

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2020**

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Leslie Thompson, Mayor,
and Honorable Members of the Board of Aldermen
Town of Jonesboro, State of 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, State of Louisiana (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on 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 and the guide 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, as of June 30, 2020, 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 budgetary comparison information (pages 46–50), the schedule of employer's proportionate share of net pension liability (page 51–53), and the schedule of employer contributions (page 54–56) 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head; Schedule of Compensation Paid Councilpersons; and the Justice System Funding Schedule – Receiving Entity, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head and the Schedule of Compensation Paid Councilpersons 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2022, on our consideration of the Town'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's 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's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC



Ruston, Louisiana

March 26, 2022

Town of Jonesboro
Jonesboro, Louisiana

Statement of Net Position
As of June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 508,925	\$ 6,684	\$ 515,609
Investments	-	34,340	34,340
Accounts receivable	216,689	119,109	335,798
Inventory	1,048	31,931	32,979
Cash and equivalents - restricted	-	712,254	712,254
Capital assets (net of accumulated depreciation)	1,586,753	6,377,991	7,964,744
Total Assets	<u>2,313,415</u>	<u>7,282,309</u>	<u>9,595,724</u>
Deferred Outflows of Resources			
Pension	685,210	150,317	835,527
Total Deferred Outflows of Resources	<u>685,210</u>	<u>150,317</u>	<u>835,527</u>
Liabilities			
Accounts payable	88,957	66,818	155,775
Payroll liabilities	35,469	-	35,469
Customer meter deposits	-	221,439	221,439
Interest payable	4,530	-	4,530
Current portion of long-term liabilities	8,793	35,539	44,332
Noncurrent portion of long-term liabilities	2,099,416	2,449,994	4,549,410
Total Liabilities	<u>2,237,165</u>	<u>2,773,790</u>	<u>5,010,955</u>
Deferred Inflows of Resources			
Pension	135,689	14,912	150,601
Total Deferred Inflows of Resources	<u>135,689</u>	<u>14,912</u>	<u>150,601</u>
Net Position			
Net investment in capital assets	1,586,754	4,367,062	5,953,816
Restricted	510,891	221,439	732,330
Unrestricted	(1,471,873)	55,423	(1,416,450)
Total Net Position	<u>\$ 625,772</u>	<u>\$ 4,643,924</u>	<u>\$ 5,269,696</u>

Town of Jonesboro
Jonesboro, Louisiana

Statement of Activities
For the Year Ended June 30, 2020

Expenses	Major Funds			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs						
Primary government						
Governmental activities						
General government	\$ 1,177,825	\$ 304,318	\$ 67,482	\$ -	\$ -	\$ (806,025)
Fire	447,375	-	-	-	(447,375)	(447,375)
Police	605,086	52,653	-	-	(552,433)	(552,433)
Sanitation	225,514	-	-	-	(225,514)	(225,514)
Highways and streets	949,453	-	-	-	(949,453)	(949,453)
Parks and recreation	8,755	-	-	-	(8,755)	(8,755)
Total governmental activities	3,414,008	356,971	67,482	-	(2,989,555)	(2,989,555)
Business-type activities						
Water and sewer	1,426,622	1,019,783	-	-	(406,839)	(406,839)
Total primary government	\$ 4,840,630	\$ 1,376,754	\$ 67,482	\$ -	\$ (406,839)	\$ (3,396,394)
General Revenues						
Taxes:						
Property taxes, levied for general purposes				353,818	-	353,818
Sales taxes				1,849,113	-	1,849,113
Franchise taxes				129,557	-	129,557
Other taxes				5,608	-	5,608
Licenses				165,564	-	165,564
Intergovernmental				61,682	-	61,682
Investment earnings				104,284	3,654	107,938
Rental income				19,337	-	19,337
Other revenue				117,868	40,070	157,938
Operating transfers				(139,622)	140,430	808
Total general revenues and transfers				2,667,209	184,154	2,851,363
Change in net position				(322,346)	(222,685)	(545,031)
Net position - June 30, 2019				948,118	4,866,609	5,814,727
Net position - June 30, 2020				\$ 625,772	\$ 4,643,924	\$ 5,269,696

Town of Jonesboro
Jonesboro, Louisiana

Balance Sheet - Governmental Funds
As of June 30, 2020

	Special Revenue Funds			Total	
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax		Street Sales Tax
Assets					
Cash and equivalents	\$ 131,329	\$ 822	\$ 624	\$ 376,149	\$ 508,924
Accounts receivable	136,175	-	-	80,514	216,689
Inventory	1,048	-	-	-	1,048
Total Assets	<u>268,552</u>	<u>822</u>	<u>624</u>	<u>456,663</u>	<u>726,661</u>
Liabilities & Fund Balances					
Liabilities:					
Accounts payable	\$ 88,957	\$ -	\$ -	\$ -	\$ 88,957
Payroll liabilities	35,469	-	-	-	35,469
Capital lease payable - current	8,793	-	-	-	8,793
Capital lease payable - interest	4,530	-	-	-	4,530
Total Liabilities	<u>137,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,749</u>
Fund balances:					
Nonspendable, reported in:					
Special revenue fund	-	-	-	-	-
Restricted, reported in:					
Special revenue fund	-	822	624	456,664	458,110
Unassigned, reported in:					
General revenue fund	130,803	-	-	-	130,803
Total Fund Balances	<u>130,803</u>	<u>822</u>	<u>624</u>	<u>456,664</u>	<u>588,913</u>
Total Liabilities and Fund Balances	<u>\$ 268,552</u>	<u>\$ 822</u>	<u>\$ 624</u>	<u>\$ 456,664</u>	<u>\$ 726,662</u>

Town of Jonesboro
Jonesboro, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of June 30, 2020

Total Fund Balances at June 30, 2020 - Governmental Funds (Statement C)	\$	588,914
Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		1,586,753
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Noncurrent portion of long-term liabilities		(2,099,416)
Deferred outflows of resources		685,210
Deferred inflows of resources		(135,689)
		(135,689)
Net Position at June 30, 2020	\$	625,772

Town of Jonesboro
Jonesboro, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			Total
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax	
Revenues				
Taxes:				
Ad valorem tax	\$ 146,970	\$ 103,424	\$ 103,424	- \$ 353,818
Franchise tax	129,557	-	-	129,557
Sales tax	924,556	-	-	924,556 1,849,112
Other tax	5,608	-	-	5,608
Licenses and permits	165,564	-	-	165,564
Operating grant	67,482	-	-	67,482
Intergovernmental	61,682	-	-	61,682
Fines, forfeitures, and court costs	52,653	-	-	52,653
Rent, royalty, and commission	19,337	-	-	19,337
Charges for services	304,318	-	-	304,318
Miscellaneous	71,408	-	-	71,408
Total revenues	1,949,135	103,424	103,424	924,556 3,080,539
Expenditures				
Current:				
General government	850,651	-	-	850,651
Public safety				
Police	605,086	-	-	605,086
Fire	367,148	-	-	367,148
Streets	909,790	-	-	909,790
Sanitation	225,514	-	-	225,514
Parks and recreation	8,755	-	-	8,755
Capital outlay	166,076	-	-	166,076
Total expenditures	3,133,020	-	-	- 3,133,020
Excess (deficiency) of revenues over (under) expenditures	(1,183,885)	103,424	103,424	924,556 (52,481)

