

TOWN OF JONESBORO
JONESBORO, LOUISIANA

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

TOWN OF JONESBORO
JONESBORO, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Leslie Thompson, Mayor,
and Members of the Board of Aldermen
Town of Jonesboro, State of Louisiana

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Jonesboro (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on conducting the engagement in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The basis for the disclaimer of opinions is twofold. First, since the fiscal year encompasses two administrations, we would not expect to receive the current mayor's signature on the management representation letter that is required for us to be able to issue unmodified opinions. Secondly, due to the nature of the findings, in our professional judgment, we cannot accept management's representation letter.

Disclaimer of Opinion

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

Town of Jonesboro
Jonesboro, Louisiana
Independent Auditor's Report on Financial Statements
For the Year Ended June 30, 2019

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information (page 13-17), schedule of employer's proportionate share of net pension liability (page 18-20), and schedule of employer contributions (page 21-23) 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. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" paragraph, it is inappropriate to and we do not express an opinion on the required supplementary information referred to above.

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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2021, 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

May 7, 2021

Town of Jonesboro
Jonesboro, Louisiana

Statement of Net Position
As of June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 458,072	\$ 14,192	\$ 472,264
Investments	-	34,340	34,340
Accounts receivable	203,721	120,724	324,445
Cash and equivalents - restricted	-	668,485	668,485
Capital assets (net of accumulated depreciation)	1,579,328	6,646,659	8,225,987
Total Assets	<u>2,241,121</u>	<u>7,484,400</u>	<u>9,725,521</u>
Deferred Outflows of Resources			
Pension	788,886	184,980	973,866
Total Deferred Outflows of Resources	<u>788,886</u>	<u>184,980</u>	<u>973,866</u>
Liabilities			
Accounts payable	19,858	39,254	59,112
Cash overdraft	10,212	27,986	38,198
Payroll liabilities	33,343	-	33,343
Customer meter deposits	-	219,583	219,583
Current portion of long-term liabilities	-	33,978	33,978
Noncurrent portion of long-term liabilities	1,857,784	2,465,747	4,323,531
Total Liabilities	<u>1,921,197</u>	<u>2,786,548</u>	<u>4,707,745</u>
Deferred Inflows of Resources			
Pension	160,690	16,223	176,913
Total Deferred Inflows of Resources	<u>160,690</u>	<u>16,223</u>	<u>176,913</u>
Net Position			
Net investment in capital assets	1,579,328	4,601,751	6,181,079
Restricted	136,173	219,583	355,756
Unrestricted	(767,380)	45,272	(722,108)
Total Net Position	<u>\$ 948,121</u>	<u>\$ 4,866,606</u>	<u>\$ 5,814,727</u>

Town of Jonesboro
Jonesboro, Louisiana

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	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
Primary government						
Governmental activities						
General government	\$ 1,122,600	\$ 303,680	\$ 35	\$ - (818,885)	\$ -	\$ (818,885)
Fire	475,107	-	-	(475,107)	-	(475,107)
Police	587,171	30,546	-	(556,625)	-	(556,625)
Sanitation	183,724	-	-	(183,724)	-	(183,724)
Highways and streets	993,453	-	-	(993,453)	-	(993,453)
Parks and recreation	17,105	-	-	(17,105)	-	(17,105)
Total governmental activities	3,379,160	334,226	35	(3,044,899)	-	(3,044,899)
Business-type activities						
Water and sewer	1,401,953	926,064	54,460	-	(421,429)	(421,429)
Total primary government	\$ 4,781,113	\$ 1,260,290	\$ 54,495	\$ - (3,044,899)	\$ (421,429)	\$ (3,466,328)
<u>General Revenues</u>						
Taxes:						
Property taxes, levied for general purposes				345,953	-	345,953
Sales taxes				1,771,042	-	1,771,042
Franchise taxes				62,838	-	62,838
Other taxes				3,732	-	3,732
Licenses				82,346	-	82,346
Intergovernmental				66,511	-	66,511
Investment earnings				145	-	145
Rental income				60,034	-	60,034
Other revenue				204,257	719,772	924,029
Operating transfers				476,107	(476,107)	-
Total general revenues and transfers				3,072,965	243,665	3,316,630
Change in net position				28,066	(177,764)	(149,698)
Net position - June 30, 2018				920,056	5,044,370	5,964,426
Net position - June 30, 2019				\$ 948,122	\$ 4,866,606	\$ 5,814,728

Town of Jonesboro
Jonesboro, Louisiana

Balance Sheet - Governmental Funds
As of June 30, 2019

	Special Revenue Funds				Total
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax	Street Sales Tax	
Assets					
Cash and equivalents	\$ 396,784	\$ 14,146	\$ 30,550	\$ 16,592	\$ 458,072
Accounts receivable	128,836	-	-	74,885	203,721
Total Assets	<u>525,620</u>	<u>14,146</u>	<u>30,550</u>	<u>91,477</u>	<u>661,793</u>
Liabilities & Fund Balances					
Liabilities:					
Accounts payable	\$ 19,858	\$ -	\$ -	\$ -	\$ 19,858
Cash overdraft	10,212	-	-	-	10,212
Payroll liabilities	33,343	-	-	-	33,343
Total Liabilities	<u>63,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,413</u>
Fund balances:					
Nonspendable, reported in:					
Special revenue fund	-	-	-	-	-
Restricted, reported in:					
Special revenue fund	-	14,146	30,550	91,477	136,173
Unassigned, reported in:					
General revenue fund	462,207	-	-	-	462,207
Total Fund Balances	<u>462,207</u>	<u>14,146</u>	<u>30,550</u>	<u>91,477</u>	<u>598,380</u>
Total Liabilities and Fund Balances	<u>\$ 525,620</u>	<u>\$ 14,146</u>	<u>\$ 30,550</u>	<u>\$ 91,477</u>	<u>\$ 661,793</u>

Town of Jonesboro
Jonesboro, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of June 30, 2019

Total Fund Balances at June 30, 2019 - Governmental Funds (Statement C)	\$	598,379
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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.		1,579,328
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Net pension liability		(1,857,784)
Deferred outflows of resources		788,886
Deferred inflows of resources		(160,690)
		(160,690)

