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TOWN OF JONESBORO
Jonesboro, Louisiana

General Purpose Financial Statements
As of and for the Year Ended June 30, 1998
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 13 1999

KENNETH D. FOLDEN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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TOWN OF JONESBORO
Jonesboro, Louisiana

General Purpose Financial Statements
As of and for the Year Ended June 30, 1998
With Supplemental Information Schedules

CONTENTS

	Statement	Page No.
INDEPENDENT AUDITORS' REPORT		1
General Purpose Financial Statements:		
Combined Balance Sheet, All Fund Types and Account Group	A	2
Governmental Funds:		
Combined Statement of Revenues, Expenditures and Changes in Fund Balances	B	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General and Special Revenue Funds	C	4
Proprietary Fund:		
Statement of Revenues, Expenses and Changes in Retained Earnings	D	5
Statement of Cash (and Cash Equivalents) Flows	E	6
Notes to the Financial Statements		7-16
Supplemental Information Schedules:	Schedule	
Schedule of Revenues and Expenditures - Budget (GAAP Basis) and Actual - General Fund	1	18-22
Special Revenue Funds:		
Combining Balance Sheet	2	24
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	3	25
Schedule of Compensation Paid Aldermen	4	27
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>		28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		29

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INDEPENDENT AUDITORS' REPORT

The Honorable W. Richard Zuber, Mayor
and Members of the Board of Aldermen
Town of Jonesboro, Louisiana

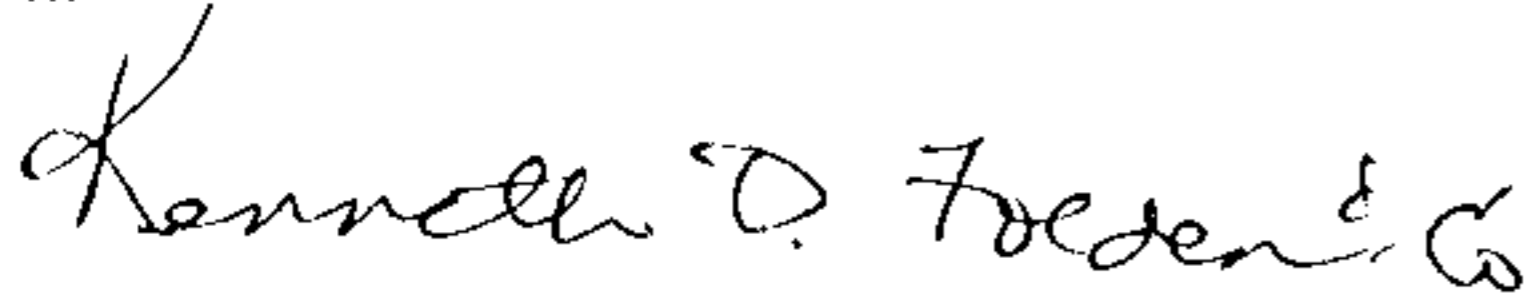
We have audited the accompanying general purpose financial statements of the Town of Jonesboro, Louisiana, as of and for the year ended June 30, 1998 as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Jonesboro, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Jonesboro, Louisiana, as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Governmental Auditing Standards, we have also issued our report dated December 18, 1998, on our consideration of the Town of Jonesboro's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Jonesboro. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements.



KENNETH D. FOLDEN & CO.
Certified Public Accountants

Jonesboro, Louisiana
December 18, 1998

Town of Jonesboro
Jonesboro, Louisiana
ALL FUND TYPES AND ACCOUNT GROUP
Combined Balance Sheet
June 30, 1998

GOVERNMENTAL FUNDS		PROPRIETARY FUND	ACCOUNT GROUP	TOTAL (MEMORANDUM ONLY)
GENERAL FUND	SPECIAL REVENUE FUNDS	ENTERPRISE FUND	GENERAL FIXED ASSETS	

ASSETS AND OTHER DEBITS

Assets:

Cash and cash equivalents	\$ 214,731	\$ 749,157	\$ 234,252	\$ 1,198,140
Receivables (net of allowances for uncollectibles):	191,445	98,743	175,019	465,207
Due from other funds			48,549	48,549
Inventory			42,898	42,898
Restricted assets:				
Cash and cash equivalents			66,543	66,543
Land, buildings and equipment (net, where applicable, of accumulated depreciation)			4,689,162	2,781,465
				7,470,627
TOTAL ASSETS AND OTHER DEBITS	\$ 406,176	\$ 847,900	\$ 5,256,423	\$ 2,781,465
				9,291,964