Town of Jonesboro
Jonesboro, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			Total	
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax		Street Sales Tax
Other financing sources (uses)					
Interest earnings	104,284	-	-	-	104,284
Capital lease payment	(17,926)	-	-	-	(17,926)
Capital lease interest	(8,719)	-	-	-	(8,719)
Capital lease proceeds	105,000	-	-	-	105,000
Operating transfers	669,845	(116,748)	(133,350)	(559,369)	(139,622)
Total other financing sources (uses)	<u>852,484</u>	<u>(116,748)</u>	<u>(133,350)</u>	<u>(559,369)</u>	<u>43,017</u>
Net changes in fund balances	(331,401)	(13,324)	(29,926)	365,187	(9,464)
Fund balances - June 30, 2019	<u>462,206</u>	<u>14,146</u>	<u>30,550</u>	<u>91,477</u>	<u>598,379</u>
Fund balances - June 30, 2020	<u>\$ 130,805</u>	<u>\$ 822</u>	<u>\$ 624</u>	<u>\$ 456,664</u>	<u>\$ 588,915</u>

Town of Jonesboro
Jonesboro, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Funds Balances to the Statement of Activities
For the Year Ended June 30, 2020

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(9,465)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Depreciation		(158,651)
Capital outlay		166,076

Capital lease principal expense, which is considered an other financing use on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is a reduction of capital lease payable on the Government-Wide Statements. Capital loan proceeds, which is considered an other financing sources on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is an increase in capital assets on the Government-Wide Statements.

Capital lease principal expense		17,926
Capital lease proceeds		(105,000)
Net pension liability decrease (increase)		<u>(233,234)</u>
Change in net position of governmental activities (Statement B)	\$	<u><u>(322,348)</u></u>

Town of Jonesboro
Jonesboro, Louisiana

Statement of Net Position - Proprietary Fund
As of June 30, 2020

	Proprietary Fund - Enterprise Funds
	Utility Fund
Assets	
Current Assets:	
Cash and equivalents	\$ 6,684
Accounts receivable	119,109
Inventory	31,931
Total Current Assets	<u>157,724</u>
Noncurrent Assets:	
Cash and equivalents - restricted	712,254
Investments - restricted	34,340
Capital assets (net of accumulated depreciation)	6,377,991
Total Noncurrent Assets	<u>7,124,585</u>
Total Assets	<u>7,282,309</u>
Deferred Outflows of Resources	
Pension	150,317
Total Deferred Outflows of Resources	<u>150,317</u>
Liabilities	
Current Liabilities:	
Accounts payable	66,818
Current portion of long-term liabilities	35,539
Total Current Liabilities	<u>102,357</u>
Current liabilities payable from restricted assets:	
Customer meter deposits	221,439
Long-Term Liabilities:	
Long-term liabilities	2,449,994
Total Liabilities	<u>2,773,790</u>
Deferred Inflows of Resources	
Pension	14,912
Total Deferred Inflows of Resources	<u>14,912</u>
Net Position	
Net investment in capital assets	4,367,062
Restricted	221,439
Unrestricted	55,423
Total Net Position	<u>\$ 4,643,924</u>

Town of Jonesboro
Jonesboro, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
For the Year Ended June 30, 2020

	Proprietary Fund - Enterprise Funds
	Utility Fund
Operating Revenues	
Charges for services	\$ 1,019,783
Miscellaneous income	32,781
Total operating revenues	<u>1,052,564</u>
Operating Expenses	
Personnel services	518,563
Supplies	34,630
Utilities	148,013
Repairs and maintenance	380,617
Miscellaneous	76,005
Depreciation	268,793
Total operating expenses	<u>1,426,621</u>
Operating Income (Loss)	(374,057)
Non-operating Revenues (Expenses)	
Interest earnings	3,654
Miscellaneous revenue	7,289
Total non-operating revenues (expenses)	<u>10,943</u>
Income (loss) before transfers	<u>(363,114)</u>
Transfers	140,430
Total transfers	<u>140,430</u>
Change in net position	(222,684)
Total Net Position - June 30, 2019	<u>4,866,609</u>
Total Net Position - June 30, 2020	<u>\$ 4,643,925</u>

Town of Jonesboro
Jonesboro, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2020

	Proprietary Fund - Enterprise Funds
	Utility Fund
Cash flows from operating activities	
Cash received from customers	\$ 1,125,066
Cash payments to suppliers for goods and services	(735,745)
Cash payments to employees for services	(450,814)
Net cash provided by (used for) operating activities	<u>(61,493)</u>
Cash flows from non-capital financing	
Transfers from other funds	140,430
Other expense	(12,352)
Net cash provided by (used for) non-capital financing activities	<u>128,078</u>
Cash flows from capital and related financing activities	
Loan payment	(33,978)
Other revenue	-
Net cash provided by (used for) capital and related financing activities	<u>(33,978)</u>
Cash flows from investing activities	
Interest earnings	3,654
Net cash provided by (used for) investing activities	<u>3,654</u>
Net increase (decrease) in cash and cash equivalents	36,261
Cash and cash equivalents - June 30, 2019	<u>682,677</u>
Cash and cash equivalents - June 30, 2020	<u>\$ 718,938</u>
Reconciliation of operating income to net provided by operating activities	
Operating income	\$ (374,057)
Adjustments	
Depreciation	268,793
Net changes in assets and liabilities	
Accounts receivable	1,615
Inventory	(31,931)
Customers' security deposits	1,856
Accounts payable	27,564
Cash overdraft	(8,471)
Current increase (decrease) in pension liability	53,138
Net cash provided for (used for) operating activities	<u>\$ (61,493)</u>

Town of Jonesboro
Jonesboro, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town of Jonesboro is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town of Jonesboro may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

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

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

Town of Jonesboro
Jonesboro, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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

C. Government-Wide Financial Statements

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

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

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

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

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

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

Town of Jonesboro
Jonesboro, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

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

D. Fund Financial Statements

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

Governmental Funds

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

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

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

The Town of Jonesboro reports the following major governmental funds:

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

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

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

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

Revenues

The governmental funds use the following practices in recording revenues:

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

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

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

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

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

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

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

Other Financing Sources (Uses)

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

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

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Proprietary Funds

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

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

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

Revenues and Expenses

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

E. Equity Classifications

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

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

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

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

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

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

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town had \$2,602 in nonspendable funds for the year ended June 30, 2020.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town had \$458,110 in restricted funds for the year ended June 30, 2020.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town Council typically establishes commitments through the adoption and amendment of the budget. The Town did not have any committed funds for the year ended June 30, 2020.

Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town did not have any assigned funds for year ended June 30, 2020.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The General Fund amount of \$107,168 is designated as unassigned.

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

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Notes to the Financial Statements
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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, 2020 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 November 19, 2019, and the budget was adopted by the Mayor and Town Council. There were no amendments made to the budget.

G. Encumbrances

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

H. Cash and Cash Equivalents

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

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

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

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

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I. Investments

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

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

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

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

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

J. Inventories

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

K. Prepaid Expenses

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

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns of the government-wide financial statements, but are not reported in the governmental fund financial statements. Acquisitions of property and equipment are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

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

Description	Estimated Lives
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 \$685,210 for the governmental activities and \$150,317 for the business-type activities. The deferred outflows of resources are entirely due to the net pension liability, and they do not affect the governmental funds financial statements.

N. Compensated Absences

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

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

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

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

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

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

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

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

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

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

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

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

There are no compensated absences for the year ended June 30, 2020.

O. Long-Term Obligations

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

In the fund financial statements, expenditures for principal and interest payments for long-term obligations are recognized when due as current liabilities and other financing uses. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures

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Notes to the Financial Statements
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P. Deferred Inflows of Resources

The Town of Jonesboro reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town of Jonesboro will not recognize the related revenues until a future event occurs. The Town of Jonesboro reported deferred inflows of resources of \$135,689 in the governmental activities and \$14,912 in the business-type activities, and no deferred inflows of resources affect the governmental funds financial statements.