Net Position at June 30, 2019	\$	948,119
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Town of Jonesboro
Jonesboro, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds				Total
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax	Street Sales Tax	
Revenues					
Taxes:					
Ad valorem tax	\$ 142,326	\$ 101,814	\$ 101,814	- \$	345,954
Franchise tax	62,838	-	-	-	62,838
Sales tax	885,521	-	-	885,521	1,771,042
Other tax	3,732	-	-	-	3,732
Licenses and permits	82,346	-	-	-	82,346
Operating grant	35	-	-	-	35
Intergovernmental	66,511	-	-	-	66,511
Fines, forfeitures, and court costs	30,546	-	-	-	30,546
Rent, royalty, and commission	60,034	-	-	-	60,034
Charges for services	303,680	-	-	-	303,680
Miscellaneous	(5,474)	-	-	-	(5,474)
Total revenues	<u>1,632,095</u>	<u>101,814</u>	<u>101,814</u>	<u>885,521</u>	<u>2,721,244</u>
Expenditures					
Current:					
General government	836,592	-	-	-	836,592
Public safety					
Police	611,431	-	-	-	611,431
Fire	447,125	-	-	-	447,125
Streets	952,347	-	-	-	952,347
Sanitation	183,724	-	-	-	183,724
Parks and recreation	17,105	-	-	-	17,105
Total expenditures	<u>3,048,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,048,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,416,229)</u>	<u>101,814</u>	<u>101,814</u>	<u>885,521</u>	<u>(327,080)</u>

Town of Jonesboro
Jonesboro, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds				Total
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax	Street Sales Tax	
Other financing sources (uses)					
Interest earnings	145	-	-	-	145
Operating transfers	1,498,520	(63,860)	(24,050)	(934,503)	476,107
Total other financing sources (uses)	<u>1,498,665</u>	<u>(63,860)</u>	<u>(24,050)</u>	<u>(934,503)</u>	<u>476,252</u>
Net changes in fund balances	82,436	37,954	77,764	(48,982)	149,172
Fund balances - June 30, 2018	<u>379,770</u>	<u>(23,808)</u>	<u>(47,214)</u>	<u>140,459</u>	<u>449,207</u>
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>

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, 2019

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	149,171
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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		(164,426)
Capital outlay		25,814
Net pension liability decrease (increase)		17,507
Change in net position of governmental activities (Statement B)	\$	28,066

Town of Jonesboro
Jonesboro, Louisiana

Statement of Net Position - Proprietary Fund
As of June 30, 2019

	Proprietary Fund - Enterprise Funds
	Utility Fund
Assets	
Current Assets:	
Cash and equivalents	\$ 14,192
Accounts receivable	120,724
Total Current Assets	<u>134,916</u>
Noncurrent Assets:	
Cash and equivalents - restricted	668,485
Investments - restricted	34,340
Capital assets (net of accumulated depreciation)	6,646,659
Total Noncurrent Assets	<u>7,349,484</u>
Total Assets	<u>7,484,400</u>
Deferred Outflows of Resources	
Pension	184,980
Total Deferred Outflows of Resources	<u>184,980</u>
Liabilities	
Current Liabilities:	
Accounts payable	39,254
Cash overdraft	19,515
Current portion of long-term liabilities	33,978
Total Current Liabilities	<u>92,747</u>
Current liabilities payable from restricted assets:	
Customer meter deposits	219,583
Long-Term Liabilities:	
Long-term liabilities	2,465,747
Total Liabilities	<u>2,778,077</u>
Deferred Inflows of Resources	
Pension	16,223
Total Deferred Inflows of Resources	<u>16,223</u>
Net Position	
Net investment in capital assets	4,601,751
Restricted	219,583
Unrestricted	45,272
Total Net Position	<u>\$ 4,866,606</u>

Town of Jonesboro
Jonesboro, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
For the Year Ended June 30, 2019

	Proprietary Fund - Enterprise Funds
	Utility Fund
Operating Revenues	
Charges for services	\$ 926,064
Miscellaneous income	712,920
Total operating revenues	<u>1,638,984</u>
Operating Expenses	
Personnel services	353,108
Supplies	137,295
Utilities	127,107
Repairs and maintenance	232,200
Contractual services	11,620
Miscellaneous	269,360
Depreciation	271,265
Total operating expenses	<u>1,401,955</u>
Operating Income (Loss)	237,029
Non-operating Revenues (Expenses)	
Grant income	54,460
Miscellaneous revenue	6,851
Total non-operating revenues (expenses)	<u>61,311</u>
Income (loss) before transfers	<u>298,340</u>
Transfers	<u>(476,107)</u>
Total transfers	<u>(476,107)</u>
Change in net position	(177,767)
Total Net Position - June 30, 2018	<u>5,044,370</u>
Total Net Position - June 30, 2019	<u><u>\$ 4,866,603</u></u>

Town of Jonesboro
Jonesboro, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2019

	Proprietary Fund - Enterprise Funds
	Utility Fund
Cash flows from operating activities	
Cash received from customers	\$ 1,498,231
Cash payments to suppliers for goods and services	(735,894)
Cash payments to employees for services	(348,248)
Net cash provided by (used for) operating activities	<u>414,089</u>
Cash flows from non-capital financing	
Transfers from other funds	(476,107)
Operating grant	54,460
Other expense	(4,498)
Net cash provided by (used for) non-capital financing activities	<u>(426,145)</u>
Cash flows from capital and related financing activities	
Other revenue	6,851
Net cash provided by (used for) capital and related financing activities	<u>6,851</u>
Cash flows from investing activities	
Interest earnings	-
Net cash provided by (used for) investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(5,205)
Cash and cash equivalents - June 30, 2018	687,882
Cash and cash equivalents - June 30, 2019	<u><u>\$ 682,677</u></u>
Reconciliation of operating income to net provided by operating activities	
Operating income	\$ 237,032
Adjustments	
Depreciation	271,265
Net changes in assets and liabilities	
Accounts receivable	(46,715)
Inventory	25,621
Customers' security deposits	37,290
Accounts payable	(13,757)
Cash overdraft	(94,766)
Current increase (decrease) in pension liability	(1,881)
Net cash provided for (used for) operating activities	<u><u>\$ 414,089</u></u>

