economic development. This statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefits the government or its citizens. GASB 77 requires disclosure of the tax abatement information, whether by the reporting government or by other governments that reduce the reporting government's tax revenues. The information required to be disclosed includes a brief description of the tax abatement agreement, gross dollar amount of taxes abated during the period, and commitments made the governmental entity, other than to abate taxes, as part of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The Town's financial statements are not affected by this Statement.

GASB Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, was issued in December of 2015, and the objective of the statement is to address a practice issue regarding the scope and applicability of Statement 68, *Accounting and Financial Reporting for Pensions*. This statement amends GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. GASB 78 further establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information. GASB 78 is effective for periods beginning after December 15, 2015. The Town's financial statements are not affected by this Statement.

GASB Statement 79, *Certain External Investment Pools and Pool Participants*, was issued in December of 2015. This statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Investments by pool participants should be measured in the same way as the external investment pool measures investments. GASB 79 is effective for periods beginning after December 15, 2015. The Town's financial statements are not affected by this Statement.

GASB Statement 80, *Blending Requirements for Certain Units, an amendment of GASB Statement No. 14*, was issued in January of 2016. The statement amends the blending requirements established in GASB 14, *The Financial Reporting Entity*, as amended. GASB 80 requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The statement is in effected for reporting periods beginning after June 15, 2016. The Town's financial statements are not affected by this Statement.

GASB Statement 81, *Irrevocable Split-Interest Agreements*, was issued in March of 2016, and provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognized assets, liabilities, and deferred inflows of resources at the inception of the agreement; recognize assets representing is beneficial interest in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interest; and recognize revenue when the resources become applicable to the reporting period. GASB 81 is effective for financial statements for periods beginning after December 15, 2016. The Town's financial statements are not affected by this Statement.

GASB Statement 82, *Pension Issues, an amendment of GASB Statements No. 67, 68, and 73*, was issued in March of 2016. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for final reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB 82 is effective for reporting periods beginning after June 15, 2016. The Town is currently evaluating the effect of this statement on the financial statements.

19. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 30, 2016, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016

	Original/Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes:			
Ad valorem	\$ 125,750	\$ 136,492	\$ 10,742
Sales taxes	825,000	884,246	59,246
Franchise tax	125,000	149,414	24,414
Other taxes	40,000	10,429	(29,571)
Licenses and permits	88,200	31,492	(56,708)
Charges for services	216,100	301,708	85,608
Intergovernmental	47,500	57,804	10,304
Rents and royalties	24,200	4,349	(19,851)
Interest earnings	1,500	180	(1,320)
Federal revenue	7,500	-	(7,500)
Miscellaneous revenue	4,600	10,750	6,150
Total revenues	<u>\$ 1,505,350</u>	<u>\$ 1,586,863</u>	<u>\$ 81,513</u>
EXPENDITURES			
Current:			
General government	\$ 661,880	\$ 610,983	\$ 50,897
Public safety	656,600	721,710	(65,110)
Public works	1,063,600	1,016,045	47,555
Capital outlay	-	67,985	(67,985)
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>2,382,080</u>	<u>2,416,724</u>	<u>(34,644)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES			
	<u>(876,730)</u>	<u>(829,861)</u>	<u>46,869</u>
OTHER FINANCING SOURCES (Uses):			
Operating transfers	<u>930,000</u>	<u>815,290</u>	<u>114,710</u>
Total other financing sources (uses)	<u>930,000</u>	<u>815,290</u>	<u>114,710</u>
Net Changes in Fund Balances	53,270	(14,571)	161,579
FUND BALANCES - BEGINNING	<u>136,147</u>	<u>136,147</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>189,417</u></u>	<u><u>121,577</u></u>	<u><u>161,579</u></u>

The accompanying notes are an integral part of these statements.