Q. Interfund Transactions

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

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

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

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

R. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

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Notes to the Financial Statements
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2. Ad Valorem Taxes

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

Revenues from ad valorem taxes is recognized in the period for which taxes are levied, and, accordingly, taxes are budgeted in the year billed. The amount of taxes to be collected occurs in December of the current year, and January and February of the subsequent year. All property taxes are recorded in the general and special revenue funds. The Town of Jonesboro considers the date penalty and interest accrues (January 1) 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 9, 2019, and the millage that is the maximum millage that can be assessed without the approval of the voter of the Town of Jonesboro. For Ad valorem taxes for the year ended June 30, 2020, three rates of taxes were levied on property within the corporate limits, as follows:

	Authorized Millage	Levied Millage
Constitutional	6.89	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. Total assessed value was \$20,684,820 in calendar year 2019.

Town of Jonesboro
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Notes to the Financial Statements
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3. Sales Tax

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

In January of 1988, the taxpayers of the Town of Jonesboro levied an additional one percent sales and use tax for a period of 10 years commencing August 1, 1989. In July of 1998, the taxpayers of the Town of Jonesboro renewed the one percent sales and use tax for an additional 10 years commencing August 1, 1999. On May 4, 2019, the taxpayers renewed the one percent sales and use tax for an additional 10 year commencing August 1, 2019. The purpose of this tax is for the general construction, maintenance, repair, and improvements of the Town of Jonesboro's streets.

4. Cash and Cash Equivalents

At June 30, 2020, the Town of Jonesboro had cash and cash equivalents (book balances) totaling \$1,226,375. The following schedule shows the cash and cash equivalents by type:

Demand Deposits	\$	514,121
Restricted Funds		<u>712,254</u>
Total	\$	<u>1,226,375</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at June 30, 2020. 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, 2020, the Town of Jonesboro had \$1,033,792 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$669,406 of pledged securities. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Town of Jonesboro has complied with these requirements of state law.

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Notes to the Financial Statements
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5. Investments

As stated above in Note 2, Cash and Cash Equivalents, investments are categorized to give an indication of the level of risk assumed by the Town. Investments are shown below at June 30, 2020. These amounts are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging financial institution.

Type of Investment	
Certificates of Deposit	\$ 34,340

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

6. Receivables

The receivables of \$335,798 at June 30, 2020, are as follows:

<u>Class of Receivables</u>	Fund			Total
	General	Street Sales Tax	Enterprise	
Taxes receivables	\$ 80,514	\$ 80,514	-	\$ 161,028
Other receivables	17,166	-	-	17,166
Utilities	-	-	-	-
Billed receivables	38,496	-	119,109	157,605
Total Receivables	136,175	80,514	119,109	335,799

Management believes all receivables to be collectible; therefore, no allowance is recorded as of June 30, 2020.

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Notes to the Financial Statements
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7. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2020, is as follows:

A. Capital Assets - Governmental Activities

	Balance, July 01, 2019	Additions	Deletions	Balance, June 30, 2020
Capital assets not depreciated				
Land	\$ 148,177	\$ -	\$ -	\$ 148,177
Total capital assets not being depreciated	<u>148,177</u>	<u>-</u>	<u>-</u>	<u>148,177</u>
Capital assets being depreciated				
Buildings	922,006	-	-	922,006
Equipment and furniture	2,001,342	61,076	-	2,062,418
Land improvements	1,869,457	-	-	1,869,457
Vehicles	1,147,309	105,000	-	1,252,309
Total capital assets being depreciated	<u>\$ 5,940,115</u>	<u>\$ 166,076</u>	<u>\$ -</u>	<u>\$ 6,106,190</u>
Less accumulated depreciation				
Buildings	848,244	8,043	-	856,287
Equipment and furniture	1,891,069	21,818	-	1,912,887
Land improvements	663,252	93,557	-	756,809
Vehicles	1,106,398	35,233	-	1,141,632
Total accumulated depreciation	<u>4,508,964</u>	<u>158,651</u>	<u>-</u>	<u>4,667,615</u>
Capital assets, net	<u>\$ 1,431,151</u>	<u>\$ 7,425</u>	<u>\$ -</u>	<u>\$ 1,438,575</u>
Governmental capital assets - net	<u>\$ 1,579,328</u>	<u>\$ 7,425</u>	<u>\$ -</u>	<u>\$ 1,586,752</u>

Depreciation expense for the year ended June 30, 2020, is \$158,651, charged to the following governmental functions:

<u>Functional Allocation of Depreciation Expense</u>	
General government	\$ 71,393
Public safety	47,595
Public works	39,663
Total	<u>\$ 158,651</u>

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

	Balance, July 01, 2019	Additions	Deletions	Balance, June 30, 2020
Capital assets being depreciated				
Building	\$ 125,411	\$ -	\$ -	125,411
Equipment & Vehicles	1,344,263	-	-	1,344,263
Sewer	5,230,593	-	-	5,230,593
Water	4,829,965	-	-	4,829,965
Total capital assets being depreciated	<u>\$ 11,530,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>11,530,232</u>
Less accumulated depreciation				
Building	\$ 71,166	2,260	\$ -	73,426
Equipment	1,231,067	58,573	-	1,289,640
Sewer	1,827,169	112,045	-	1,939,214
Water	1,754,173	95,789	-	1,849,961
Total accumulated depreciation	<u>\$ 4,883,574</u>	<u>\$ 268,667</u>	<u>\$ -</u>	<u>5,152,241</u>
Capital assets, net	<u>\$ 6,646,658</u>	<u>\$ (268,667)</u>	<u>\$ -</u>	<u>6,377,991</u>

8. Payables

The payables of \$191,244 at June 30, 2020, are as follows:

	Fund		Total
	General	Enterprise	
Accounts payable	\$ 88,957	\$ 66,818	\$ 155,775
Payroll liabilities	35,469	-	35,469
Total	<u>\$ 124,426</u>	<u>\$ 66,818</u>	<u>\$ 191,244</u>

Town of Jonesboro
Jonesboro, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

9. Retirement Systems

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

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

Plan Description

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

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

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

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

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

For the year ended June 30, 2020, the Town of Jonesboro's total payroll for all employees was \$1,406,504. Total covered payroll was \$628,236. Covered payroll refers to all compensation paid by the Town of Jonesboro to active employees covered by the Plan.

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

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Notes to the Financial Statements
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Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2020, the actual employer contribution rate was 27.75% 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. The Town of Jonesboro's contributions to the System under Plan A for the year ending June 30, 2020 were \$174,335. Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Jonesboro to the System monthly.

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

At June 30, 2020, the Town of Jonesboro reported a liability of \$1,438,191 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019, 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, 2019, the Town's proportion was 0.344175%, which was an increase of 0.011323% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town of Jonesboro recognized pension expense of \$270,349 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$87,239). Total pension expense for the Town of Jonesboro for the year ended June 30, 2020 was \$183,110.