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2019

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes:			
Ad valorem tax	\$ 128,200	\$ 142,326	\$ 14,126
Franchise tax	100,000	62,838	(37,162)
Sales tax	780,000	885,521	105,521
Other tax	13,500	3,732	(9,768)
Licenses and permits	78,100	82,346	4,246
Operating grant	7,800	35	(7,765)
Intergovernmental	74,700	66,511	(8,189)
Fines, forfeitures, and court costs	50,000	30,546	(19,454)
Rent, royalty, and commission	15,700	60,034	44,334
Charges for services	269,300	303,680	34,380
Miscellaneous	2,950	(5,474)	(8,424)
Total revenues	<u>1,520,250</u>	<u>1,632,095</u>	<u>111,845</u>
Expenditures			
Current:			
General government	708,365	835,039	(126,674)
Public safety			
Police	524,850	587,171	(62,321)
Fire	395,825	447,125	(51,300)
Streets	1,000,900	952,347	48,553
Parks and recreation	21,000	17,105	3,895
Sanitation	201,500	183,724	17,776
Capital outlay	-	25,814	(25,814)
Total expenditures	<u>2,852,440</u>	<u>3,048,325</u>	<u>(195,885)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,332,190)</u>	<u>(1,416,230)</u>	<u>(84,040)</u>

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2019

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Other financing sources (uses)			
Interest earnings	500	145	(355)
Operating transfers	<u>1,330,000</u>	<u>1,498,520</u>	<u>168,520</u>
Total other financing sources (uses)	<u>1,330,500</u>	<u>1,498,665</u>	<u>168,165</u>
Net changes in fund balances	(1,690)	82,435	84,125
Fund balances - June 30, 2018	<u>188,347</u>	<u>188,347</u>	<u>-</u>
Fund balances - June 30, 2019	<u>\$ 186,657</u>	<u>\$ 270,782</u>	<u>\$ 84,125</u>

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - Fire Ad Valorem Tax
For the Year Ended June 30, 2019

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes:			
Ad valorem tax	\$ -	\$ 101,814	\$ 101,814
Total revenues	<u>-</u>	<u>101,814</u>	<u>101,814</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>101,814</u>	<u>101,814</u>
Other financing sources (uses)			
Operating transfers	-	(63,860)	(63,860)
Total other financing sources (uses)	<u>-</u>	<u>(63,860)</u>	<u>(63,860)</u>
Net changes in fund balances	-	37,954	37,954
Fund balances - June 30, 2018	<u>(23,808)</u>	<u>(23,808)</u>	<u>-</u>
Fund balances - June 30, 2019	<u>\$ (23,808)</u>	<u>\$ 14,146</u>	<u>\$ 37,954</u>

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - Streets Ad Valorem Tax
For the Year Ended June 30, 2019

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes:			
Ad valorem tax	\$ -	\$ 101,814	\$ 101,814
Total revenues	<u>-</u>	<u>101,814</u>	<u>101,814</u>
Other financing sources (uses)			
Operating transfers	-	(24,050)	(24,050)
Total other financing sources (uses)	<u>-</u>	<u>(24,050)</u>	<u>(24,050)</u>
Net changes in fund balances	-	77,764	77,764
Fund balances - June 30, 2018	<u>(47,214)</u>	<u>(47,214)</u>	<u>-</u>
Fund balances - June 30, 2019	<u>\$ (47,214)</u>	<u>\$ 30,550</u>	<u>\$ 77,764</u>

Town of Jonesboro
Jonesboro, Louisiana

Budgetary Comparison Schedule - Streets Sales Tax
For the Year Ended June 30, 2019

	Budget - Original	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes:			
Sales taxes	\$ -	\$ 885,521	\$ 885,521
Total revenues	-	885,521	885,521
Other financing sources (uses)			
Operating transfers	-	(934,503)	(934,503)
Total other financing sources (uses)	-	(934,503)	(934,503)
Net changes in fund balances	-	(48,982)	(48,982)
Fund balances - June 30, 2018	140,459	140,459	-
Fund balances - June 30, 2019	\$ 140,459	\$ 91,477	\$ (48,982)

Town of Jonesboro
Jonesboro, Louisiana

Schedule of Employer's Share of Net Pension Liability
Municipal Employees Retirement System
For the year ended June 30, 2019

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.332852%	0.288100%	0.284821%	0.259739%	0.325444%
Employer's proportionate share of the net pension liability (asset)	\$ 1,378,233	\$ 1,205,244	\$ 1,167,399	\$ 927,828	\$ 835,235
Employer's covered employee payroll	\$ 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	226.80 %	230.36 %	229.45 %	209.30 %	157.49 %
Employer's proportion of the net pension liability (asset)	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, 2019

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.069455 %	0.060219 %	0.049137 %	0.035852 %	0.028929 %
Employer's proportionate share of the net pension liability (asset) \$	587,177 \$	525,737 \$	460,552 \$	280,860 \$	180,981
Employer's covered employee payroll \$	204,970 \$	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	286.47 %	292.45 %	334.59 %	292.86 %	222.59 %
Employer's proportion of the net pension liability (asset)	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, 2019

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.060359%	0.059324%	0.077495%	0.078851%	0.076682%
Employer's proportionate share of the net pension liability (asset) \$	347,190	\$ 340,036	\$ 506,887	\$ 425,569	\$ 341,228
Employer's covered employee payroll \$	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	241.60 %	245.49 %	290.09 %	253.96 %	219.06 %
Employer's proportion of the net pension liability (asset)	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, 2019

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

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 72,866	\$ 63,029	\$ 57,078	\$ 40,605	\$ 30,209
Contributions in relation to contractually required contribution	72,866	63,029	57,078	40,605	30,209
Contribution deficiency (excess)	-	-	-	-	-
Employer's covered payroll	\$ 225,943	\$ 204,970	\$ 179,772	\$ 137,645	\$ 95,903
Contributions as a percentage of covered employee payroll	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, 2019

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

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended June 30, 2019

James Bradford		
Mayor		
Salary	\$	30,000
Reimbursements		854
	\$	<u>30,854</u>

Leslie Thompson		
Mayor		
Salary	\$	30,000
Telephone		90
Reimbursements		569
	\$	<u>30,660</u>

Town of Jonesboro
Jonesboro, Louisiana

Schedule of Compensation Paid Councilpersons
For the year ended June 30, 2019

	2019
Devin R. Flowers	\$ 6,000
James W. Ginn	3,000
Nia E. Johnson	6,000
Janet Martin	3,000
Robbie A. Siadek	6,000
Aaron Stringer	6,000
	<u>\$ 30,000</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
Town of Jonesboro, State of Louisiana

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor, 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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 7, 2021. Our report disclaims an opinion on the financial statements. The basis for the disclaimer of opinions is twofold. First, since the fiscal year encompasses two administrations, we would not expect to receive the current mayor's signature on the management representation letter that is required for us to be able to issue unmodified opinions. Secondly, due to the nature of the findings, in our professional judgment, we cannot accept management's representation letter.

Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 and questioned costs as items 2019-001, 2019-002, 2019-004 through 2019-007, 2019-010 through 2019-013, and 2019-017, that we consider to be material weaknesses.

Compliance and Other Matters

In connection with our engagement to audit the financial statements of the Town, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement to audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-003, 2019-009, 2019-010, 2019-014, 2019-015, and 2019-016. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

TOWN OF JONESBORO
Jonesboro, Louisiana
Independent Auditor's Report – GAGAS
For the Year Ended June 30, 2019

Town of Jonesboro's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an engagement to perform an audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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
May 7, 2021

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF AUDIT RESULTS

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

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2019-001 Cash Receipt Books Not Properly Maintained

First reported

2015

Type

Material Weakness

Condition

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

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

During the year ended June 30, 2018, we were again unable to trace receipts to deposit documentation because personnel do not document which receipts are included in the daily deposits. We noted the daily sheet is attached to a report from the utility software showing what amount was collected that day and that amounts for water and sewer matched the daily sheet. However, we could not verify that amounts collected for the general fund were accurate. Per our understanding of policies and procedures, cashiers complete a daily cash count of their drawer. However, we noted that those sheets do not match the total daily deposit sheet. We noted for later periods, receipts were being copied and attached to daily sheets to support for the balances. During our testing, we noticed one receipt was issued out of order, and the white copies of receipts were not retained for several voided receipts.

During the year ended June 30, 2019, we were again unable to trace receipts to deposit documentation.

Criteria

Basic internal control procedures for cash receipts include:

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

Cause

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

Effect

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

Recommendation

Our 2015 recommendation read:

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

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

Management's Response

See management's corrective action plan.

2019-002 Utility Fund Accounts Receivable Includes Bad Debts

First reported

2015

Type

Material Weakness

Condition

Historically, though amounts reported in financial statements were adjusted down to the estimated collectible amount, the subsidiary records were not written down. The total of the subsidiary record at June 30, 2018 was \$398,801. The fiscal advisor adjusted the amount in the control accounts to \$99,665 (sum of garbage \$25,656, sewer \$23,602 and water \$50,407). The report we were given from the billing software did not total the aging amounts.

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

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

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

In 2018, we selected a sample of ten balances from the accounts receivable trial balance as of June 30, 2018. As of February 5, 2019, eight balances had been written off and two balances were still unpaid. The two unpaid balances were current at June 30, 2018 but would have been more than six months old at the time of the audit.

In 2019, we selected a sample of ten balances from the accounts receivable trial balance as of June 30, 2019. As of March 2021, we noted three of the ten customer's balances were not paid in full. One customer's balance has been outstanding since 2005, one customer has not paid his balance, however it does appear his service has been turned off. One customer paid only part of the balance, but it appears service was not disconnected.

Criteria

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

Cause

We do not understand the cause.

Effect

Receivables and revenue may be overstated.

Recommendation

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

Management's Response

See management's corrective action plan.

2019-003 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.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

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.

Criteria

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

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

Cause

Bids had not been obtained for fuel in previous years. Management in office during fiscal year 2018 believed that bids were not required because the vendor owns the fuel pumps that are on Town property. Management compared prices paid for refilling the pumps compared to local filling stations and found the prices paid to be lower.

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

Effect

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

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.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

2019-004 Failure in Internal Control Over Purchasing

First reported

2016

Type

Material Weakness

Condition

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

1. We did not receive all the bank statement images so we could not test seven out of twenty-five disbursements against the images.
2. Four out of twenty-five disbursements did not include evidence that two or more people were involved in the purchase.

Additionally, 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 fourteen disbursements. We recorded the following exceptions:

1. We noted that the Town Clerk signed four out of ten checks (See above. We were unable to test all images.) though the policy prohibits the Clerk from signing.
2. One out of fourteen checks were not properly supported.
3. One out of fourteen disbursements were not supported by documentation of the receipt of goods or services.
4. One out of thirteen 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.
4. That employees be instructed to appropriately prepare for and respond to audit requests.

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.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

Management's Response

See management's corrective action plan.

2019-005 Overtime Pay

First reported

2016

Type

Material Weakness

Condition

The payment of overtime appears to be excessive.

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

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

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

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

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.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

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

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.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

2019-006 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. 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 audit.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

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.

2019-007 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 at the exact same time everyday
4. Manual entries on time/attendance records of employees who use a clock

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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.

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.

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**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
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Management's Response

See management's corrective action plan.

2019-008 Noncompliance with Budget Act

First reported

2016

Type

Noncompliance

Condition

We noted the following exceptions:

1. We did not receive the budget message or any proofs of advertisement that are required by the Budget Act.
2. We were given amended budgets but could not confirm in the minutes that they were adopted.
3. Per the Budgetary Comparison schedule:
 - a. The General Fund budgeted expenditures were 7 percent above budget. The budget document included a mathematical error causing the operating deficit to be presented as \$159,930 instead of \$1,690.
 - b. The Fire Ad Valorem Special Revenue Fund budget included a deficit of \$23,808. Only the deficit was budgeted though there were actual transfers to the General Fund totaling \$63,860.
 - c. The Street Ad Valorem Special Revenue Fund budget included a deficit of \$47,214. Only the deficit was budgeted though there were actual transfers to the General Fund totaling \$24,050.
 - d. The Street Sales Tax Revenue Fund budget included only fund balance though there were actual transfers to the General Fund totaling \$934,503.

Criteria

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

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

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

Cause

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

Effect

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

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**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
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Recommendation

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

Management's Response

See management's corrective action plan.

2019-009 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.

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."

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

Cause

See finding 2018-015.

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.

2019-010 Financial Statements Issued After Due Date

First reported

2016

Type

Material Weakness, Noncompliance

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, 2019, for the fiscal year ended June 30, 2019.