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - Fire Ad Valorem Tax
For the Year Ended June 30, 2016

	Original/Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes:			
Ad valorem	\$ 90,000	\$ 95,256	\$ 5,256
State revenue	-	45,192	45,192
Total revenues	<u>\$ 90,000</u>	<u>\$ 140,448</u>	<u>\$ 50,448</u>
EXPENDITURES			
Current:			
Public safety	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES			
	<u>90,000</u>	<u>140,448</u>	<u>50,448</u>
OTHER FINANCING SOURCES (Uses):			
Operating transfers	<u>(90,000)</u>	<u>(162,164)</u>	<u>(72,164)</u>
Total other financing sources (uses)	<u>(90,000)</u>	<u>(162,164)</u>	<u>(72,164)</u>
Net Changes in Fund Balances	-	(21,715)	(21,715)
FUND BALANCES - BEGINNING	<u>28,991</u>	<u>28,991</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>28,991</u></u>	<u><u>7,276</u></u>	<u><u>(21,715)</u></u>

The accompanying notes are an integral part of these statements.

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - Street Ad Valorem Tax
For the Year Ended June 30, 2016

	Original/Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes:			
Ad valorem	\$ 90,000	\$ 94,494	\$ 4,494
Total revenues	<u>\$ 90,000</u>	<u>\$ 94,494</u>	<u>\$ 4,494</u>
EXPENDITURES			
Current:			
Public works	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>90,000</u>	<u>94,494</u>	<u>4,494</u>
OTHER FINANCING SOURCES (Uses):			
Operating transfers	<u>(90,000)</u>	<u>(132,850)</u>	<u>(42,850)</u>
Total other financing sources (uses)	<u>(90,000)</u>	<u>(132,850)</u>	<u>(42,850)</u>
Net Changes in Fund Balances	-	(38,355)	(38,355)
FUND BALANCES - BEGINNING	<u>1,168</u>	<u>1,168</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>1,168</u></u>	<u><u>(37,187)</u></u>	<u><u>(38,355)</u></u>

The accompanying notes are an integral part of these statements.

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - Street Sales Tax
For the Year Ended June 30, 2016

	Original/Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes:			
Sales taxes	825,000	884,312	59,312
Interest earnings	-	391	391
Total revenues	<u>\$ 825,000</u>	<u>\$ 884,703</u>	<u>\$ 59,703</u>
EXPENDITURES			
Current:			
Public works	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>825,000</u>	<u>884,703</u>	<u>59,703</u>
OTHER FINANCING SOURCES (Uses):			
Operating transfers	<u>(700,000)</u>	<u>(858,000)</u>	<u>(158,000)</u>
Total other financing sources (uses)	<u>(700,000)</u>	<u>(858,000)</u>	<u>(158,000)</u>
Net Changes in Fund Balances	125,000	26,703	(98,297)
FUND BALANCES - BEGINNING	<u>761,170</u>	<u>761,170</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>886,170</u></u>	<u><u>787,872</u></u>	<u><u>(98,297)</u></u>

The accompanying notes are an integral part of these statements.

Town of Jonesboro
Jonesboro, Louisiana

Schedule of Employer's Share of Net Pension Liability
Municipal Employees' Retirement System
For the Year Ended June 30, 2016

	2016	2015
Employer's proportion of the net pension liability (asset)	0.259739%	0.325443%
Employer's proportionate share of the net pension liability (asset)	927,828	2,345,173
Employer's covered employee payroll	443,307	530,325
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	209.30%	442.21%
Plan fiduciary net pension as a percentage of the total pension liability	66.18%	73.99%

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, 2016

	2016	2015
Employer's proportion of the net pension liability (asset)	0.035852%	0.028929%
Employer's proportionate share of the net pension liability (asset)	280,860	177,158
Employer's covered employee payroll	95,903	81,307
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	292.86%	217.89%
Plan fiduciary net pension as a percentage of the total pension liability	70.73%	75.10%

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, 2016

	2016	2015
Employer's proportion of the net pension liability (asset)	0.788510%	0.076682%
Employer's proportionate share of the net pension liability (asset)	425,569	339,093
Employer's covered employee payroll	167,572	155,770
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee	253.96%	217.69%
Plan fiduciary net pension as a percentage of the total pension liability	72.45%	76.02%