Town of Jonesboro
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Notes to the Financial Statements
As of and for the year ended June 30, 2020

At June 30, 2020, the Town of Jonesboro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 35,091
Changes in assumptions	36,346	-
Net difference between projected and actual earnings on pension plan	142,638	-
Changes in employer's proportion of beg NPL	77,316	-
Differences between employer and proportionate share of contributions	24,871	10,096
Subsequent measurement contributions	174,335	-
Total	<u>\$ 455,506</u>	<u>\$ 45,187</u>

The \$455,506 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	
2021	\$ 164,265
2022	41,528
2023	18,215
2024	11,974

Town of Jonesboro
Jonesboro, Louisiana

Notes to the Financial Statements
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Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019, are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.000%
Inflation rate	2.500%
Salary increases, including inflation and merit increases	1 to 4 years of service - 6.4% More than 4 years of service - 4.5%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNE-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
Expected Remaining Service Lives	3 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 expenses 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 arithmetic real rates of return for each major asset class included in the System's target allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50%	2.15%
Public fixed income	35%	1.51%
Alternatives	15%	0.64%
Totals	<u>100%</u>	<u>4.30%</u>
Inflation		<u>2.70%</u>
Expected arithmetic nominal return		<u>7.00%</u>

Town of Jonesboro
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Notes to the Financial Statements
As of and for the year ended June 30, 2020

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the years ended June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments 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 7.00%, as well as what the Town of Jonesboro's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer's proportionate share of net pension liability	\$ 1,875,144	\$ 1,438,191	\$ 1,068,761

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

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

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

Hazardous Duty

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

Non Hazardous Duty

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

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

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

For the year ended June 30, 2020, the Town of Jonesboro's total payroll for all employees was \$1,406,504. Total covered payroll was \$183,719. Covered payroll refers to all compensation paid by the Town of Jonesboro to active employees covered by the Plan.

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2020, the actual employer contribution rate was 42.25%, 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 hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.25% and 10.00%, respectively. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

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Notes to the Financial Statements
As of and for the year ended June 30, 2020

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

At June 30, 2020, the Employer reported a liability of \$657,059 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019, 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, 2019, the Town of Jonesboro's proportion was 0.072350%, which was an increase of 0.002895% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town of Jonesboro recognized pension expense of \$113,365 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$19,732. Total pension expense for the Town of Jonesboro for the year ended June 30, 2020 was \$133,097.

At June 30, 2020, the Town of Jonesboro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,379	\$ 20,215
Changes in assumptions	36,820	-
Net difference between projected and actual earnings on pension plan	42,688	-
Changes in employer's proportion of beg NPL	73,983	-
Differences between employer and proportionate share of contributions	16,647	66
Subsequent measurement contributions	57,976	-
Total	<u>\$ 229,493</u>	<u>\$ 20,281</u>

The \$57,976 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	
2021	\$ 88,675
2022	30,191
2023	21,717
2024	10,653

Town of Jonesboro
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Notes to the Financial Statements
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Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019, are as follows:

Valuation Date	June 30, 2019	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	7.125%, net of investment expense	
Inflation Rate	2.500%	
Mortality	<p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.</p> <p>RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</p>	
Projected Salary Increases	Years of Service	Salary Growth Rate
	1-2	9.75%
	2-23	4.75%
	Above 23	4.25%
Expected Remaining Service Lives	4 years	
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2009 through June 30, 2014, and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables. The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2019 are summarized in the following table:

Town of Jonesboro
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Notes to the Financial Statements
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	49%	3.28%
Fixed income	34%	0.80%
Alternatives	18%	1.06%
Other	-%	-%
Totals	100%	5%
Inflation		2.75%
Expected arithmetic nominal return		7.75%

Discount Rate

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments 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 7.125%, as well as what the Town of Jonesboro's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.125%) or one percentage-point higher (8.125%) than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer's proportionate share of net pension liability	\$ 915,500	\$ 657,059	\$ 440,253

Plan Fiduciary Net Position

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

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Jonesboro, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

C. Firefighters' Retirement System of Louisiana (System)

Plan Description

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

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

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

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

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

For the year ended June 30, 2020, the Town's total payroll for all employees was \$1,406,504. Total covered payroll was \$183,662. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2020, total contributions due for employers and employees were 37.75%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer and employee contribution rates for all members were 27.75% 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.

Town of Jonesboro
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Notes to the Financial Statements
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Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Town of Jonesboro reported a liability of \$391,695 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 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, 2019, the Town's proportion was 0.062552% which was an increase of 0.002193% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town of Jonesboro recognized pension expense of \$76,184 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$52,272). Total pension expense for the Town for the year ended June 30, 2020 was \$23,912.

At June 30, 2020, the Town of Jonesboro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 28,255
Changes in assumptions	26,340	29
Net difference between projected and actual earnings on pension plan	35,635	-
Changes in employer's proportion of beg NPL	23,811	56,623
Differences between employer and proportionate share of contributions	13,586	226
Subsequent measurement contributions	51,152	-
Total	<u>\$ 150,524</u>	<u>\$ 85,133</u>

The \$51,152 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	
2021	\$ 13,277
2022	(9,553)
2023	482
2024	345
2025	6,669
2026	3,020

Town of Jonesboro
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Notes to the Financial Statements
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Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019, are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.15%, net of pension plan investment expense, including inflation
Inflation Rate	2.50%
Salary Increases	Vary from 14.75% in the first two years of service to 4.50% with 25 or more years of services; includes inflation and merit increases
Mortality rates	The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009, through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables, projected to 2031 using Scale AA, were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 7.94% as of June 30, 2019. Best estimates of arithmetic real rates of return for each major class includes in the System's target asset allocation as of June 30, 2019, are summarized in the following table:

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Notes to the Financial Statements
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Asset Class		Target Allocation	Long-Term Expected Real Rate of Return
Equity	US Equity	22%	5.98%
	Non-US Equity	18%	7.52%
	Global Equity	10%	6.59%
Fixed Income	Fixed Income	31%	2.17%
Alternatives	Real Estate	6%	4.14%
	Private Equity	4%	10.52%
Multi-Asset	Global Tactical Asset Allocation	5%	4.37%
Strategies	Risk Parity	5%	4.67%
Total		100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments 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 7.15%, 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 (6.15%) or one percentage-point higher (8.15%) than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer's proportionate share of net pension liability	\$ 567,201	\$ 391,695	\$ 244,389

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.

Town of Jonesboro
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Notes to the Financial Statements
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10. On Behalf Supplemental Pay

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

Department	Amount
Police	\$ 13,375
Fire	18,125
Total	<u>\$ 31,500</u>

11. Commitments and Contingencies

A. Litigation

At June 30, 2020, 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.

12. Long-Term Obligations

The following schedule is a summary of the long-term obligation transactions for the year ended June 30, 2020. The schedule also includes the current portion (due in one year or less) of the long-term obligations.

The capital lease is paid using resources from the governmental 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.

Town of Jonesboro
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Notes to the Financial Statements
As of and for the year ended June 30, 2020

	Balance, July 01, 2019	Additions	Deletions	Balance, June 30, 2020	Amount Due Within One Year
Governmental activities:					
Capital leases	\$ 105,000	\$ 9,133		\$ 95,867	\$ 8,793
Compensated absences	-	-		-	-
Net pension liability	1,857,784	154,559		2,012,343	-
Total governmental activities	\$ 1,962,784	\$ 163,692	\$ -	\$ 2,108,209	\$ 8,793
Business type activities:					
Bonds payable	\$ 2,044,908	\$ -	\$ 33,978	\$ 2,010,930	\$ 35,539
Net pension liability	454,817	19,786		474,603	-
Total capital assets being depreciated	\$ 2,499,725	\$ 19,786	\$ 33,978	\$ 2,485,533	\$ 35,539
Total long-term liabilities	\$ 4,462,509	\$ 183,478	\$ 33,978	\$ 4,593,742	\$ 44,332

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	01/22/2009	\$ 2,300,000	4.50%	01/22/2049	\$ 1,562,120	\$ 2,010,930

The annual requirements to amortize all bonds outstanding at June 30, 2020, are scheduled below.

