

**TOWN OF JONESBORO**  
**JONESBORO, LOUISIANA**

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**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2015**

Town of Jonesboro  
Jonesboro, Louisiana  
Annual Financial Statements  
With Independent Auditor's Report  
As of and For the Year Ended June 30, 2015  
With Supplemental Information Schedules

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Town of Jonesboro  
Jonesboro, Louisiana  
Annual Financial Statements  
With Independent Auditor's Report  
As of and For the Year Ended June 30, 2015  
With Supplemental Information Schedules

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Jonesboro, Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Jonesboro, Louisiana's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, of the Town of Jonesboro, Louisiana, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the Fire Ad Valorem Tax Special Revenue Fund, the Street Ad Valorem Tax Special Revenue Fund, and the Street Sales Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Town of Jonesboro**  
Jonesboro, Louisiana  
Independent Auditor's Report,  
June 30, 2015

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-10), Schedules of Employer Contributions to Retirement Systems (pages 73-75), and Schedules of Employer's Share of Net Pension Liability (pages 70-72) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The Schedule of Compensation, Benefits and Other Payments to Agency Head; the Schedule of Compensation Paid Councilpersons; and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head; the Schedule of Compensation Paid Councilpersons; and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2016, on our consideration of the Town of Jonesboro, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Jonesboro, Louisiana's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC

*Bosch & Statham*

Jonesboro, Louisiana  
February 12, 2016

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

Town of Jonesboro  
Management's Discussion and Analysis

As of and For the Year Ended  
June 30, 2015

As Management of the Town of Jonesboro, we offer readers of the Town of Jonesboro's financial statements this narrative overview and analysis of the financial activities of the Town of Jonesboro as of and for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources. Certain comparative information is presented to provide an overview of the Town of Jonesboro's operations.

### Overview of the Financial Statements

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

#### Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 13-14 of this report.

#### Fund Financial Statements

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

##### *Governmental Funds*

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements,

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

The Town of Jonesboro maintains four individual governmental funds. Information as of and for the year ended June 30, 2015, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Ad Valorem Tax, Street Ad Valorem Tax, and Street Sales Tax, which are considered to be major funds.

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

The governmental fund financial statements can be found on pages 16-19 of this report.

### *Proprietary Funds*

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

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

The proprietary fund financial statements can be found on pages 20-22 of this report.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-53 of this report.

### Supplemental Information

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

### **Financial Highlights**

- The assets of the Town of Jonesboro exceeded its liabilities at June 30, 2015 by \$6,284,999.
- The Town of Jonesboro's net position increased by \$548,211 as a result of this year's operations. The net position of the governmental activities decreased by \$534,098, and the net position of the business-type activities increased by \$1,082,309.
- At June 30, 2015, the Town of Jonesboro's governmental funds reported total ending fund balances of \$927,476, a decrease of \$260,813, from June 30, 2014. The General Fund balance of \$136,147 is available for spending at the Town's discretion. The remaining balance of \$791,329 is considered assigned and is to be used for each specific special revenue fund.



## Government-Wide Financial Analysis

### Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 981,418	\$ 1,498,245	\$ 690,327	\$ 439,246	\$ 1,671,745	\$ 1,937,491
Capital assets, net	2,094,023	2,244,852	7,630,445	6,948,419	9,724,468	9,193,271
Total Assets	3,075,441	3,743,097	8,320,772	7,387,665	11,396,213	11,130,762
Deferred outflows of resources-Pension	407,579	-	162,779	-	570,358	-
Total Deferred Outflows of Resources	407,579	-	162,779	-	570,358	-
Current and other liabilities	53,942	316,892	280,528	387,891	334,470	704,783
Long-term liabilities	2,087,518	-	3,092,662	2,429,522	5,180,180	2,429,522
Total Liabilities	2,141,460	316,892	3,373,190	2,817,413	5,514,650	3,134,305
Deferred inflows of resources-Pension	136,751	-	30,118	-	166,869	-
Total Deferred Inflows of Resources	136,751	-	30,118	-	166,869	-
Net investment in capital assets	2,094,023	2,222,872	5,200,924	4,067,946	7,294,947	6,290,818
Restricted for:						
Public safety	28,991	34,827	-	-	28,991	34,827
Street maintenance	761,170	686,330	-	-	761,170	686,330
Street maintenance ad valorem	1,168	59,831	-	-	1,168	59,831
Customer deposits	-	-	143,296	143,756	143,296	143,756
Unrestricted	(1,680,542)	422,345	(264,031)	358,550	(1,944,573)	780,895
Total Net Position	\$ 1,204,810	\$ 3,426,205	\$ 5,080,189	\$ 4,570,252	\$ 6,284,999	\$ 7,996,457