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, 2016

	2016	2015
Contractually required contribution	100,486	87,553
Contributions in relation to contractually required contribution	100,486	87,553
Contribution deficiency (excess)	-	-
Employer's covered employee payroll	508,788	443,307
Contributions as a percentage of covered employee payroll	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, 2016

	2016	2015
Contractually required contribution	40,605	30,209
Contributions in relation to contractually required contribution	40,605	30,209
Contribution deficiency (excess)	-	-
Employer's covered employee payroll	137,645	95,903
Contributions as a percentage of covered employee payroll	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, 2016

	2016	2015
Contractually required contribution	47,615	49,015
Contributions in relation to contractually required contribution	47,615	49,015
Contribution deficiency (excess)	-	-
Employer's covered employee payroll	174,733	167,572
Contributions as a percentage of covered employee payroll	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 James Bradford, Mayor
and the Honorable Members of the Board of Aldermen
Town of Jonesboro, Louisiana**

We have audited, 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, 2016, 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 December 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. These deficiencies are described in the schedule as items 2016-001 through 2016-013.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jonesboro, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 as items 2016-001, 2016-004, 2016-007, 2016-013 and 2016-014.

Town of Jonesboro, Louisiana's Response to Findings

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

Town of Jonesboro
Jonesboro, Louisiana
Independent Auditor's Report – GAGAS
June 30, 2016

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.

BOSCH & STATHAM, LLC



Jonesboro, Louisiana
December 28, 2016

SUPPLEMENTAL INFORMATION

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses unqualified opinions on the financial statements of the governmental activities, business-type activities, and each major fund.
2. Thirteen material weaknesses were disclosed by the audit of the financial statements.
3. Five 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

2016-001 Improper Treatment of Town Vehicles

Condition

This finding was first reported in 2012. While efforts were made to improve procedures, activity logs were not maintained for all Town vehicles as required by the Town's Ordinance.

Criteria

Town Ordinance Number 574 prohibits personal usage of Town vehicles and requires employees to log mileage for each vehicle into a daily log book. If the vehicle is used for any personal purpose, the employees are required to notate that and submit that information to the Town Clerk within five days of the end of the preceding month.

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

Some of the Town's vehicles do not have working odometers. Management planned to amend the ordinance to make it possible for employees to comply.

Effect

There is a lack of accountability and oversight for use of Town vehicles. Vehicles could be used for personal use or could be misused. The potential cost to the Town includes the cost of fuel and wear and tear on the vehicles as well as risk of loss if the vehicles were to be involved in accidents.

Recommendation

We recommend that management amend and enforce the Ordinance.

Management's Response

"Management for the Town of Jonesboro revisited and amended the ordinance. Mileage will be required at fill up on those that have a working odometer. Signature will be required at the time of fill up."

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

2016-002 Police Tickets Not Adequately Tracked

Condition

This finding was first reported in 2015. In 2015, we reported that records for police tickets did not provide a sufficient audit trail to ensure that all ticket numbers are accounted for and receipts for fines are deposited and properly posted.

The 2015 finding included the following itemized issues:

1. There was no log available to indicate how many ticket books were last purchased and who received each book.
2. The books were not numbered.
3. For many of the used books, the log in the back of the book was not maintained or was not properly maintained.
4. The Town utilizes computer software designed to track citations. We obtained reports from that system that indicated that several ticket numbers were not posted. It appeared that approximately 102 ticket numbers were missing from a report run from January 1, 2014 through February 1, 2016.
5. We attempted to trace a sample (tickets issued in March 2016) of tickets per the report to either collection or an issued warrant. Tickets are paid at Town Hall. The clerks write a receipt when tickets are paid. If the payer does not bring a citation, the clerk asks the payer what the charges were and takes payment based on a fines schedule. If the citation is not available, the citation number is not written on the receipt. This condition, and the fact that the receipts were not issued in order, made it very difficult to trace tickets to payment.
6. Using the information available to us, we estimate that there were approximately 210 tickets issued during the fiscal year. Revenue for the year was \$7,730 making the average ticket amount \$37. This amount seems low because fines range from \$25 to \$314.