Cause

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

- Accounting records were not properly maintained.
- Once the outside accountant could begin his work, he found incomplete bookkeeping and errors.
- The above delays caused scheduling conflicts for the outside accountant and auditor. Both firms were booked for other engagements. The firms had to work on the town's books and audit as their schedules permitted. In an attempt to make progress, as our schedule permitted, we began completing procedures before the books were adjusted to their final state and before the financial statements were available. Only a limited amount of work can be completed before the books are available. The financial statements did not become available to the auditor until November 2020.
- Information obtained from procedures performed indicated a higher risk of material misstatement and noncompliance with laws, regulations, and contracts than initially assessed. Additional procedures had to be performed.

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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.

2019-011 Financial Statements Not Provided to Board of Aldermen

First reported

2017

Type

Material Weakness

Condition

Monthly financial statements were not submitted to the Board of Aldermen during the year ended June 30, 2019.

Criteria

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

Cause

See other findings.

Effect

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

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**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
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Recommendation

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

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

Management's Response

See management's corrective action plan.

2019-012 Failure in Multiple Elements of Internal Control

First reported

2017

Type

Material Weakness

Condition

The audit of the fiscal year ended June 30, 2018 took place during the two fiscal years ended June 30, 2019 and June 30, 2020. The performance of our audit procedures and statewide agreed-upon procedures included the following:

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

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

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

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

- Overall lack of communication and, sometimes, animosity between officials, between departments, and between employees
- The former Mayor and Town Clerk were often absent from Town Hall. The current Mayor took office January 1, 2019.
- The former Town Clerk was often behind closed doors when she was present at Town Hall.

**TOWN OF JONESBORO
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**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
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Criteria

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

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

Cause

See other findings.

Effect

We identified the following effects from the above-described condition:

- The absence of management creates an environment ripe for abuse and fraud. For example, multiple sources (officials, employees, citizens, and vendors) reported that employees were often parked/idle in town vehicles for extended periods of time during work hours. We received multiple complaints that the phone at the public works department often goes unanswered. We received multiple complaints that employees use town equipment for personal uses. Also see the other findings, including, but not limited to, excessive overtime.
- Poor communication limits the ability of employees to perform their assigned duties. It is necessary to communicate information and transfer data and documents among departments to ensure that transactions were properly initiated, authorized, documented, and recorded. For example, we noted that the bookkeeper responsible for processing payroll and accounts payable and posting deposits has difficulty getting properly completed time/attendance and leave records, purchase orders, invoices, and deposit information from other employees. Also, the police chief moved the collection of fines from town hall to the police department due to failures reported in the fiscal year 2016 audit report.
- The fiscal advisor (accountant) was unable to fully adjust balances due to time constraints and lack of data. Unidentified differences are posted to miscellaneous income or expenditure/expense accounts.
- Bank reconciliations were not timely.
- Many transactions were not posted during the year until the outside accountant worked to adjust the books for audit.
- Many bank statements were not provided to us or not provided in a timely manner. Though we requested data in advance.
- We were unable to explain material variances from expectations in revenue and expenditures/expenses.
- All or a majority of the other findings were caused by this condition or are related to this condition.

Recommendation

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

Management's Response

See management's corrective action plan.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

2019-013 Lack of Segregation of Duties in Collections

First reported

2017

Type

Material Weakness

Condition

During the years ended June 30, 2017, 2018, and 2019, 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
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2019-014 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.

2019-015 Louisiana Compliance Questionnaire Not Properly Executed

First reported

2018

Type

Noncompliance

Condition

We did not receive an executed Louisiana Compliance Questionnaire.

**TOWN OF JONESBORO
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**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

Criteria

Louisiana Audit Law gives the Louisiana Legislative Auditor the authority to impose certain requirements on local governments. Via the Louisiana Governmental Audit Guide, the Town is required to submit to the auditor at the beginning of the audit a completed and signed Louisiana Compliance Questionnaire accompanied by a resolution of the Board.

Cause

See other findings.

Effect

The Town did not comply with the Louisiana Governmental Audit Guide.

Recommendation

We recommend that the Town Clerk review the requirements and ensure that future questionnaires are properly executed.

Management's Response

See management's corrective action plan.

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

First reported

2018

Type

Noncompliance

Condition

No minutes were available for the meeting that appeared to be held on August 27, 2018. Minutes were sometimes too vague. At times the minutes were not clear as to who was speaking or taking action.

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."

Cause

See other findings.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

Effect

The Town did not fully comply with the stated requirements. The minutes do not contain a complete accurate audit trail. Minutes are a significant source of audit evidence.

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.

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

First reported

2018

Type

Material Weakness, Noncompliance

Condition

Bank reconciliations were not prepared in a timely manner. In some cases, reconciliations were prepared ten months after year end. We did not receive all bank statements.

Criteria

The Louisiana Audit Law states in part (emphasis added):

"LRS 24§513. Powers and duties of legislative auditor; audit reports as public records; assistance and opinions of attorney general; frequency of audits; subpoena power

A.(1)(a) Subject to Paragraph (3) of this Subsection, the legislative auditor shall have authority to compile financial statements and to examine, audit, or review the books and accounts of the state treasurer, all public boards, commissions, agencies, departments, political subdivisions of the state, public officials and employees, public retirement systems enumerated in R.S. 11:173(A), municipalities, and all other public or quasi public agencies or bodies, hereinafter collectively referred to as the "auditee". The scope of the examinations may include financial accountability, legal compliance and evaluations of the economy, efficiency, and effectiveness of the auditee's programs or any combination of the foregoing. In addition to the authority granted above, the legislative auditor shall have access to and be permitted to examine all papers, books, accounts, records, files, instruments, documents, films, tapes, and any other forms of recordation of all auditees, including but not limited to computers and recording devices, and all software and hardware which hold data, is part of the technical processes leading up to the retention of data, or is part of the security system. This access shall not be prohibited by Paragraph (3) of this Subsection.