LIABILITIES, EQUITY AND OTHER CREDITS

Liabilities:

Accounts, salaries and other payables	\$ 35,239	\$	\$ 30,794	\$ 66,033
Due to other funds	48,549			48,549
Payable from restricted assets:				
Customers' deposits			66,543	66,543
Total Liabilities	83,788		97,337	181,125

Equity and Other Credits:

Contributed capital			3,025,323	3,025,323
Investment in general fixed assets				2,781,465
Retained earnings			2,133,763	2,133,763
Fund balance - unreserved, undesignated	322,388	847,900		1,170,288
Total Equity and Other Credits	322,388	847,900	5,159,086	2,781,465
				9,110,839

TOTAL LIABILITIES, EQUITY AND OTHER CREDITS

\$ 406,176	\$ 847,900	\$ 5,256,423	\$ 2,781,465	\$ 9,291,964
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The accompanying notes are an integral part of this statement.

Town of Jonesboro
Jonesboro, Louisiana

Statement B

**GOVERNMENTAL FUNDS - GENERAL, SPECIAL
REVENUE AND CAPITAL PROJECT FUNDS**
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 1998

GOVERNMENTAL FUNDS		
GENERAL FUND	SPECIAL REVENUE FUND	TOTAL (MEMORANDUM ONLY)

REVENUES

General sales and use tax	\$ 524,188	\$ 521,505	\$ 1,045,693
Intergovernmental	140,414		140,414
Franchise fees - utility	116,637		116,637
Garbage fees	105,792		105,792
Fines and forfeitures	50,384		50,384
Licenses and permits	88,094		88,094
Ad valorem tax	78,152	100,420	178,572
Other fees and charges	86,279		86,279
Video draw poker commissions	97,840		97,840
Public safety fee	46,695		46,695
Grants:			
State	22,990		22,990
Contributions	11,701		11,701
Use of money (interest)	4,463	29,086	33,549
Total revenues	1,373,629	651,011	2,024,640

EXPENDITURES

Legislative	36,548		36,548
Judicial	6,407		6,407
Executive	55,601		55,601
General and administrative	230,104	4,535	234,639
Public safety	711,514		711,514
Sanitation	123,228		123,228
Streets	610,290		610,290
Airport	12,204		12,204
Recreation	22,328		22,328
Cemetery	20,870		20,870
Safety	324		324
Industrial development	8,460		8,460
Total expenditures	1,837,878	4,535	1,842,413

EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES

	(464,249)	646,476	182,227
--	------------------	----------------	----------------

OTHER FINANCING SOURCES (Uses)

Sale of general fixed assets	8,936		8,936
Transfers from other funds	567,282		567,282
Transfers to other funds		(567,282)	(567,282)
Total other financing sources (uses)	576,218	(567,282)	8,936

**EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES
OVER EXPENDITURES AND OTHER USES**

	111,969	79,194	191,163
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FUND BALANCES AT BEGINNING OF YEAR

	210,419	768,705	979,124
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FUND BALANCES AT END OF YEAR

	\$ 322,388	\$ 847,899	\$ 1,170,287
--	------------	------------	--------------

The accompanying notes are an integral part of this statement.

Town of Jonesboro
Jonesboro, Louisiana
GOVERNMENTAL FUNDS - GENERAL, SPECIAL
REVENUE AND CAPITAL PROJECT FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1998