For the year ending June 30, 2016, we noted improvements. However, improvements are still needed. The following is a summary of the results:

1. We obtained reports from the citation software that indicated that 218 tickets were issued between July 1, 2015 and December 31, 2015 and 255 tickets were issued between January 1, 2016 and December 31, 2016. Revenues from fines were \$28,416 which results in an average ticket amount of \$111. However, it should be noted that of the tickets issued, there would be some that were reduced or dropped or uncollected. Therefore, the 2016 revenue compared to the number of tickets issued appears to be reasonable.
2. Evaluating the sequence of ticket numbers, we noted that there are at least 100 ticket numbers that do not appear in the report. Some tickets may not have been issued yet. Some of the tickets have likely been voided but not entered into the software to allow accounting for the sequence.
3. We selected from the report for testing, 31 tickets with March 2016 issue dates. We attempted to trace the tickets to the court docket and then to a deposit if the docket indicated the ticket was paid. We were unable to locate on the docket 5 of the 31 tickets. The docket indicated 21 of the tickets were paid and 5 were dismissed. We attempted to trace the paid tickets to the cash receipt books. We located in the receipt book 19 of the 21 tickets that were paid per the docket. We attempted to trace the paid receipt to the deposit summary and to a bank deposit. 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.

Criteria

Common practice to prevent error and fraud includes several procedures. The Louisiana Legislative Auditor's website includes recommendations for such records.

Cause

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

Effect

Fines and forfeitures revenue may be misstated and is at risk for fraud.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

Recommendation

Our 2015 recommendation read:

1. All voided tickets should be retained.
2. All issued tickets should be promptly entered into the applicable software.
3. Payers should be required to bring their citation with them for payment. If they cannot locate the citation, the clerk should require them to visit the police station to obtain a copy to bring to Town Hall for payment.
4. Citation numbers should be recorded on each receipt.
5. Receipts should be reconciled to bank deposits.

It does appear that improvements were made. We recommend that the Police Chief and the Town Clerk continue to address the issues as applicable for their respective departments. 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.

Management's Response

"Management for the Town of Jonesboro Police Department will maintain a log book for tickets purchased and issued to ensure that all tickets are accounted for and receipts for fines are deposited and properly posted. The log that is provided in the back of each ticket book will be completed when ticket book is returned by the officer. Ticket books will be numbered numerical when purchased. Voided and dismissed citations will be logged appropriately."

2016-003 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.

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

We were unable to complete a cash receipts test. Cash receipts may be missposted causing a misstatement in the financial statements. The Town is at risk for fraud.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

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.

We recommend that the Town Clerk 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.

Management's Response

"Management for the Town of Jonesboro purchased new receipt books for fines only. Reconciliation will be done between the receipt books and deposit monthly. Billing clerks will use receipt book in numerical order and citation numbers will be recorded on receipts for tracking purposes."

2016-004 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, 2016, the account is underfunded by approximately \$11,525. Therefore, 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

"Management and the Financial Advisor will revisit this matter and if needed arrange to fully fund the account."

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

2016-005 Liability for Customer Deposits Exceeds Restricted Cash

Condition

This finding was first reported in 2015. As of June 30, 2016, the liability for customer deposits, \$151,911, exceeds the cash held in restricted bank accounts by \$74,272.

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.

Effect

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

Recommendation

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

Management's Response

"Management and the Financial Advisor will transfer funds to match the liability."

2016-006 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 total of the subsidiary record at June 30, 2016 and 2015, was \$271,278 and \$255,746, respectively. The external accountant adjusted the amount in the control account to \$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.

The Town Clerk indicated that the software provider has indicated that it is not possible to remove the balances from the subsidiary ledger without zeroing out each account manually.

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.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

Cause

Bad debts were not removed from the subsidiary record because the Town wants to be sure they collect any previously owed amounts if a customer returns to open an account. There could be some deposits that have not been applied to customers' final balances. The system incorrectly classified account aging causing the schedule prepared by the external accountant to be overstated. The software provider has not offered a solution to the issues.