E. In the performance of his duties as herein stated, the legislative auditor, or any member of his staff designated by him, shall have the power to inspect and to make copies of any books, records, instruments, documents, files, films, tapes, and other forms of recordation, including but not limited to computer and recording devices, of the auditee. He may call upon the auditee and any of its officials and staff for assistance and advice, and such assistance shall be given through the assignment of personnel or in such other manner as necessity requires.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
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H.(1) All auditees and their officials and staff are hereby directed to assist the legislative auditor in his work and to furnish such information, reports, aid, services, and assistance as may be requested, all without any cost or charge. It shall be the duty of the attorney general and the local district attorney to give assistance to the legislative auditor. The attorney general shall render his opinion in writing on any subject requested by the legislative auditor.

(2)(a) Each auditee shall designate an individual who shall be responsible for filing annual financial reports with the legislative auditor and shall notify the legislative auditor of the name and address of the person so designated.

(b) A governmental entity that provides funding to a quasi public agency or body shall notify each such quasi public agency or body of the requirements of this Paragraph.

I. The authority granted to the legislative auditor in this Section to examine, audit, inspect or copy shall extend to all books, accounts, papers, documents, records, files, instruments, films, tapes, and any other forms of recordation, including but not limited to computers and recording devices, whether confidential or otherwise. However, the legislative auditor shall comply with any and all restrictions imposed by law on documents, data, or information deemed confidential by law and furnished to the legislative auditor.

Cause

See other findings.

Effect

The Town appears to have violated the Louisiana Audit Law. The Law includes the following:

“K. Whoever violates the provisions of this Section shall be fined not more than one thousand dollars and shall be deemed guilty of malfeasance and gross misconduct in office, and shall be subject to removal.”

The Town has been placed on the noncompliance list and will receive no funds from the State until the report is submitted.

Recommendation

See 2018-013

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, 2019**

2018-001 Cash Receipt Books Not Properly Maintained

Status

Repeated as Finding 2019-001.

2018-002 Liability for Customer Deposits Exceeds Restricted Cash

Status

Resolved

2018-003 Utility Fund Accounts Receivable Includes Bad Debts

Status

Repeated as Finding 2019-002.

2018-004 Noncompliance with Public Bid Law

Status

Repeated as Finding 2019-003.

2018-005 Failure in Internal Control Over Purchasing

Status

Repeated as Finding 2019-004.

2018-006 Customer Refunds Not Reflected in the Billing System

Status

Resolved

2018-007 Overtime Pay

Status

Repeated as Finding 2019-005.

2018-008 Utility Billing Procedures

Status

Repeated as Finding 2019-006.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

2018-009 Timekeeping Procedures

Status

Repeated as Finding 2019-007.

2018-010 Noncompliance with Budget Act

Status

Repeated as Finding 2019-008.

2018-011 Failure to Publish Minutes

Status

Repeated as Finding 2019-009.

2018-012 Late Filing of Police Supplemental Pay Reports

Status

Resolved

2018-013 Financial Statements Issued After Due Date

Status

Repeated as Finding 2019-010.

2018-014 Financial Statements Not Provided to Board of Aldermen

Status

Repeated as Finding 2019-011.

2018-015 Failure in Multiple Elements of Internal Control

Status

Repeated as Finding 2019-012.

2018-016 Lack of Segregation of Duties in Collections

Status

Repeated as Finding 2019-013.

2018-017 Utility Accounts of Employees and Officials Paid Late

Status

Repeated as Finding 2019-014.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

2018-018 Employee Paid as Contract Labor

Status

Resolved

2018-019 Certificate of Deposit Cashed Without Board of Aldermen Approval

Status

Resolved

2018-020 Louisiana Compliance Questionnaire Not Properly Executed

Status

Repeated as Finding 2019-015.

2018-021 Board Meeting Minutes Were Not Properly Prepared or Retained

Status

Repeated as Finding 2019-016.

2018-022 Failure to Properly Prepare Bank Reconciliations and Failure to Submit to the Auditor, Records Including Bank Statements and Bank Reconciliations

Status

Repeated as Finding 2019-017

2018-023 Failure to Provide Grant Files to the Auditor

Status

Resolved

Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Town of Jonesboro
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Jonesboro (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

We completed the agreed-upon procedures but did not accept a representation letter from current management. We were also engaged to conduct an audit of the Entity's financial statements as of and for the year ended June 30, 2019. The first half of the fiscal period was under the former administration. The second half of the fiscal period was under the current administration. Also, due to the nature of the findings in the audit schedule of findings and responses, we could not, in our professional opinion, accept current management's representation for the agreed-upon procedures.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

We obtained and inspected the written policies and procedures.

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

The policy includes all the requirements.

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

The Town's policy did not include elements (1), (2), (4), or (5).

Exceptions: See above.

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

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

The Town's policy did not include processing of disbursements.

Exceptions: See above.

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

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The Town's policy did not address preparation of deposits and completeness.

Exceptions: See above.

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

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

The policy does not contain the required elements.

Exceptions: See above.

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

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

The Town's policy does not address elements (2) or (5).

Exceptions: See above.

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

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

The Town's policy did not include element (4).

Exceptions: See above.

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

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

The policy includes all the requirements.

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

The policy does not contain the required elements.

Exceptions: See above.

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

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

The Town does not have a Debt Service policy.

Exceptions: See above.

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

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tolls needed to recover operations after a critical event.

The Town does not have a Disaster Recovery/Business Continuity policy.

Exceptions: See above.

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

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

We obtained and inspected the board's minutes for the fiscal period.

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

We observed that the board met at least monthly.

Exceptions: None.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

We did not observe any reference to monthly budget-to-actual comparisons on any funds.

Exceptions: See above.

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

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

We obtained the prior year audit report and observed a positive unassigned fund balance in the general fund.

Exceptions: None.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

We obtained the listing as required and selected the month of March 2019 for testing.

Exceptions: None

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).

None of the selected reconciliations were prepared within two months of the related statement closing date.

Exceptions: See above.

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

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

None of the reconciliations selected included evidence of management/board member's review.

Exceptions: See above.

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

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

The reconciliations showed no evidence of research into stale items outstanding for more than 12 months.

Exceptions: None

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

We obtained a listing of deposit sites for the fiscal period. There was only 1 deposit site on the list.

Exceptions: None

Collections

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

For the deposit site listed, we obtained a listing of collection locations. There were 2 locations listed. We inquired of employees about their job duties to determine how duties are segregated.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

We noted no employees share cash drawers.

Exceptions: None

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Employees responsible for collecting cash do not prepare or make bank deposits.

Exceptions: None

- c) Each employee responsible for collecting cash is not responsible for [posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Employees responsible for collecting cash do not post collection entries to the general ledger.