Statement C

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
General sales and use tax	\$ 475,000	\$ 524,188	\$ 49,188	\$ 475,000	\$ 521,505	\$ 46,505
Intergovernmental	122,250	140,414	18,164			
Franchise fees - utility	135,000	116,637	(18,363)			
Garbage fees	104,500	105,792	1,292			
Fines and forfeitures	90,000	50,384	(39,616)			
Licenses and permits	76,000	88,094	12,094			
Ad valorem tax	75,300	78,152	2,852	93,000	100,420	7,420
Other fees and charges	39,150	86,279	47,129			
Video draw poker commissions	80,000	97,840	17,840			
Public safety fee	47,000	46,695	(305)			
Grants:						
State	15,000	22,990	7,990			
Contributions		11,701	11,701			
Use of money (interest)	7,500	4,463	(3,037)	17,000	29,086	12,086
Total revenues	1,266,700	1,373,629	106,929	585,000	651,011	66,011
EXPENDITURES						
Legislative	34,795	36,548	(1,753)			
Judicial	5,970	6,407	(437)			
Executive	58,600	55,601	2,999	6,500	4,535	1,965
General and administrative	221,900	230,104	(8,204)			
Public safety	824,375	711,514	112,861			
Sanitation	118,000	123,228	(5,228)			
Streets	832,510	610,290	222,220			
Airport	16,300	12,204	4,096			
Recreation	40,300	22,328	17,972			
Cemetery	19,700	20,870	(1,170)			
Safety	5,000	324	4,676			
Industrial development	336,598	8,460	328,138			
Total expenditures	2,514,048	1,837,878	676,170	6,500	4,535	1,965
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(1,247,348)	(464,249)	783,099	578,500	646,476	67,976
OTHER FINANCING SOURCES (Uses)						
Sale of general fixed assets		8,936	8,936			
Transfers from other funds	1,247,348	567,282	(680,066)			
Transfers to other funds				(1,247,348)	(567,282)	680,066
Total other financing sources (uses)	1,247,348	576,218	671,130	(1,247,348)	(567,282)	680,066
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		111,969	111,969	(668,848)	79,194	748,042
FUND BALANCES AT BEGINNING OF YEAR	210,419	210,419		768,705	768,705	
FUND BALANCES AT END OF YEAR	\$ 210,419	\$ 322,388	\$ 111,969	\$ 99,857	\$ 847,899	\$ 748,042

The accompanying notes are an integral part of this statement.

Town of Jonesboro
Jonesboro, Louisiana
PROPRIETARY FUND
Statement of Revenues, Expenses, and Changes
in Retained Earnings
For the Year Ended June 30, 1998

	ENTERPRISE FUND
OPERATING REVENUES	
Charges for services	\$ <u>630,754</u>
Total operating revenues	<u>630,754</u>
OPERATING EXPENSES	
Personal services	288,514
Repairs and maintenance	187,377
Operating supplies	28,866
Office supplies	4,640
Insurance and bonding	15,060
Transportation cost	12,536
Utility services	99,326
Rentals	1,320
Meter reading	19,200
Depreciation	127,676
Other charges	<u>8,454</u>
Total operating expenses	<u>792,969</u>
OPERATING INCOME (Loss)	<u>(162,215)</u>
NON-OPERATING REVENUES	
Tap fees and permits	4,209
Interest income	<u>11,417</u>
Total non-operating revenues and transfers	<u>15,626</u>
NET INCOME (Loss)	(146,589)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>2,280,352</u>
RETAINED EARNINGS AT END OF YEAR	<u><u>\$ 2,133,763</u></u>

The accompanying notes are an integral part of this statement.

**Town of Jonesboro
Jonesboro, Louisiana
PROPRIETARY FUND
Statement of Cash (and Cash Equivalents) Flows
For the Year Ended June 30, 1998**

Statement E

ENTERPRISE FUND

Cash flows from operating activities:

Net income (loss)		\$ (146,589)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	127,761	
(Increase) decrease in:		
Accounts receivable	(73,661)	
Due from General Fund	(48,549)	
Inventory	(3,228)	
Restricted assets	(1,111)	
Increase (decrease) in:		
Accounts payable	(2,843)	
Customer deposits	<u>1,111</u>	
		<u>(530)</u>
Net cash provided by operating activities		(147,119)

Cash flows from capital and related financing activities:

Receipts from state grant	399,360	
Acquisition & construction of capital assets	<u>(336,795)</u>	
Net cash provided by capital and related financing activities		<u>62,565</u>

Net cash decrease for the year		(84,554)
Cash at beginning of year (unrestricted)		<u>318,796</u>
Cash at end of year (unrestricted)		<u>\$ 234,252</u>

The accompanying notes are an integral part of this statement.

**Town of Jonesboro
Jonesboro, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended June 30, 1998**

INTRODUCTION

The Town of Jonesboro is located in the southwest corner of Jackson Parish. Jonesboro was incorporated as a village on September 4, 1901, and as a town on May 14, 1903, under provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The Board of Aldermen of the Town of Jonesboro is composed of five aldermen, elected for four year terms, who are compensated according to the schedule in this report. The Town serves 4,305 citizens by providing police protection, fire protection, water/sewer services, sanitation services, street maintenance, and various administrative functions such as legislation of town ordinances and the enforcement of same. The Town employs approximately fifty persons 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 *generally accepted accounting principles (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.

B. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Town of Jonesboro is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Jonesboro for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship.

**Town of Jonesboro
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)**

B. REPORTING ENTITY (CONTINUED)

As required by generally accepted accounting principles, these financial statements present the Town of Jonesboro (the primary government). The Town of Jonesboro has no component units.

Considered in the determination of component units of the reporting entity were the Jackson Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for the Second Judicial District. It was determined that these governmental entities are not component units of the Town of Jonesboro reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Jonesboro.

C. FUND ACCOUNTING

The Town of Jonesboro uses funds and an account group to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

Funds of the Town of Jonesboro are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds account for all or most of the Town of Jonesboro's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. Governmental funds of the Town of Jonesboro include:

1. **General fund--to account for all financial resources, except those required to be accounted for in other funds.**
2. **Special revenue funds--to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.**

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund of the Town of Jonesboro is an:

1. **Enterprise fund--fund used to account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees.**

**Town of Jonesboro
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)**

D. BASIS OF ACCOUNTING

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Ad valorem taxes (which are based on assessments of business property and homesteads in the parish) are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year. Based on prior experience, the uncollectible *ad valorem taxes net of proceeds from the tax sale of property is immaterial, thus no provision has been made for such a loss.*

Sales tax and intergovernmental taxes are collected by the Jackson Parish Sales Tax Collection Agency and the State of Louisiana, respectively, and remitted to the Town. Therefore, amounts collected by the governmental agencies that are remitted within 60 days to the Town, are recognized as revenue.

Utility franchise fees on gross receipts are remitted to the Town quarterly. Revenue is recognized in the fiscal period that the utility companies collect gross receipts, if the utility franchise fees are received by the Town within 60 days.

Revenues from fines, forfeitures, licenses and permits are not susceptible to accrual because they are not generally measurable until received in cash.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which are recognized when due.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sales of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**Town of Jonesboro
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)**

D. BASIS OF ACCOUNTING (CONTINUED)

The proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The proprietary fund uses the accrual basis of accounting; revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

E. BUDGETS

The Town uses the following budget practices:

The proposed budgets for the fiscal year ended June 30, 1998, were made available for public inspection on June 12, 1997. The proposed budgets, prepared on the GAAP basis of accounting, were published in the official journal 12 days prior to the public hearing, which was held at the Town Hall on June 24, 1997, for comments from taxpayers. The budgets are legally adopted and amended, as necessary, by the Board of Aldermen. All appropriations lapse at year end. Budgeted amounts included in the accompanying financial statements are as originally adopted.

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town of Jonesboro.

G. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in short-term time deposits. Under state law, the Town of Jonesboro may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Town of Jonesboro may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At June 30, 1998, the Town of Jonesboro had no investments.

H. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds, net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method.

**Town of Jonesboro
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)**

I. COMPENSATED ABSENCES

Employees earn from one week to three weeks of vacation leave annually, depending upon length of service; vacation leave does not accumulate. Employees earn from one week to three weeks of sick leave annually, depending upon length of service; employees are allowed to accumulate 30 days of sick leave. The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the governmental funds when leave is actually taken. The amount of accrued sick leave is immaterial to the financial statements and is not accrued.

J. FUND EQUITY

Contributed Capital

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

K. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. SALES TAXES

The taxpayers of the Town of Jonesboro levied a 1% sales and use tax on April 1, 1980, to provide funds for any lawful activity of the Town. In January 1988, the taxpayers of the Town levied an additional 1% sales and use tax for a period of ten (10) years commencing August 1, 1989. The purpose of this tax is for the construction, maintenance, repair and improvements of the Town's streets.

M. TOTAL COLUMNS OF COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Town of Jonesboro
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)**

2. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage
Constitutional	8.06	7.95
Operation and maintenance - fire protection	5.00	4.93
Operation and maintenance - streets	5.00	4.93

3. CASH AND CASH EQUIVALENTS

At June 30, 1998, the Town of Jonesboro has cash and cash equivalents (book balances) totaling \$1,198,140 unrestricted and \$66,543 restricted as follows:

Demand deposits	\$ 584,930
Petty cash	2,700
Time deposits	<u>677,053</u>
Total	<u>\$ 1,264,683</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1998, the Town of Jonesboro has \$1,386,140 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$1,535,895 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town of Jonesboro that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