Effect

Receivables were overstated. We were able to pass on the adjustments in the current year due to other differences offsetting the effects of the above described difference. However, it may be necessary to adjust the receivable in the future.

Recommendation

In 2015, our recommendation read:

1. Management should discuss with the software technicians the proper way to retain history while accessing reports that give accurate collectible amounts.
2. Management should request that the software technicians correct the problem of incorrect aging in the billing system.
3. Management should ensure that the subsidiary ledger in the billing system is reconciled to the control account in the general ledger on a monthly basis.

We recommend that the Town Clerk insist that the software provider correct the issue with incorrect aging. We also recommend that the Town Clerk create a reasonable timeline to work to clean up the subsidiary ledger. Notes can be made to preserve the history of accounts and unpaid balances.

Management's Response

"Management will discuss with the software technicians the proper way to retain history while accessing reports, correct the problem of incorrect aging in the billing system, and ensure that the subsidiary ledger in the billing system is reconciled to the control account in the general ledger on a monthly bases."

2016-007 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 2016, the Town purchased a pickup truck for \$38,858 for the fire department. The board minutes of August 11, 2015 indicated approval to cash a certificate of deposit to purchase a vehicle to pull fire equipment. The bid specification included "Ford F-250 Super Duty, 2015 SRW 4x4 crew cab XL 156" WB style side, 6.7L Power Stroke V8 Diesel 6-speed Auto Trans., Exterior shall be Silver Metallic, Interior shall be Cloth" and other detailed specifications. It did not include a statement such as "specifications 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." Also, there was no entry in the minutes that indicated that there was only one bid received, the details of the bid, or that the bid was accepted.

Also during 2016, the Town purchased a bush hog for \$14,911 for the street department. We did not receive evidence that quotes were obtained or that the equipment was purchased on state contract. We did not find an entry in the minutes that indicated the purchase was approved by the Board.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

During 2016, a water tank was painted for \$195,325. We did not receive any documents to demonstrate that the bid law had been complied with. We did not identify entries in the board minutes that indicated the Board approved a contract for the work. The minutes for the September 8, 2015, meeting indicated “Mayor Bradford gave an update on the progress with the water tank.” The minutes for the January 12, 2016, minutes indicated “The tank is completed and is in operation.”

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.”

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

“Management disagrees with auditor and will do further research the matter. Current management believed that bids were not required because the vendor owns the fuel pumps that are on Town property. The water tank was approved by the board and although we didn’t put in the paper, we received quotes and took the lowest bid.”

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

2016-008 Failure in Internal Control Over Purchasing

Condition

We selected forty-one disbursements for testing. We recorded the following exceptions:

1. Twenty-three of the forty-one disbursements required a purchase order. One of the disbursements did not have a purchase order. Purchase orders for five of the disbursements appeared to be issued after the purchases were initiated.
2. Thirty-one of the forty-one disbursements required a signature on the invoice to document that a responsible employee asserted that the goods or services had been received by the Town. The invoice for one of the thirty-one disbursements was not signed.

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

"Management for the Town of Jonesboro will continue to monitor and require all purchases are signed by the employee who's ordering and receiving the purchase."

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

2016-009 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, audit, 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.

Criteria

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

Cause

The auditor was unable to determine why refunds are not being posted to the billing system in a timely manner or why a reconciliation is not being performed.

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

"Management for the Town of Jonesboro will take corrective action."

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

2016-010 Overtime Pay Appears to be Excessive

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>

Due to the significant amount of overtime pay, we analyzed the cost by employee. Some employees received nearly as much in overtime pay as they did in regular pay. For example, one water department employee received \$27,715 in regular pay, including paid time off, and \$25,805 in overtime pay. One administrative employee received \$39,236 in regular pay, including paid time off, and \$13,263 in overtime pay. One street department employee received \$30,191 in regular pay, including paid time off, and \$10,942 in overtime 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, setting up Christmas lights, and the need to work early or late to review time sheets to submit them to the payroll clerk on time.