Exceptions: None

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

We noted no employee is reconciling cash collections to the general ledger.

Exceptions: See above.

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

6. Inquire of management that all employees who have access to cash covered by a board or insurance policy for theft.

Management asserted that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

We randomly selected 2 deposit dates for each of the 5 bank accounts selected for procedure #3. One bank account only had 1 deposit for the year, therefore we only requested documentation for 9 deposits. We asked management for the supporting documentation for each of the deposits, however management was only able to locate deposit information for 2 of the 9 deposits requested.

Exceptions: See above.

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

- a) Observe that receipts are sequentially pre-numbered.

We noted no receipts were required to be issued for the 2 deposits, as one was for sales tax and one was a sinking fund deposit.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Management provided no other documentation except for the deposit slip.

Exceptions: See above.

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

- c) Trace the deposit slip total to the actual deposit per the bank statement.

We noted no exceptions.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

We noted no exceptions.

- e) Trace the actual deposit per the bank statement to the general ledger.

We were unable to trace 2 deposits from the bank statement to the general ledger.

Exceptions: See above.

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

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

We obtained a listing of locations that process payments for the fiscal period. There was one location listed.

Exceptions: None

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

For the location listed, we obtained a listing of employees involved with non-payroll purchasing and payment functions. We inquired of employees about their job duties to determine how duties are segregated.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

We noted there are at least two employees involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase.

Exceptions: None

- b) At least two employees are involved in processing and approving payments to vendors.

We noted there are at least two employees involved in processing and approving payments to vendors.

Exceptions: None

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Payments are processed by an outside CPA firm, therefore there are no employees responsible for processing payments that are also allowed to add or modify vendor files.

Exceptions: None

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments. [Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]

The employee responsible for signing checks either mails the checks or gives them to an employee, who is not responsible for processing payments, to mail.

Exceptions: See above.

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

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

We obtained the entity's non-payroll disbursement transaction population. We randomly selected 5 disbursements and obtained the supporting documentation.

- a) Observe that the disbursement matched the related original invoice/billing statement.

We noted no exceptions.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

We noted no exceptions.

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

We obtained a listing from management of all active cards for the fiscal period.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

We randomly selected 5 cards from the list. We randomly selected 1 month for each of the 5 cards to test and obtained the supporting documentation.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

We noted no exceptions.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

We noted interest charges on 3 of the 5 cards tested. We were not provided statements for 1 of the 5 cards.

Exceptions: See above.

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

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by:

We randomly selected all transactions from the months selected, as there were less than 10 on each of the 4 statements tested. We were not provided statements for 1 of the 5 cards. We obtained supporting documentation for the transactions selected.

- (1) An original itemized receipt that identifies precisely what was purchased,

Of 13 transactions tested, we noted 4 were not supported by original itemized receipts identifying precisely what was purchased.

Exceptions: See above.

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

- (2) Written documentation of the business/public purpose, and

Of 13 transactions tested, we noted 9 were not supported by documentation of the business/public purpose.

Exceptions: See above.

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

- (3) Documentation of the individuals participating in meals (for meal charges only).

We noted no charges for meals.

For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Management did not appear to have compensating controls in place to address missing receipts.

Exceptions: See above.

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

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

We obtained a listing of all travel and travel-related expense reimbursements from management. We randomly selected 5 reimbursements and obtained the related supporting documentation.

Exceptions: None

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

We noted 2 reimbursements that were based on a per diem. We noted those rates were in compliance with the rates established by the U. S. General Services Administration.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

We noted 3 reimbursements were based on actual costs. We noted 2 reimbursements were supported by original itemized receipts, and we were not given supporting documentation for 1 of the reimbursements.

Exceptions: See above.

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

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

We noted no exceptions.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We noted no exceptions.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

We obtained from management a listing of all agreements/contracts that were initiated or renewed during the fiscal period. We randomly selected 5 contracts from the listing.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

We did not identify any contracts in our sample that were subject to the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

We noted none of the 5 contracts appeared to have been approved by the Board.

Exceptions: See above.

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

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

None of the 5 contracts selected were amended during the year.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We randomly selected one payment for each of the 5 contracts and obtained the supporting information. One vendor appeared to have not been paid at all during the year. For the other 4 contracts, we noted the invoice agreed to the contract terms, and the invoice and related payment agreed to the terms and conditions of the contract.

Exceptions: See above.

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

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained a listing of employees/elected officials during the fiscal period. We selected five employees and obtained the related paid salaries and personnel files. One employee selected did not receive compensation during the testing period. Management did not provide authorized pay rates.

Exceptions: See above.

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

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

Management did not provide the attendance records for two employees selected for testing during the testing period.

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

Management did not provide the attendance records for two employees selected for testing during the testing period. Of the two employees that were provided, we noted no exception.

Exceptions: See above.

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

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

We noted no supervisor approval.

Exceptions: See above.

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

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Management did not provide the attendance records for two employees selected for testing during the testing period. Of the two employees that were provided, we noted no exception.

Exceptions: See above.

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

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

We obtained a listing of those employees who received a termination payment during the year. We selected two employees and obtained the related documentation. Management did not provide authorized pay rates. We noted no other exceptions to termination payments.

Exceptions: See above.

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

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

We are unable to accept management's representations. See auditor's report on financial statements for the year ended June 30, 2019.

Exceptions: None

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

We obtained the ethics documentation from management for the selected employees/officials.

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Two of the five employees/officials did not complete their ethics training within the fiscal period.

Exceptions: See above.

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

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Management did not provide.

Exceptions: See above.

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

Town of Jonesboro
Jonesboro, Louisiana
Report on Statewide Agreed-Upon Procedures
June 30, 2019

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Management listed no new bonds/notes issued during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Management listed no bonds/notes outstanding at the end of the fiscal period.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management did not provide a listing of misappropriations.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We were unable to observe the posted notice. We observed the required notice posted on the Town's website.

Exceptions: See above.

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

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

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

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana
May 7, 2021



Town of Jonesboro

Mayor Leslie Thompson
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Jonesboro, Louisiana 71251

Town of Jonesboro
Managements Response to 2018-2019 Audit Findings

This audit report covers 6 months of the Bradford administration and 6 months of the current Thompson administration.