For the year ended June 30, 2020	Principal	Interest	Total
2021	\$ 35,539	\$ 89,765	\$ 125,304
2022	37,172	88,132	125,304
2023	38,880	86,424	125,304
2024	40,666	84,638	125,304
2025	42,534	82,770	125,304
2026-2030	243,629	382,891	626,520
2031-2035	305,232	321,288	626,520
2036-2040	381,528	244,992	626,520
2041-2045	477,786	148,734	626,520
2046-2049	407,964	35,537	443,501
Total	\$2,010,930	\$1,565,171	\$3,576,101

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 2018 Ford F550 9' Mini Pumper was \$105,000.

The annual requirements to amortize the capital lease at June 30, 2020, are scheduled below.

Town of Jonesboro
Jonesboro, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

For the year ended June 30, 2020	Principal	Interest	Total
November 23, 2020	\$ 8,793	\$ 4,530	\$ 13,323
November 23, 2021	9,209	4,114	13,323
November 23, 2022	9,644	3,679	13,323
November 23, 2023	10,099	3,223	13,323
November 23, 2024	10,577	2,746	13,323
November 23, 2025	11,076	2,247	13,323
November 23, 2026	11,600	1,723	13,323
November 23, 2027	12,148	1,175	13,323
November 23, 2028	12,722	601	13,323
	<u>\$ 95,867</u>	<u>\$ 24,039</u>	<u>\$ 119,907</u>

13. Grants

During the year ended June 30, 2020, in the governmental activities, the Town of Jonesboro received \$61,562 from the Federal Aviation Administration for obstruction removal at the Jonesboro Airport. In addition, in the governmental activities, the Town received \$5,920 in contributions for Christmas lights.

14. Risk Management

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

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, 2020.

15. Deficit Net Position

At June 30, 2020, an unrestricted net position deficit of \$1,467,754 exists for the Town of Jonesboro (for the governmental activities, \$1,523,177, offset by the business-type activities, \$55,423), 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.

Town of Jonesboro
Jonesboro, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2020

16. Subsequent Events

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

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes:			
Ad valorem tax	\$ 140,250	\$ 146,970	\$ 6,720
Franchise tax	125,000	129,557	4,557
Sales tax	850,000	924,556	74,556
Other tax	2,000	5,608	3,608
Licenses and permits	76,525	165,564	89,039
Operating grant	-	67,482	67,482
Intergovernmental	56,540	61,682	5,142
Fines, forfeitures, and court costs	50,000	52,653	2,653
Rent, royalty, and commission	42,350	19,337	(23,013)
Charges for services	324,300	304,318	(19,982)
Miscellaneous	23,000	71,408	48,408
Total revenues	<u>1,689,965</u>	<u>1,949,135</u>	<u>259,170</u>
Expenditures			
Current:			
General government	715,010	850,651	(135,641)
Public safety			
Police	522,480	605,086	(82,606)
Fire	385,075	367,148	17,927
Streets	960,240	909,790	50,450
Parks and recreation	19,750	8,755	10,995
Sanitation	201,500	225,514	(24,014)
Capital outlay	37,000	166,076	(129,076)
Total expenditures	<u>2,841,055</u>	<u>3,133,020</u>	<u>(291,965)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,151,090)</u>	<u>(1,183,885)</u>	<u>(32,795)</u>

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Other financing sources (uses)			
Interest earnings	-	104,284	104,284
Capital lease payment	-	(17,926)	(17,926)
Capital lease interest	-	(8,719)	(8,719)
Capital lease proceeds	-	105,000	105,000
Operating transfers	-	669,845	669,845
Total other financing sources (uses)	-	852,484	852,484
Net changes in fund balances	(1,151,090)	(331,401)	819,689
Fund balances - June 30, 2019	462,206	462,206	-
Fund balances - June 30, 2020	<u>\$ (688,884)</u>	<u>\$ 130,805</u>	<u>\$ 819,689</u>

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - Fire Ad Valorem Tax
For the Year Ended June 30, 2020

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes:			
Ad valorem tax	\$ 100,000	\$ 103,424	\$ 3,424
Total revenues	<u>100,000</u>	<u>103,424</u>	<u>3,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100,000</u>	<u>103,424</u>	<u>3,424</u>
Other financing sources (uses)			
Operating transfers	-	(116,748)	(116,748)
Total other financing sources (uses)	<u>-</u>	<u>(116,748)</u>	<u>(116,748)</u>
Net changes in fund balances	100,000	(13,324)	(113,324)
Fund balances - June 30, 2019	<u>14,146</u>	<u>14,146</u>	<u>-</u>
Fund balances - June 30, 2020	<u>\$ 114,146</u>	<u>\$ 822</u>	<u>\$ (113,324)</u>

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - Streets Ad Valorem Tax
For the Year Ended June 30, 2020

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes:			
Ad valorem tax	\$ 100,000	\$ 103,424	\$ 3,424
Total revenues	<u>100,000</u>	<u>103,424</u>	<u>3,424</u>
Other financing sources (uses)			
Operating transfers	-	(133,350)	(133,350)
Total other financing sources (uses)	<u>-</u>	<u>(133,350)</u>	<u>(133,350)</u>
Net changes in fund balances	100,000	(29,926)	(129,926)
Fund balances - June 30, 2019	<u>30,550</u>	<u>30,550</u>	<u>-</u>
Fund balances - June 30, 2020	<u>\$ 130,550</u>	<u>\$ 624</u>	<u>\$ (129,926)</u>

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - Streets Sales Tax
For the Year Ended June 30, 2020

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes:			
Sales taxes	\$ 850,000	\$ 924,556	\$ 74,556
Total revenues	<u>850,000</u>	<u>924,556</u>	<u>74,556</u>
Other financing sources (uses)			
Operating transfers	-	(559,369)	(559,369)
Total other financing sources (uses)	<u>-</u>	<u>(559,369)</u>	<u>(559,369)</u>
Net changes in fund balances	850,000	365,187	(484,813)
Fund balances - June 30, 2019	<u>91,477</u>	<u>91,477</u>	<u>-</u>
Fund balances - June 30, 2020	<u>\$ 941,477</u>	<u>\$ 456,664</u>	<u>\$ (484,813)</u>

Town of Jonesboro
Jonesboro, Louisiana

Schedule of Employer's Share of Net Pension Liability
Municipal Employees Retirement System
For the year ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.344175%	0.332852%	0.288100%	0.284821%	0.259739%	0.325444%
Employer's proportionate share of the net pension liability (asset) \$	1,438,191	\$ 1,378,233	\$ 1,205,244	\$ 1,167,399	\$ 927,828	\$ 835,235
Employer's covered employee payroll \$	589,676	\$ 607,693	\$ 523,205	\$ 508,788	\$ 443,307	\$ 530,325
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	243.90 %	226.80 %	230.36 %	229.45 %	209.30 %	157.49 %
Employer's proportion of the net pension liability (asset)	64.68 %	63.94 %	62.49 %	62.11 %	66.18 %	73.99 %

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

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

Town of Jonesboro
Jonesboro, Louisiana

Schedule of Employer's Share of Net Pension Liability
Municipal Police Employees Retirement System
For the year ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.072350 %	0.069455 %	0.060219 %	0.049137 %	0.035852 %	0.028929 %
Employer's proportionate share of the net pension liability (asset) \$	657,059 \$	587,177 \$	525,737 \$	460,552 \$	280,860 \$	180,981
Employer's covered employee payroll \$	225,943 \$	204,943 \$	179,772 \$	137,645 \$	95,903 \$	81,307
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	290.81 %	286.51 %	292.45 %	334.59 %	292.86 %	222.59 %
Employer's proportion of the net pension liability (asset)	71.01 %	71.89 %	70.08 %	66.04 %	70.73 %	75.10 %