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, the staff is inefficient, 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

"Management for the Town of Jonesboro has put into effort a measure to control overtime. Our equipment and infrastructure is old and requires manual operation."

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

2016-011 Utility Billing Procedures

Condition

The results of our audit procedures indicated that some meters may not have been read or that readings may not have been entered into the system. Our procedures included reading billing registers, inspecting histories of selected customer accounts, and inquiry of several sources. There are indications that some of the meters must be read manually requiring readings to be manually entered into the billing system. However, the quantity of such meters is in dispute. The monthly billing registers included many bills for the exact same consumption amount which was many times two or three thousand gallons. This usage appears low. For example, the U.S. Geological Survey's website (<http://water.usgs.gov/edu/qa-home-percapita.html>) indicates that the average person uses 80-100 gallons of water per day. Therefore, calculated on a 30-day month, a two-person household would be expected to use between 4,800 and 6,000 gallons while a four-person household would be expected to use between 9,600 and 12,000 gallons of water per month.

While reviewing selected account histories, we noted that some accounts that in past years were billed for 5,000 or more gallons were billed for 2,000 gallons or 3,000 gallons per month the entire year that ended June 30, 2016. Billed gallons for one account ranged from 5,000 to 22,000 gallons between January 2006 and June 2015 but were 5,000 from July 2015 to October 2015, 4,000 in November 2015, and 3,000 from December 2015 through September 2016.

Criteria

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

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 cause of the condition.

Effect

The Town may not be billing accurately which 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 Mayor Bradford supervise a project 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 the electronic reading system be utilized as much as possible. A cost versus benefit analysis should be performed to determine whether repairing and expanding the electronic reading system is the ideal solution.

Management's Response

"Management for the Town of Jonesboro has taken corrective action. Training has been administered and software has been updated."

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

2016-012 Timekeeping Procedures

Condition

While testing March 2016 payroll transactions, we noted several issues with time records:

1. Though most employees are required to use a time clock, the time sheets produced from the time clocks indicated several instances where time was entered manually meaning the employee did not clock in our out or both.
2. Town policies require the use of an overtime authorization form. In several instances the form was not included in the payroll file. In some instances, there were notations as to the reason for the overtime. In some instances, the form was used but was not completely filled out.
3. One Town Hall employee was never set up on the time clock. A manual time sheet was used.
4. For several employees, no lunch period was recorded.
5. One employee reported unusual hours such as 3:00AM to 10:00AM for janitorial work. While this may be her actual work hours, this is highly unusual in the auditor's experience.
6. One employee recorded working overtime from 5:00AM to 7:00AM to process payroll time records in time to submit to payroll clerk. This also seems unusual. The overtime form was not signed by anyone else.
7. For some employees, the time report showed the employee clocking in and out and the exact same times for the entire pay period. For example, 6:50AM, 11:50AM, 12:50PM, and 3:50PM. It seems highly unlikely that there would not be some variations if only by a minute or two.
8. Three time reports in March 2016 showed transactions had been deleted.
9. As mentioned above, when using a time clock, employees will not usually have exactly the number of hours for the pay period due to clocking in 1 minute early or 3 minutes late for example. Public works employees were paid for their actual hours per the time report even if that was over 40 hours. Town Hall employees were reduced to 40 hours even if their time report showed more than 40 hours. Supervisors indicate on the time reports what the total paid hours are to be.