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Town of Jonesboro exceeded liabilities by \$6,284,999. A significant portion of the Town of Jonesboro's net position reflects its investments in capital assets (e.g., land, building, and improvements and equipment, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources.

### Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 177,884	\$ 287,116	\$ 700,300	\$ 795,786	\$ 878,184	\$ 1,082,902
General Revenues:						
Taxes:						
Ad valorem	316,686	312,983	-	-	316,686	312,983
Sales taxes	1,680,852	1,637,924	-	-	1,680,852	1,637,924
Franchise tax	177,727	158,501	-	-	177,727	158,501
Other taxes	1,707	4,840	-	-	1,707	4,840
Licenses and permits	106,583	108,594	-	-	106,583	108,594
Intergovernmental	61,876	23,221	-	-	61,876	23,221
Interest earnings	677	609	7	517	684	1,126
Grants	33,231	316,763	-	1,145	33,231	317,908
Rents and royalties	14,761	-	-	-	14,761	-
Forgiveness of debt	-	-	924,586	-	924,586	-
Miscellaneous	44,962	77,434	6,166	-	51,128	77,434
Total revenues	2,616,946	2,927,985	1,631,059	797,448	4,248,005	3,725,433
<b>EXPENDITURES</b>						
Current:						
General government	872,601	656,225	-	-	872,601	656,225
Public safety	717,648	554,800	-	-	717,648	554,800
Public works	957,348	1,313,108	-	-	957,348	1,313,108
Utility	-	-	1,142,135	1,063,332	1,142,135	1,063,332
Total expenditures	2,547,597	2,524,133	1,142,135	1,063,332	3,689,732	3,587,465
Excess (Deficiency) of revenues over expenses	69,349	403,852	488,924	(265,884)	558,273	137,968
Capital contributions	-	-	-	-	-	-
Operating transfers	(603,449)	(106,260)	593,386	106,260	(10,063)	-
Change in Net Position	(534,100)	297,592	1,082,310	(159,624)	548,210	137,968
Net Position, beginning - restated	1,738,908	3,128,613	3,997,880	4,729,876	5,736,788	7,858,489
Net Position, ending	\$ 1,204,808	\$ 3,426,205	\$ 5,080,190	\$ 4,570,252	\$ 6,284,998	\$ 7,996,457

### Governmental Activities

The most significant revenues of the governmental activities are general taxes (83%), which include ad valorem taxes (12%), sales taxes (64%), and franchise and other taxes (7%).

Public works expenses are the most significant (38%) of all governmental activities expenses, followed by the general government expenses (34%). Depreciation expense is included in these amounts.

Governmental activities revenues decreased \$311,039 in the current year as compared to the prior year. The decrease was primarily attributable to a decrease charges for services and grants.

Governmental activities expenses increased \$23,464 in the current year as compared to the prior year. The increase was primarily attributable to an increase in general government expense and public safety expense, offset by a decrease in public works expense.

#### Business-Type Activities

The operations of the business-type activities increased the Town's net position by \$488,924. The business-type revenues exceeded the business-type expenses by \$1,082,310.

### **Fund Financial Analysis**

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

#### Governmental Funds

As of June 30, 2015, the combined governmental fund balances of \$927,476 reflect a decrease of \$260,813 from June 30, 2014. The fund balance of \$136,147 in the General Fund is unassigned, which is considered available for appropriation. The remaining balance of \$791,329 is assigned in the appropriate special revenue fund, and the balances are available for use in expenditures for the specific special revenue fund purpose.