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

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

Town of Jonesboro
Jonesboro, Louisiana

Schedule of Employer's Share of Net Pension Liability
Firefighters' Retirement System
For the year ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.062552%	0.060359%	0.059324%	0.077495%	0.078851%	0.076682%
Employer's proportionate share of the net pension liability (asset) \$	391,695	\$ 347,190	\$ 340,036	\$ 506,887	\$ 425,569	\$ 341,228
Employer's covered employee payroll \$	151,178	\$ 143,703	\$ 138,515	\$ 174,733	\$ 167,572	\$ 155,770
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	259.10 %	241.60 %	245.49 %	290.09 %	253.96 %	219.06 %
Employer's proportion of the net pension liability (asset)	73.96 %	74.76 %	73.55 %	68.16 %	72.45 %	76.02 %

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

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

Town of Jonesboro
Jonesboro, Louisiana

Schedule of Employer Contributions
Municipal Employees Retirement System
For the year ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 174,335	\$ 153,315	\$ 150,404	\$ 119,029	\$ 100,486	\$ 87,553
Contributions in relation to contractually required contribution	174,335	153,315	150,404	119,029	100,486	87,553
Contribution deficiency (excess)	-	-	-	-	-	-
Employer's covered payroll	\$ 628,236	\$ 589,676	\$ 607,693	\$ 523,205	\$ 508,788	\$ 443,307
Contributions as a percentage of covered employee payroll	27.75 %	26.00 %	24.75 %	22.75 %	19.75 %	19.75 %

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

Town of Jonesboro
Jonesboro, Louisiana

Schedule of Employer Contributions
Municipal Police Employees Retirement System
For the year ended June 30, 2020

	2020	2020	2018	2017	2016	2015
Contractually required contribution	\$ 57,976	\$ 72,866	\$ 63,029	\$ 57,078	\$ 40,605	\$ 30,209
Contributions in relation to contractually required contribution	57,976	72,866	63,029	57,078	40,605	30,209
Contribution deficiency (excess)	-	-	-	-	-	-
Employer's covered payroll	\$ 182,003	\$ 225,943	\$ 204,970	\$ 179,772	\$ 137,645	\$ 95,903
Contributions as a percentage of covered employee payroll	31.85 %	32.25 %	30.75 %	31.75 %	29.50 %	31.50 %

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

Town of Jonesboro
Jonesboro, Louisiana

Schedule of Employer Contributions
Firefighters' Retirement System
For the year ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 51,152	\$ 40,063	\$ 38,082	\$ 34,975	\$ 47,615	\$ 49,015
Contributions in relation to contractually required contribution	51,152	40,063	38,082	34,975	47,615	49,015
Contribution deficiency (excess)	-	-	-	-	-	-
Employer's covered payroll	\$ 183,662	\$ 151,178	\$ 143,703	\$ 138,515	\$ 174,733	\$ 167,572
Contributions as a percentage of covered employee payroll	27.85 %	26.50 %	26.50 %	25.25 %	27.25 %	29.25 %

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

Town of Jonesboro
Jonesboro, LouisianaSchedule of Compensation Paid Councilpersons
For the year ended June 30, 2020

	2020
Devin R. Flowers	\$ 6,000
James W. Ginn	6,000
Nia E. Johnson	6,000
Robbie A. Siadek	6,000
Aaron Stringer	6,000
	\$ 30,000

Town of Jonesboro
Jonesboro, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended June 30, 2020

Leslie Thompson Mayor		
Salary	\$	60,000
Telephone		-
Payroll Taxes - Medicare		870
Retirement		16,650
Health Insurance		8,253
Conferences		300
Travel		532
Reimbursements		16
	\$	<u>86,621</u>

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 Leslie Thompson, Mayor.
and Members of the Board of Aldermen
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 (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 26, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2020-002, 2020-003, 2020-004, 2020-005, 2020-006, 2020-008, and 2020-009, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. 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 2020-001, 2020-006, 2020-007, 2020-008, 2020-010, and 2020-011.

Town's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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

A handwritten signature in blue ink that reads "Bosch & Statham". The signature is written in a cursive, flowing style.

Ruston, Louisiana
March 26, 2022

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Town of Jonesboro, Louisiana, (the Entity) were prepared in accordance with GAAP.
2. Eight material weaknesses disclosed during the audit of the financial statements are reported in the 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*.
3. Six instances of noncompliance material to the financial statements of the Entity, which are required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No management letter was issued.

B. FINDINGS

2020-001 Noncompliance with Public Bid Law

First reported
2015

Type
Noncompliance

Condition

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

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

During the audit for fiscal year 2018, the Town advertised for fuel bids. The Town Clerk asserted that no bids were received. However, we noted no discussion in the minutes to indicate that the Board was involved in the decision to advertise or that it was advised of the lack of bids.

During the audit for fiscal year 2019, we received no evidence that the Town advertised for bids. According to the minutes, the Town accepted a bid for a service truck lease for the fire department. Also, according to the minutes, the Mayor entered into a contractual agreement with an oil and gas company. The Town spent a total of \$49,056 for gas and oil, and \$13,506 for diesel. The Bid Law requires bids for expenditures greater than \$30,000.

For the year ended June 30, 2020, minutes indicate approval to advertise for bids for fuel in May 2020 and the acceptance of a contract in July 2020. We noted no proof of advertisement and no indication there were bids for 2019-2020.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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

The corrective action plan for the year ended June 30, 2019 indicated the Town was in compliance with the Bid Law. The Auditor does not agree with management.

Effect

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

Recommendation

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

Management’s Response

See management’s corrective action plan.

2020-002 Failure in Internal Control Over Purchasing

First reported

2016

Type

Material Weakness

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

Condition

Excluding certain types of transactions and certain recurring transactions, we selected disbursements for each fund that were greater than a selected threshold based on the fund's expenditure level. We selected a total of sixteen disbursements. We recorded the following exceptions:

1. Nine out of sixteen checks were not properly supported.
2. Nine out of sixteen disbursements should have been supported by documentation of receipt of goods or services. Five out of nine disbursements were not supported by documentation of the receipt of goods or services. Seven disbursements would not have required signature.
3. Nine out of sixteen disbursements should have been supported by documentation that the purchase was properly authorized. Two out of nine disbursements did not include documentation that the purchase was properly authorized.

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 are not prepared or signed if the documentation is not appropriate.

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

Management's Response

See management's corrective action plan.

2020-003 Overtime Pay

First reported

2016

Type

Material Weakness

Condition

The payment of overtime appears to be excessive.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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

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

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

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

During fiscal year 2018, 43 out of approximately 68 employees were paid overtime. Typically, an employee’s annual hours would be 2,080 calculated as 40 hours per week times 52 weeks; however, 6 employees were paid for greater than 2500 hours for the year. For 12 employees, overtime was greater than 20% of their regular salary. For 2 employees of the Water/Sewer Department, overtime pay represented 52% (\$18k over \$35k) and 53% (\$16k over \$31k) of their regular salaries. Overtime pay increased from \$113,000 in 2017 to \$144,000 in 2018. Of total overtime, \$77,000 was paid to public works employees.

During fiscal year 2019, 52 out of approximately 68 employees were paid overtime. Typically, an employee’s annual hours would be 2,080 calculated as 40 hours per week times 52 weeks; however, 5 employees were paid for greater than 2500 hours for the year. For 22 employees, overtime was greater than 20% of their regular salary. For 2 employees of the Water/Sewer Department, overtime pay represented 62% (\$14k over \$22k) and 97% (\$13k over \$23k) of their regular salaries. Overtime pay for 2017, 2018, and 2019 was \$113,000, \$144,000, and \$149,504, respectively. Of total overtime, \$68,416 was paid to public works employees.