In response to the results of our testing March 2016, we inspected time sheets for checks dated June 17, 2016. We noted the following:

1. No overtime form was submitted for two town hall employees but the overtime was approved by notation on the time report and paid.
2. One employee reported unusual hours such as 3:00AM to 10:00AM for janitorial work. While this may be her actual work hours, this is highly unusual in the auditor's experience.
3. There were several instances where time reports showed no lunch breaks taken.
4. Eleven employees' time reports showed less than 40 hours. The employees are classified as full time. No leave time was recorded for all but one. For the one employee whose report included leave time, the total was still less than 40.
5. For some employees, the time report showed the employee clocking in and out and the exact same times for the entire pay period. For example, 6:50AM, 11:50AM, 12:50PM, and 3:50PM. It seems highly unlikely that there would not be some variations if only by a minute or two.
6. There was no leave request form to support sick leave for two employees.
7. For two employees, the overtime forms were not complete as the forms did not document the purpose of the overtime.
8. Though most employees are required to use a time clock, the time sheets produced from the time clocks indicated several instances where time was entered manually meaning the employee did not clock in our out or both.
9. One time sheet was handwritten.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

Criteria

Basic practices include procedures to ensure that time reports 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.

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 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

"Management for the Town of Jonesboro has taken corrective action. Employees have been told if they do not use the clock properly they will not be paid."

2016-013 Noncompliance with Budget Act

Condition

The minutes of the meeting of July 23, 2015, indicate a public hearing was held. However, the minutes do not clearly indicate whether the hearing was for the water rates or the budget. Also, the budget does not appear to have been adopted by ordinance.

Criteria

Section 406 of the Lawrason Act, states in part, "A. (3) Any act of the board 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."

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

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.

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

"Management for the Town of Jonesboro submitted budget to the Jackson Independent Newspaper before June 30, 2016. The Jackson Independent did not publish the budget until two weeks later because they missed the email. Corrective action has been taken and we will consult with the Town Attorney."

2016-014 Failure to Publish Minutes

Condition

The Town did not publish board 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.

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 board 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

The failure to publish appears to be an oversight.

Effect

The Town did not comply with state law concerning minutes.

TOWN OF JONESBORO
JONESBORO, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

Recommendation

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

Management's Response

"Management has taken corrective action."

C. STATUS OF PRIOR YEAR FINDINGS AND COMMENTS

2015-01 Improper Treatment of Town Vehicles

Initial Year of Reporting

2012

Status

The finding is repeated. See Finding 2016-001.

2015-02 Financial Statements Submitted after Due Date

Initial Year of Reporting

2015

Status

The condition was cleared.

2015-03 Police Tickets Not Adequately Tracked

Initial Year of Reporting

2015

Status

The finding is repeated. See Finding 2016-002.

2015-04 Cash Receipt Books Not Properly Maintained

Initial Year of Reporting

2015

Status

The finding is repeated. See Finding 2016-003.

2015-05 Bank Account Required by Debt Agreement Not Fully Funded

Initial Year of Reporting

2015

Status

The finding is repeated. See Finding 2016-004.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

2015-06 Liability for Customer Deposits Exceeds Restricted Cash

Initial Year of Reporting

2015

Status

The finding is repeated. See Finding 2016-005.

2015-7 Utility Fund Accounts Receivable Includes Bad Debts

Initial Year of Reporting

2015

Status

The finding is repeated. See Finding 2016-006.

2015-8 Noncompliance with Public Bid Law

Initial Year of Reporting

2015

Status

The finding is repeated. See Finding 2016-007.

ML2015-1 Purchase Order Issued After Invoice

Initial Year of Reporting

2015

Status

See Finding 2016-008.

ML2015-2 Signature for Goods and Services Received

Initial Year of Reporting

2015

Status

See Finding 2016-009.

ML2015-3 Customer Refunds Not Reflected in Billing System

Initial Year of Reporting

2015

Status

See Finding 2016-010.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

ML2015-4 Adjustments to Utility Fund Accounts Receivable

Initial Year of Reporting

2015

Status

See Finding 2016-011.

Town of Jonesboro
Jonesboro, Louisiana

Schedule of Compensation Paid Councilpersons
For the Year Ended June 30, 2016

	2015-2016
Devin R. Flowers	\$ 6,000
Nia E. Johnson	6,000
Janet Martin	6,000
Robbie A. Siadek	6,000
Aaron Stringer	6,000
Total	\$ 30,000

Town of Jonesboro
Jonesboro, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2016

James Bradford Mayor	
Salary	\$ 22,500
Reimbursement	518
	<u>\$ 23,018</u>