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

#### Proprietary Funds

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

The Water and Sewer Fund's net position increased \$1,082,309 in the current year. The increase was primarily due to forgiveness of debt from the Louisiana Department of Environmental Quality and transfers from the General Fund.

### **Capital Assets and Debt Administration**

#### Capital Assets

As of June 30, 2015, the Town of Jonesboro's investment in capital assets for its governmental activities amounts to \$2,094,023 (net of accumulated depreciation), and its investment in capital assets for its business-type activities amounts to \$5,200,924 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture, and equipment.

#### Long-Term Debt

At the end of the fiscal year, the Town of Jonesboro had total long-term debt of \$5,290,950. The long-term debt of the governmental activities consists of net pension liability (\$2,087,518). The long-term debt of the business-type activities consists of a capital lease payable (\$262,986), a USDA loan payable (\$2,166,539), and net pension liability (\$773,906).

### **General Fund Budgetary Highlights**

The actual revenues were \$53,928 more than the budgeted amount for the year, and actual expenditures were \$270,378 less than the budgeted amount for the year.

### **Economic Factors and Next Year's Budget**

The fiscal year June 30, 2016 budget is forecast to provide \$2,726,232 in estimated surplus and revenues to fund costs of \$2,432,080.

There is no capital outlay budgeted for the year ended June 30, 2016.

### **Requests for Information**

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

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Net Position  
As of June 30, 2015

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 507,357	\$ 439,772	\$ 947,129
Investments	288,909	34,340	323,249
Taxes receivable	142,035	-	142,035
Accounts receivable	14,428	68,352	82,780
Inventory	2,354	37,122	39,476
Prepaid expenses	26,335	-	26,335
Cash and equivalents-restricted	-	110,742	110,742
Capital assets (net of accumulated depreciation)	2,094,023	7,630,445	9,724,468
<b>TOTAL ASSETS</b>	<u>\$ 3,075,441</u>	<u>\$ 8,320,772</u>	<u>\$ 11,396,213</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	\$ 407,579	\$ 162,779	\$ 570,358
<b>TOTAL DEFERRED OUTFLOWS OF R</b>	<u>\$ 407,579</u>	<u>\$ 162,779</u>	<u>\$ 570,358</u>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	\$ 53,942	\$ 26,516	\$ 80,458
Current liabilities			
Meter deposits	-	143,296	143,296
Due within one year	-	110,770	110,770
Long-term liabilities			
Due in more than one year	2,087,518	3,092,662	5,180,180
<b>TOTAL LIABILITIES</b>	<u>\$ 2,141,460</u>	<u>\$ 3,373,244</u>	<u>\$ 5,514,704</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	\$ 136,751	\$ 30,118	\$ 166,869
<b>TOTAL DEFERRED INFLOWS OF RE</b>	<u>\$ 136,751</u>	<u>\$ 30,118</u>	<u>\$ 166,869</u>
Net investment in capital assets	2,094,023	5,200,924	7,294,947
Restricted for:			
Public safety	28,991	-	28,991
Street maintenance	761,170	-	761,170
Street maintenance ad valorem	1,168	-	1,168
Customer deposits	-	143,296	143,296
Unrestricted	(1,680,542)	(264,031)	(1,944,573)
<b>TOTAL NET POSITION</b>	<u>\$ 1,204,810</u>	<u>\$ 5,080,189</u>	<u>\$ 6,284,999</u>

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

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Activities  
For the Year Ended June 30, 2015