During fiscal year 2020, 51 of approximately 83 employees employed during the year received overtime and/or double time. We noted 4 of the Town's employees surpassed 2,550 hours worked during the year. The total overtime/double time worked increased from the prior year with the majority of the increase being due to public works employees. Personnel expenses in the Utility Fund increased from \$353,108 to \$518,563, or 40% from 2019.

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.”

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

Cause

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

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 performed after hours. Excessive amounts of overtime cost generally mean that the staff is too small, there are inefficiencies, and/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. Additionally, we recommend that management consider using seasonal and part-time workers. These workers would earn at regular rates as opposed to 150% of regular pay rates.

Management's Response

See management's corrective action plan.

2020-004 Utility Billing Procedures

First reported

2016

Type

Material Weakness

Condition

For the fiscal year 2017 audit, procedures we performed included the following:

- We inquired of the Town Clerk, various employees, vendors, and customers regarding meter reading and billing procedures. We were told by multiple sources that the meters are not read and that bills arrive too late for customers to pay on time.
- We selected a sample of four meters to locate and read to compare to the last billed reading. We read three out of four meters. Town employees could not locate the fourth meter. None of the three readings were consistent with the previous billed readings. One of the four meters was for a commercial lawn watering system, yet the billed consumption has not fluctuated since January 2016. Beginning May 1, 2014, the customer was billed 110,000 gallons for three months, 117,000 for one month, 108,000 for one month, 106,000 for two months, 105,000 for two months, 100,000 for five months, 102,000 for four months, 103,000 for two months, then 102,000 from January 1, 2016 through April 1, 2018 (28 months).
- We inspected the meter reader's records. He records readings in a notebook. It appeared that readings are only documented for cutoffs and similar situations, not for regular readings. There are approximately 2,000 customers on the system. It seems that it would be physically impossible for one person to read the meters in time to submit the readings to the Clerk to be entered for billing.
- We reviewed selected customer account histories. We noted that the billed consumption was the same for many months and sometimes years.
- The Town Clerk demonstrated how she fills out a screen in the billing software to enter a reading for every customer in the system. This task was given as a significant reason given for the Clerk's need for overtime.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

However, sources tell us that the outsourced billing service can bill the previous reading by instruction alone. Entering the amounts for every customer does not appear to be necessary.

- We noted through interviews with various customers and others that bills were often mailed to customers after the standard billing date. Management blamed the outsourced billing service. It appears that the fault lies with the Town not notifying the outsourced billing service to proceed with billing in a timely manner. This seems especially odd since none of the meters are being read. We were initially told that meters were being read manually. Later we were told that the meters were being read on a rotation basis whereby all meters were read every couple of months. The Town Clerk ultimately admitted that the meters were not being read and that the Mayor was aware that they were not being read.

For the fiscal year 2018 audit, the results were much the same. We again received allegations that meters are not read, customers are billed the same amount month after month, and bills are mailed too late for timely payments. Our inspection of account histories and the results of other procedures are consistent with these allegations.

We did not identify any significant improvements for the fiscal year 2019 or 2020 audits.

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

Effect

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

Recommendation

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

Management's Response

See management's corrective action plan.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

2020-005 Timekeeping Procedures

First reported

2016

Type

Material Weakness

Condition

During the audit of the 2016 fiscal year, we noted the following issues that also occurred in the test period referred to above:

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

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

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

During the audit of the 2018 fiscal year, we selected for testing the period from June 14, 2019 to June 20, 2019, a pay period in the last month of the fiscal year. The time period was selected for the purpose of determining the most current state of the payroll processing system. We selected twenty-five employees for testing ensuring that at least one employee was selected from each department. The following is a summary of results:

1. One employee left in November 2017. Attendance was documented for the remaining 24 employees tested.
2. For 13 out of 24 employees tested, the supervisor's signature was not present on the attendance record.
3. During the test period, 7 out of 24 employees were paid overtime. The supervisor's signature was not present to approve the overtime for 4 out of 7 employees.

During the audit of the 2019 fiscal year, we selected one check for each of nine employees for testing. The following is a summary of results:

1. One employee did not receive a check during the selected period. One of the selected persons was an elected official. Attendance was not documented for 2 out of 7 remaining.
2. For 5 out of 7 employees tested, the supervisor's signature was not present on the attendance record.
3. During the test period, 6 out of 8 employees were paid overtime. The supervisor's signature was not present to approve the overtime for 5 out of 6 employees.
4. We did not receive leave records for 2 out of 7 employees.

For the year ended 2020, we selected 10 checks from a selected pay period.

1. We noted 1 out of 10 checks was not supported by an attendance recorded with the supervisor's signature.
2. Of the 10 checks selected for testing, 4 checks included payment for overtime. Of the 4 checks that included overtime, 3 checks were not supported by a supervisor's signature approving the overtime.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

Criteria

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

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. This lack of concern for policy may have come from an inappropriate control environment more commonly known as the tone at the top.

Effect

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

Recommendation

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

Management's Response

See management's corrective action plan.

2020-006 Noncompliance with Budget Act

First reported

2016

Type

Noncompliance

Condition

We noted the following exceptions:

1. According to the minutes, the 2020 budgets were not adopted until November 2019. There were no amendments. We noted no budget message. We did not receive proof of advertisement as required by Budget Act. The minutes of meetings did not reflect a budget hearing.
2. Per the Budgetary Comparison schedule:
 - a. The General Fund expenditures and other uses were 11 percent above budget. We noted no amendments.
 - b. Expenditures and other uses of the Fire Ad Valorem Special Revenue Fund exceeded the budget by 120%.
 - c. The Street Ad Valorem Special Revenue Fund budget did not include expenditures or transfers out though the fund transferred \$133,350 to the General Fund.
 - d. The Street Sales Tax Revenue Fund budget did not include expenditures or transfers out though the fund transferred \$559,369 to the General Fund.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

Criteria

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

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

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

Cause

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

Effect

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

Recommendation

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

Management’s Response

See management’s corrective action plan.

2020-007 Failure to Publish Minutes

First reported

2016

Type

Noncompliance

Condition

For the fiscal year ended June 30, 2016, the Town did not publish Board of Aldermen minutes in the official journal for a period of several months. The June 2015 minutes were published July 23, 2015. We noted no other minutes published from July 23, 2015 through June 30, 2016.

The minutes for meetings held between July 19, 2016 and September 12, 2017 were published November 16, 2017. We did not receive evidence that minutes for later meetings for the audit year had been published as of February 2019, the time of fieldwork.

During the audit of fiscal year 2019, we noted that the minutes for two out of nineteen meetings were not published or had no evidence of publication. We noted minutes for ten out of nineteen meetings were published more than twenty days after the meeting date.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

During the audit of fiscal year 2020, we noted that the minutes for six out of fifteen meetings were not published or had no evidence of publication. We noted minutes for six out of fifteen meetings were published more than twenty days after the meeting date.

Criteria

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

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

Cause

See other findings.

Effect

The Town did not comply with state law concerning minutes.

Recommendation

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

Management’s Response

See management’s corrective action plan.

2020-008 Financial Statements Issued After Due Date

First reported

2016

Type

Material Weakness, Noncompliance

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

Condition

The audit report was submitted after the statutory due date.

Criteria

State law requires the Town to submit to the Louisiana Legislative Auditor audited financial statements within six months of year end or December 31, 2020, for the fiscal year ended June 30, 2020.