The receivables of \$465,207 at June 30, 1998, are as follows:

	General Fund	Special Revenue Funds	Proprietary Fund	Total
Taxes:				
Sales and use	\$ 98,405	\$ 94,917		\$ 193,322
Payment in lieu of taxes		3,826		3,826
Accounts	24,261		117,818	142,079
Fees	14,880			14,880
Intergovernmental	<u>53,899</u>		<u>57,201</u>	<u>111,100</u>
Total	<u>\$ 191,445</u>	<u>\$ 98,743</u>	<u>\$ 175,019</u>	<u>\$ 465,207</u>

**Town of Jonesboro
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)**

5. FIXED ASSETS

The changes in general fixed assets follow:

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
General fixed assets at 6/30/72	\$ 400,603	\$	\$	\$ 400,603
Land	147,487			147,487
Buildings	356,342			356,342
Improvements other than buildings	522,549			522,549
Machinery and equipment	1,249,154	109,161	(3,831)	1,354,484
Total	<u>\$ 2,676,135</u>	<u>\$ 109,161</u>	<u>\$ (3,831)</u>	<u>\$ 2,781,465</u>

The Town sold various items that had been placed out-of-service for numerous years. The Town did not have these items included on its general fixed assets listing; therefore, no deletions are shown for these items.

A summary of fixed assets used in the proprietary funds follows:

Plant and equipment	\$ 5,342,015
Less accumulated depreciation	<u>(652,853)</u>
Total	<u>\$ 4,689,162</u>

6. PENSION PLANS

Substantially all employees of the Town of Jonesboro are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. 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. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Town of Jonesboro
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)

6. PENSION PLANS (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504)925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Town of Jonesboro is required to contribute at an actuarially determined rate. The current rate is 6.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Jonesboro are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesboro contributions to the System under Plan A for the years ending June 30, 1998, 1997 and 1996, were \$29,338, \$30,676 and \$30,764, respectively, equal to the required contributions for each year.

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

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504)929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Jonesboro is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Jonesboro are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesboro contributions to the System for the years ending June 30, 1998, 1997 and 1996, were \$20,881, \$17,754 and \$18,191, respectively, equal to the required contributions for each year.

Town of Jonesboro
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)

6. PENSION PLANS (Continued)

C. Firefighters Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095, Baton Rouge, Louisiana 70804, or by calling (504)925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Town of Jonesboro is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Jonesboro are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesboro's contributions to the System for the years ending June 30, 1998, 1997 and 1996, were \$8,562, \$8,737 and \$7,377, respectively, equal to the required contributions for each year.

7. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$66,033 at June 30, 1998, are as follows:

	General Fund	Enterprise Fund	Total
Accounts	\$ 35,239	\$ 27,861	\$ 63,100
Intergovernmental		2,933	2,933
Total	<u>\$ 35,239</u>	<u>\$ 30,794</u>	<u>\$ 66,033</u>

**Town of Jonesboro
Jonesboro, Louisiana
Notes to the Financial Statements (Continued)**

8. INTERGOVERNMENTAL RECEIVABLE/PAYABLE

The following is a summary of the intergovernmental receivable from other governments at June 30, 1998:

Receivable from	General Fund	Proprietary Fund
Jackson Parish Police Jury	\$ 16,479	\$ 57,201
State of Louisiana	34,388	
Jonesboro Fire District No. 1	3,032	
Total	<u>\$ 53,899</u>	<u>\$ 57,201</u>

The following is a summary of the intergovernmental payable due other governments at June 30, 1998:

Payable to	Enterprise Fund
State of Louisiana - Department of Revenue and Taxation	\$ 699
Jonesboro Fire District No. 1	<u>2,234</u>
	<u>\$ 2,933</u>

9. LITIGATION AND CLAIMS

The Town has been named as defendant in several lawsuits. In the opinion of management and counsel for the Town, potential liability of the Town of Jonesboro, in excess of applicable insurance coverages, is neither probable nor estimatable at this time.

TOWN OF JONESBORO
Jonesboro, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1998

General Fund - Detailed schedule of revenues and expenditures, budget (GAAP basis) and actual, by function.