	MAJOR FUNDS				Net (Expense) Revenue and Changes in Net Position		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	Governmental Activities	Business-type Activities	Total
<b>Funcations/Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 872,601	\$ 128,939	\$ -	\$ -	\$ (743,662)	\$ -	\$ (743,662)
Public safety	717,648	44,796	-	-	(672,852)	-	(672,852)
Public works	957,348	4,150	33,231	-	(919,967)	-	(919,967)
Total governmental activities	<u>2,547,596</u>	<u>177,884</u>	<u>33,231</u>	<u>-</u>	<u>(2,336,481)</u>	<u>-</u>	<u>(2,336,481)</u>
Business-type activities:							
Water fund	910,282	500,949	-	-	-	(409,333)	(409,333)
Sewer fund	231,853	199,351	-	-	-	(32,502)	(32,502)
Total business-type activities	<u>1,142,135</u>	<u>700,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(441,835)</u>	<u>(441,835)</u>
Total primary government	<u>\$ 3,689,732</u>	<u>\$ 878,185</u>	<u>\$ 33,231</u>	<u>\$ -</u>	<u>(2,336,481)</u>	<u>(441,835)</u>	<u>(2,778,316)</u>
Taxes:							
Property taxes, levied for general purposes					316,686	-	316,686
Sales taxes					1,680,852	-	1,680,852
Franchise taxes					177,727	-	177,727
Other taxes for general purposes					1,707	-	1,707
Licenses and permits					106,583	-	106,583
Interest and investment earnings					677	7	684
Intergovernmental					61,876	-	61,876
Rents and royalties					14,761	-	14,761
Miscellaneous					44,962	6,166	51,128
Forgiveness of debt					-	924,586	924,586
Transfers in (out)					(603,449)	593,386	(10,064)
Total general revenues					<u>1,802,382</u>	<u>1,524,145</u>	<u>3,326,527</u>
Change in net position					(534,098)	1,082,309	548,211
Net position - Beginning					<u>1,738,908</u>	<u>3,997,880</u>	<u>5,736,787</u>
Net position - Ending					<u>\$ 1,204,810</u>	<u>\$ 5,080,189</u>	<u>\$ 6,284,999</u>

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



# **FUND FINANCIAL STATEMENTS**

Town of Jonesboro  
Jonesboro, Louisiana

Balance Sheet - Governmental Funds  
As of June 30, 2015

	Special Revenue Funds				Total Governmental Funds
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax	Street Sales Tax	
<b>ASSETS</b>					
Cash and equivalents	\$ 62,861	\$ 29,963	\$ 13,289	\$ 690,152	\$ 796,266
Taxes receivable	71,018	-	-	71,018	142,035
Other receivables	14,428	-	-	-	14,428
Inventory	2,354	-	-	-	2,354
Prepaid expenses	26,335	-	-	-	26,335
<b>TOTAL ASSETS</b>	<u>\$ 176,996</u>	<u>\$ 29,963</u>	<u>\$ 13,289</u>	<u>\$ 761,170</u>	<u>\$ 981,418</u>
<b>LIABILITIES &amp; FUND BALANCES</b>					
Liabilities:					
Accounts, salaries, and other payables	\$ 40,849	\$ 972	\$ 12,121	\$ -	\$ 53,942
<b>TOTAL LIABILITIES</b>	<u>40,849</u>	<u>972</u>	<u>12,121</u>	<u>-</u>	<u>53,942</u>
Fund balances:					
Nonspendable, reported in:					
General fund	28,689	-	-	-	28,689
Restricted, reported in:					
Special revenue fund	-	28,991	1,168	761,170	791,329
Unassigned, reported in:					
General fund	107,458	-	-	-	107,458
<b>TOTAL FUND BALANCES</b>	<u>136,147</u>	<u>28,991</u>	<u>1,168</u>	<u>761,170</u>	<u>927,476</u>
<b>Total Liabilities &amp; Fund Balances</b>	<u>\$ 176,996</u>	<u>\$ 29,963</u>	<u>\$ 13,289</u>	<u>\$ 761,170</u>	<u>\$ 981,418</u>

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

Town of Jonesboro  
Jonesboro, LouisianaReconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
For the Year Ended June 30, 2015