Cause

See other findings. There were significant delays for the 2018-2019 audit as reported in the audit. The delays caused scheduling conflicts for the outside accountant and auditor. Both firms were booked for other engagements. The firms had to work on the town's books and audit as their schedules permitted. In an attempt to make progress, as our schedule permitted, we began completing procedures before the books were adjusted to their final state and before the financial statements were available. Only a limited amount of work can be completed before the books are available. The financial statements for the year ended June 30, 2019 did not become available to the auditor until November 2020. Financial statements for the year ended June 30, 2020 became available to the auditor sometime in 2021.

Effect

When an entity is late filing its report, the entity is placed on the LLA's noncompliance list. Being placed on the list results in an entity receiving no funds from the State until the entity is removed from the list. Management cannot work in a timely manner to resolve internal control deficiencies and noncompliance with laws, regulations, contracts, and grants identified by the auditor.

Recommendation

We recommend the following:

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

Management's Response

See management's corrective action plan.

2020-009 Lack of Segregation of Duties in Collections

First reported

2017

Type

Material Weakness

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

Condition

During the years ended June 30, 2017, 2018, 2019, and 2020, some employees performed incompatible duties. The Town Clerk received collections from the cashiers, prepared the deposits, took the deposit to the bank, and prepared the daily summary of collections at town hall. The tax collector prepared tax bills, collected tax payments, posted tax payments in the tax software, and managed the tax sale. Additionally, during fiscal year 2017-2018, due to a fiscal year 2016 audit finding, the police chief moved collections of fines from town hall to the police department. A better segregation of duties is achieved when collections are at town hall since the police department writes citations and accounts for citation numbers.

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

Criteria

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

Cause

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

Effect

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

Recommendation

Our 2017 recommendation read as follows:

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

Currently, the outside accountant has taken over some of the duties such as posting deposits, paying vendors, and processing payroll.

Management’s Response

See management’s corrective action plan.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

2020-010 Utility Accounts of Employees and Officials Paid Late

First reported

2017

Type

Material Weakness, Noncompliance

Condition

Several (not all) officials and key employees were charged one or more penalties during the year, indicating their payments were received past the due date. It appears that penalties were sometimes not charged to employees and officials even if their payments were late. However, all accounts were current as of April 6, 2021, the date the account histories were produced for the audit.

Criteria

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

Cause

We did not identify the cause of the condition.

Effect

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

Recommendation

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

Management's Response

See management's corrective action plan.

2020-011 Bank Balances at One Bank were Not Fully Covered by FDIC and Pledged Securities

First reported

2020

Type

Material Weakness, Noncompliance

Condition

The sum of FDIC and securities pledged to cover bank balances were \$65,466 lower than bank balances of \$315,466.

Criteria

Louisiana law requires the Entity and the bank to ensure that securities are pledged to cover any public funds on deposit that are not covered by FDIC.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

Cause

Internal control is not properly designed to ensure that the Entity directs the bank to correct deficiencies in pledged securities.

Effect

The Entity's bank balances appear to have been at risk.

Recommendation

We recommend that management design procedures to ensure that bank balances are secured by FDIC and pledged securities.

Management's Response

See management's corrective action plan.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

2019-001 Cash Receipt Books Not Properly Maintained

Status

The condition was substantially resolved.

2019-002 Utility Fund Accounts Receivable Includes Bad Debts

Status

The condition was substantially resolved.

2019-003 Noncompliance with Public Bid Law

Status

Repeated as Finding 2020-001.

2019-004 Failure in Internal Control Over Purchasing

Status

Repeated as Finding 2020-002.

2019-005 Overtime Pay

Status

Repeated as Finding 2020-003.

2019-006 Utility Billing Procedures

Status

Repeated as Finding 2020-004.

2019-007 Timekeeping Procedures

Status

Repeated as Finding 2020-005.

2019-008 Noncompliance with Budget Act

Status

Repeated as Finding 2020-006.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

2019-009 Failure to Publish Minutes

Status

Repeated as Finding 2020-007.

2019-010 Financial Statements Issued After Due Date

Status

Repeated as Finding 2020-008.

2019-009 Financial Statements Not Provided to Board of Aldermen

Status

The condition was substantially resolved.

2019-012 Failure in Multiple Elements of Internal Control

Status

The condition was substantially resolved.

2019-013 Lack of Segregation of Duties in Collections

Status

Repeated as Finding 2020-009.

2019-014 Utility Accounts of Employees and Officials Paid Late

Status

Repeated as Finding 2020-010.

2019-015 Louisiana Compliance Questionnaire Not Properly Executed

Status

The condition was resolved.

2019-016 Board Meeting Minutes Were Not Properly Prepared or Retained

Status

The condition was resolved.

2019-017 Failure to Properly Prepare Bank Reconciliations and Failure to Submit to the Auditor, Records Including Bank Statements and Bank Reconciliations

Status

The condition was resolved.

Town of Jonesboro

Managements Response to 2019 - 2020 Audit Findings

2020-001 -Noncompliance with Public Bid Law

- In 2020 bids were taken for fuel. At the May 2020 council meeting the council authorized to advertise for bids. The only bid was from Lott Oil. At the July 14, 2020, meeting, council voted to accept Lott Oil's bid for fuel. (See attached)

2020-002 – Failure in Internal Control Over Purchasing

- The policy is in place which requires a purchase order prior to incurring expenses, signed by the mayor or designee, and filed with the invoice which is signed by a responsible employee.
- Some employees manage to circumvent and acquire goods outside of the policy. To correct this condition, we are sending reminders out to all department heads and notifying vendors that no purchases should take place without a purchase order.
-

2020-003 – Overtime Pay

- Overtime is now being compensated in compensatory time as opposed to cash. All overtime is to be approved by the department supervisor before it is worked.
- Reduction of overtime expenses is an ongoing task for the town. In the past year, overtime has been greatly reduced.

2020-004 – Utility Billing Procedures

- The town has applied for grant funding which, if successful, will make it possible to get meters and begin the process of reading meters monthly. As funding is available, meters are currently being added to commercial accounts.

2020-005 - Timekeeping Procedures

- Employees are strongly encouraged to clock in and out at the required times.
- We are double checking to ensure that all required signatures are on all time sheets.
- Time and attendance records are being more closely scrutinized for required information.

2020-006 – Noncompliance with Budget Act

- We have completed a side-by-side budget as required. All other elements of the budget have been satisfied.

2020-007 – Failure to Publish Minutes

- Minutes are currently processed and sent to the official journal for publication within the ten-day window.
- We are working diligently to stay within the compliance window for publishing minutes.

2020-008 – Financial statements Issued After Due Date

- Financial statements are sent to the council before each council meeting.

2020-009 – Lack of Segregation of Duties in Collections

- We will be recommending that collection for police tickets be returned to City Hall.
- Utility Clerks and other City Hall staff have been instructed that only the clerks should be taking in monies.
- The Tax Collector no longer collects funds and is able to run reports to ensure accurate accounting.
- With a limited staff, we are working diligently to segregate duties as required by GAAP.

2020 010 – Utility Accounts of Employees and Officials Paid Late

- All town employees have been mandated to become current on payments. We have no outstanding balances due by any employee at this time.

2020-011 – Bank Balances at One Bank were not Fully Covered by FDIC and Pledged Securities

- We have since received information that the bank in question does indeed have the required coverage. Please see attached for the time period in question.
- After talking with employees at Sabine Bank, we were assured that the market value of the securities combined with the \$250,000 in FDIC coverage provided the required coverage during the fiscal year in question.