TOWN OF JONESBORO
Jonesboro, Louisiana
General Fund

Schedule 1

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 1998

	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
General sales and use taxes	\$ 475,000	\$ 524,188	\$ 49,188
Intergovernmental	122,250	140,414	18,164
Franchise fees - utility	135,000	116,637	(18,363)
Garbage fees	104,500	105,792	1,292
Fines and forfeitures	90,000	50,384	(39,616)
Licenses and permits	76,000	88,094	12,094
Ad valorem tax	75,300	78,152	2,852
Other fees and charges	39,150	86,279	47,129
Video draw poker commissions	80,000	97,840	17,840
Public safety fee	47,000	46,695	(305)
Grants:			
State	15,000	22,990	7,990
Contributions		11,701	11,701
Use of money (interest)	7,500	4,463	(3,037)
TOTAL REVENUES	1,266,700	1,373,629	106,929
EXPENDITURES			
Legislative:			
Aldermen fees	24,000	24,000	
Group insurance	4,450	5,920	(1,470)
Workers' compensation	125	139	(14)
Retirement	2,220	1,403	817
Travel and workshops	4,000	5,086	(1,086)
Total legislative	34,795	36,548	(1,753)
Judicial:			
Court magistrate fees	5,400	5,850	(450)
Court costs & other fees	500	141	359
Court magistrate travel and workshops	50	400	(350)
Workers' compensation	20	16	4
Total judicial	5,970	6,407	(437)

TOWN OF JONESBORO
Jonesboro, Louisiana
General Fund

Schedule 1 (Continued)

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 1998

	Budget	Actual	Variance- Favorable (Unfavorable)
Executive:			
Equipment operating costs	1,200	834	366
Equipment repair and maintenance	1,000	523	477
Insurance and bonding	1,000	481	519
Salaries and related expenditures	43,100	45,957	(2,857)
Employee benefits	6,100	6,324	(224)
Travel and workshops	6,000	1,217	4,783
Workers' compensation	200	265	(65)
	<u>58,600</u>	<u>55,601</u>	<u>2,999</u>
General and administrative:			
Advertising and publications	1,000	889	111
Association dues and fees	1,800	2,512	(712)
Building repair and maintenance	7,500	11,845	(4,345)
Data processing costs	6,500	5,258	1,242
Downtown beautification	30,000	33,803	(3,803)
Election	1,000		1,000
Equipment repair and maintenance	10,000	11,915	(1,915)
Insurance and bonding	15,000	24,307	(9,307)
Legal and audit	18,000	19,147	(1,147)
Miscellaneous	3,250	4,897	(1,647)
National guard	600	600	
Office supplies and expenditures	18,000	14,613	3,387
Rental - equipment	1,200	172	1,028
Salaries and related expenditures	55,000	55,722	(722)
Employee benefits	14,250	13,283	967
Telephone and utilities	15,000	16,086	(1,086)
Tourism	1,500	80	1,420
Travel and workshops	2,500	2,729	(229)
Veterans service officer	500	546	(46)
Workers' compensation	1,300	841	459
Zoning		1,010	(1,010)
Capital outlay	18,000	9,849	8,151
	<u>221,900</u>	<u>230,104</u>	<u>(8,204)</u>
Total general and administrative			

TOWN OF JONESBORO
Jonesboro, Louisiana
General Fund

Schedule 1 (Continued)

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 1998

	Budget	Actual	Variance- Favorable (Unfavorable)
Public safety:			
Fire:			
Advertising and publications	200	10	190
Association dues and fees	750	625	125
Building repair and maintenance	2,500	3,374	(874)
Data processing costs	600		600
Equipment operating costs	2,000	1,648	352
Equipment repair and maintenance	8,000	2,168	5,832
Insurance and bonding	6,000	7,144	(1,144)
Miscellaneous	500	2,495	(1,995)
Operating supplies and expenditures	30,000	9,175	20,825
Rental	100	59	41
Salaries and related expenditures	85,400	86,686	(1,286)
Employee benefits	26,250	24,337	1,913
Salaries - supplemental pay	8,250	10,800	(2,550)
Telephone and utilities	8,500	8,999	(499)
Travel and workshops	1,500	3,796	(2,296)
Volunteer fees	8,500	4,892	3,608
Workers' compensation	10,000	7,490	2,510
Capital outlay	12,000	4,034	7,966
Total fire	211,050	177,732	33,318
Police:			
Advertising and publications	200		200
Association dues and fees	500	635	(135)
Autopsy and coroner	4,000	4,418	(418)
Building repair and maintenance	6,000	3,455	2,545
Criminal investigation	1,000	400	600
Equipment operating costs	13,700	10,985	2,715
Equipment repair and maintenance	26,000	13,637	12,363
Feeding prisoners	16,000	23,267	(7,267)
Insurance and bonding	20,500	23,255	(2,755)
Indigent defender board	30,000	15,199	14,801
Miscellaneous	1,150	541	609
Operating supplies and expenditures	23,000	15,077	7,923
Rental - equipment	1,000		1,000
Salaries and related expenditures	288,100	266,527	21,573
Employee benefits	77,075	78,150	(1,075)
Salaries - supplemental pay	23,500	21,800	1,700
Telephone and utilities	18,700	21,649	(2,949)