1. **2019-001** Cash Receipt Books Not Properly Maintained
 - Currently, pre-numbered receipt books are being used for deposits.
 - Will keep log of what receipt books are issued to whom.
 - Effective immediately, daily receipts will be reconciled to match the deposit sheet.
2. **2019-002** Utility Fund Accounts Receivable Includes Bad Debts
 - Utility clerks have combed through all accounts to identify delinquent accounts. Accounts not being paid timely were placed on payment (hardship verified) plans. Those defaulting on payment plans are required to make total payment or have services discontinued. Those customers can meet with the Mayor's designee to justify why more than one attempt to complete the payment plan is justified. It should take approximately one year to catch up on all of the bad debts if customers adhere to their payment plans.
 - Management believes the ledger of account receivables should be cleared up within one year.
3. **2019-003** Non-compliance with Pubic Bid Law
 - The Town is currently in compliance with LRS 38:2212.1 as it relates to public bid laws.
4. **2019-004** Failure in Internal Control Over Purchasing
 - Working with the Compliance officer is a purchasing agent to help in keeping up with the work load in the purchasing for the Town.
 - Insuring that all transactions are signed by at least two (2) people sign for all transactions.

- We are strictly adhering to the basic internal control procedures established by the Town.
 - Under this administration, unauthorized purchases cannot be made.
- 5. 2019-005 Overtime Pay**
- Overtime pay has been greatly reduced, however in certain departments there will always be a documented need for overtime. Under the current administration, overtime has all but been eliminated from Administration.
 - Fire has built in overtime due to the way the schedules run.
 - Police still seem to have excessive overtime but has hired a new officer in an effort to cut back on overtime.
 - Public Works has greatly reduced overtime although circumstances beyond anyone's control often make overtime necessary.
 - We are constantly evaluating measures to reduce overtime.
- 6. 2019-006 Utility Billing Procedures**
- Utility bills are regularly mailed to customers no later the 29th of the month and are due by the 15th of the month.
 - The council has refused to recognize the critical need to install new meters to facilitate the reading of meters for the town; therefore we are still charging flat rates for utilities in the town of Jonesboro.
 - Until the town is authorized to acquire new water meters there is no foreseeable method to read all customer meters in the town. Many of the meters are unreadable and a large number have not been able to be located. We continue to work a creative method to resolve this issue.
 - We have established a committee of ten (10) community members to evaluate the system and make recommendations of ways to fix the issues which exist.
- 7. 2019-007 Timekeeping Procedures**
- Supervisor is signing off on all time sheets before submitting for payment.
 - All overtime is being approved before submitting for payment.
 - No payroll is being processed without proper documentation.
- 8. 2019-008 Non-compliance With Budget Act**
- We failed to prepare a budget message for 2018-2019 Budget and have made this correction by preparing a budget message for 2019-2020 Budget and will be sure to prepare one going forward.
 - We are working with Folden CPA firm to insure that all measures are taken to comply with the Budget Act and not to have deficits in various accounts.
- 9. 2019-009 Failure to publish minutes**
- All required minutes of open meetings are being published in the official journal of the town on a timely basis and within the time constraints required by law.
- 10. 2019-010 Financial statements Issued After Due Date**

- We rely on the CPA to prepare financial statements and to supply complete reliable information.
- Financial statements are supplied to the Town Council monthly, on the Friday before the regularly scheduled meeting.
- We continue to work with the CPA firm to insure that financial documents provided are both timely and accurate.

11. 2019-011 Financial Statements Not Provided to Board of Aldermen

- Financial statements are supplied to the Town Council monthly, on the Friday before the regularly scheduled council meeting.

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12. 2019-012 Failure in Multiple Elements of Internal Control

- The lines of communication are open with the following chain of command: Mayor, Mayor's Assistant, Clerk, Tax Collector, Public Works Director, and Fire Chief. All are available to problem solve, answer questions and trouble shoot as necessary.
- Mayor's assistant will stand in on the rare occasion the Mayor is unavailable.
- Department Head Meetings are held every Monday to discuss meaningful ways of moving the Town forward and keeping everyone abreast of critical information for proper management of the Town's business.
- All staff is conscientious of and performing duties for which they were hired and often volunteer to assist in other areas when feasible or necessary as long as this does not violate policy.
- The miscellaneous line item is being eliminated from the budget in all categories.
- Completion of bank reconciliations has been turned over to the external CPA firm.
- Deposits are being completed timely, (on a daily basis) and transactions are posted daily or as they occur.
- The Fire Ad Valorem and Utility Funds will become a budget line item in an effort to reduce the possibility of overdraft.
- All staff in the current administration is committed to being fully compliant and cooperative with auditors.
- Will contact external CPA firm biannually to request observance of internal controls and seek recommendations for implementation of improvements in any areas deemed necessary.

13. 2019-013 Lack of Segregation of Duties in Collections

The following measures have been or are being implemented:

- All monies are currently being collected by cashiers.
- Town Clerk reconciles all deposits with the exception of the Police Department. We will be talking to the Town Council about bringing the Police Department collections back to City Hall.

14. 2019-014 Utility Accounts of Employees and Officials Paid Late

- Employee accounts are being monitored to ensure timely payments.
- Everyone, including employees is required to pay late fees and penalties when applicable.
- The turn off policy is being applied to employees and customers.

15. 2019-015 Louisiana Compliance Questionnaire Not Properly Executed

- Town Clerk will scan a copy of the Compliance Questionnaire and Resolution for the questionnaire to the Auditor and CPA Firm.

16. 2019-016 Board Minute Minutes were Not Properly Prepared or Retained

- All board minutes since January 2019 are timely published in the town's journal.
- Minutes are placed in the minute books and checked for accuracy

17. 2019-017 Failure to Properly Prepare bank Reconciliations and Failure to submit to the Auditor, Records Including Bank Statements and Bank Reconciliations

- We have hired an outside CPA firm, (the same firm that was appointed as Fiscal Administrator for the Town) who is doing monthly reconciliations.
- All requests from the auditors will be responded to in a timely manner either by the CPA or the Town Clerk.



Town of Jonesboro

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May 13, 2021

Response regarding Statewide Agreed-Upon Procedures:

We will take the report on Statewide Agreed-Upon Procedures under advisement and take corrective action if deemed necessary and feasible.

Amanda Womack, Town Clerk