TOWN OF JONESBORO
Jonesboro, Louisiana
General Fund

Schedule 1 (Continued)

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 1998

	Budget	Actual	Variance- Favorable (Unfavorable)
Police: (Continued)			
Travel and workshops	3,700	2,640	1,060
Workers' compensation	28,200	17,529	10,671
Capital outlay	31,000	14,618	16,382
Total police	613,325	533,782	79,543
Total public safety	824,375	711,514	112,861
Sanitation			
Equipment repair and maintenance	1,000	133	867
Pest control	12,000	13,683	(1,683)
Sanitary contract service	100,500	101,144	(644)
Sanitary collection system	4,500	8,268	(3,768)
Total sanitation	118,000	123,228	(5,228)
Streets			
Advertising and publications	500	610	(110)
Building repair and maintenance	5,000	4,166	834
Equipment operating costs	13,000	12,296	704
Equipment repair and maintenance	30,000	39,350	(9,350)
Insurance and bonding	15,000	15,743	(743)
Miscellaneous	8,000	5,651	2,349
Operating supplies and expenditures	20,000	14,567	5,433
Rental - equipment	1,000	180	820
Repairs and maintenance	335,000	78,245	256,755
Sidewalk maintenance	3,500	1,390	2,110
Salaries and related expenditures	187,100	188,302	(1,202)
Employee benefits	44,660	55,383	(10,723)
Telephone and utilities	10,000	9,656	344
Travel and workshops	750	106	644
Utilities - street lights	73,000	67,563	5,437
Utilities and maintenance - traffic signals	6,000	5,762	238
Workers' compensation	40,000	30,660	9,340
Capital outlay	40,000	80,660	(40,660)
Total streets	832,510	610,290	222,220

TOWN OF JONESBORO
Jonesboro, Louisiana
General Fund

Schedule 1 (Concluded)

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 1998

	Budget	Actual	Variance- Favorable (Unfavorable)
Airport:			
Building repair and maintenance	1,500	88	1,412
Equipment operating costs	500	356	144
Equipment repair and maintenance	6,000	4,975	1,025
Insurance and bonding	1,500	1,469	31
Operating supplies and expenditures	1,200	1,086	114
Utilities	4,500	4,134	366
Miscellaneous	100	96	4
Capital outlay	1,000		1,000
Total airport	16,300	12,204	4,096
Recreation:			
Building repair and maintenance	16,300	13,536	2,764
Equipment repair and maintenance	15,000	3,495	11,505
Insurance and bonding	1,000	416	584
Operating supplies and expenditures	1,500	91	1,409
Utilities	6,500	4,790	1,710
Total recreation	40,300	22,328	17,972
Cemetery:			
Maintenance	19,700	20,870	(1,170)
Total cemetery	19,700	20,870	(1,170)
Safety:			
Operating supplies and expenditures	5,000	324	4,676
Total safety	5,000	324	4,676
Industrial Development:			
Travel and inducement expenditures		8,460	(8,460)
Capital outlay	336,598		336,598
Total industrial development	336,598	8,460	328,138
Total Expenditures	\$ 2,514,048	\$ 1,837,878	\$ 676,170

TOWN OF JONESBORO
Jonesboro, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1998

SPECIAL REVENUE FUNDS

Fire Department Ad Valorem Tax Fund - To account for the proceeds of a five (5.0) mill ad valorem tax levied to provide for the operation and maintenance of the Town's fire department.

Street Department Ad Valorem Tax Fund - To account for the proceeds of a five (5.0) mill ad valorem tax levied for the operation and maintenance of roads, streets, and alleys of the Town.

Street Sales Tax Fund - To account for the revenues of a one (1) percent sales and use tax levied for the construction, maintenance, repair and improvements of the Town's streets.

TOWN OF JONESBORO
Jonesboro, Louisiana
SPECIAL REVENUE FUNDS

Combining Balance Sheet, June 30, 1998

	Fire Dept Ad Valorem Tax Fund	Street Dept Ad Valorem Tax Fund	Street Sales Tax Fund	Total
ASSETS				
Cash and cash equivalents	\$ 29,477	\$ 70,801	\$ 648,879	\$ 749,157
Taxes receivable	1,913	1,913	94,917	98,743
TOTAL ASSETS	<u>\$ 31,390</u>	<u>\$ 72,714</u>	<u>\$ 743,796</u>	<u>\$ 847,900</u>
LIABILITIES AND FUND EQUITY				
Liabilities				
Fund Equity - fund balances:				
Unreserved and Undesignated	\$ 31,390	\$ 72,714	\$ 743,796	\$ 847,900
Total Fund Equity	<u>31,390</u>	<u>72,714</u>	<u>743,796</u>	<u>847,900</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 31,390</u>	<u>\$ 72,714</u>	<u>\$ 743,796</u>	<u>\$ 847,900</u>

TOWN OF JONESBORO
Jonesboro, Louisiana
SPECIAL REVENUE FUNDS

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1998**

	Fire Dept Ad Valorem Tax Fund	Street Dept Ad Valorem Tax Fund	Street Sales Tax Fund	Total
REVENUES				
General property taxes	\$ 50,210	\$ 50,210		\$ 100,420
General sales and uses taxes			521,505	521,505
Other fees and charges				
Use of money - interest	1,313	2,714	25,059	29,086
Total revenues	<u>51,523</u>	<u>52,924</u>	<u>546,564</u>	<u>651,011</u>
EXPENDITURES				
General and administrative			4,535	4,535
Total expenditures			<u>4,535</u>	<u>4,535</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>51,523</u>	<u>52,924</u>	<u>542,029</u>	<u>646,476</u>
OTHER FINANCING (Uses)				
Transfers to other funds	(53,415)	(67,441)	(446,426)	(567,282)
Total other financing sources (uses)	<u>(53,415)</u>	<u>(67,441)</u>	<u>(446,426)</u>	<u>(567,282)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES AND OTHER USES	(1,892)	(14,517)	95,603	79,194
FUND BALANCES AT BEGINNING OF YEAR	<u>33,282</u>	<u>87,231</u>	<u>648,192</u>	<u>768,705</u>
FUND BALANCES AT END OF YEAR	<u>\$ 31,390</u>	<u>\$ 72,714</u>	<u>\$ 743,795</u>	<u>\$ 847,899</u>

TOWN OF JONESBORO
Jonesboro, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 1998

GENERAL

COMPENSATION PAID ALDERMEN

The schedule of compensation paid to the Town of Jonesboro aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the Town of Jonesboro aldermen is included in the general administrative expenditures of the General Fund. Members of the governing board receive compensation pursuant to Louisiana Revised Statute 33:405 (G).

TOWN OF JONESBORO
Jonesboro, Louisiana

Schedule of Compensation Paid Aldermen
For the Year Ended June 30, 1998

ALDERMEN	AMOUNT
Henry J. Hester, Jr.	\$ 4,800
Alvin "Kim" Jones	4,800
Troy W. Kennedy	4,800
Ira D. Reeves	4,800
Crystelle Warner	<u>4,800</u>
Total	<u><u>\$ 24,000</u></u>

Kenneth D. Folden & Co.

Kenneth D. Folden, CPA

Certified Public Accountants

Ted W. Sanderlin, CPA

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable W. Richard Zuber, Mayor
and Members of the Board of Aldermen
Town of Jonesboro, Louisiana

We have audited the general purpose financial statements of the Town of Jonesboro, Jonesboro, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated December 18, 1998. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Jonesboro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Jonesboro's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.


KENNETH D. FOLDEN & CO.
Certified Public Accountants

Jonesboro, Louisiana
December 18, 1998

**TOWN OF JONESBORO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1998**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Town of Jonesboro.
2. No reportable conditions relating to the audit of the financial statements are reported in the **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**.
3. No instance of noncompliance material to the financial statements of the Town of Jonesboro was disclosed during the audit.
4. The Town of Jonesboro had no major federal award programs.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings and no management letter was required for the Town of Jonesboro.

There were no prior year findings.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

The Town of Jonesboro had no major federal award programs.