Total Fund Balances at June 30, 2015 - Governmental Funds	\$ 927,476
Capital assets used in governmental activities are not financial resources and, therefore, are not report in governmental funds (net of depreciation)	2,094,023
Certain liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
Compensated absence	-
Net pension liability	(2,087,518)
Deferred outflows of resources	407,579
Deferred inflows of resources	<u>(136,751)</u>
Net Position at June 30, 2015	<u>\$ 1,204,810</u>

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

Town of Jonesboro  
Jonesboro, Louisiana  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2015

	Special Revenue Funds				Total Governmental Funds
	General Fund	Fire Ad Valorem Tax	Street Ad Valorem Tax	Street Sales Tax	
<b>REVENUES</b>					
Taxes:					
Ad valorem	\$ 130,732	\$ 93,746	\$ 92,209	\$ -	\$ 316,686
Sales taxes	840,426	-	-	840,426	1,680,852
Franchise tax	177,727	-	-	-	177,727
Other taxes	17,857	-	-	-	17,857
Licenses and permits	106,583	-	-	-	106,583
Charges for services	161,735	-	-	-	161,735
Intergovernmental					
Grants	33,231	-	-	-	33,231
Supplemental reimbursement	61,876	-	-	-	61,876
Rents and royalties	14,761	-	-	-	14,761
Interest earnings	189	97	-	391	677
Miscellaneous revenue	10,111	-	-	-	10,111
Total revenues	<u>\$ 1,555,228</u>	<u>\$ 93,843</u>	<u>\$ 92,209</u>	<u>\$ 840,817</u>	<u>\$ 2,582,096</u>
<b>EXPENDITURES</b>					
Current:					
General government	\$ 633,523	\$ -	\$ -	\$ -	\$ 633,523
Public safety	654,730	-	-	-	654,730
Public works	915,863	-	-	-	915,863
Capital outlay	35,343	-	-	-	35,343
Total expenditures	<u>2,239,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,239,459</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENDITURES</b>	<u>(684,232)</u>	<u>93,843</u>	<u>92,209</u>	<u>840,817</u>	<u>342,637</u>
<b>OTHER FINANCING SOURCES (Uses):</b>					
Operating transfers	413,078	(99,679)	(150,871)	(765,977)	(603,449)
Total other financing sources (uses)	<u>413,078</u>	<u>(99,679)</u>	<u>(150,871)</u>	<u>(765,977)</u>	<u>(603,449)</u>
<b>Net Changes in Fund Balances</b>	<u>(271,154)</u>	<u>(5,836)</u>	<u>(58,663)</u>	<u>74,839</u>	<u>(260,813)</u>
<b>FUND BALANCES - BEGINNING</b>	<u>407,301</u>	<u>34,827</u>	<u>59,831</u>	<u>686,330</u>	<u>1,188,289</u>
<b>FUND BALANCES - ENDING</b>	<u>136,147</u>	<u>28,991</u>	<u>1,168</u>	<u>761,170</u>	<u>927,476</u>

The accompanying notes are an integral part of these statements.

Town of Jonesboro  
Jonesboro, Louisiana

Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
For the Year Ended June 30, 2015

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(260,813)
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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 is capitalized over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay for the period.		(150,830)
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Depreciation	\$186,542	
Capital Outlay	40,744	

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position

Net pension liability expense		(157,307)
Net pension liability revenue - nonemployer compensation		34,851
Compensated absence expense decrease (increase)		-

Change in net position of governmental activities (Statement B)	\$	<u>(534,098)</u>
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The accompanying notes are an integral part of these financial statements.

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Net Position - Proprietary Funds  
As of June 30, 2015

	<b>Proprietary Fund - Enterprise Funds</b>
<b>ASSETS</b>	
Current Assets:	
Cash and equivalents	\$ 439,772
Receivables (net of allowances for uncollectibles)	68,352
Inventory	37,122
Total Current Assets	<u>545,246</u>
Restricted Assets:	
Cash and cash equivalents	110,742
Investments	34,340
Total Restricted Assets	<u>145,082</u>
Noncurrent Assets:	
Capital assets:	
Buildings and equipment (net of accumulated depreciation)	7,630,445
Total Non-Current Assets	<u>7,630,445</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,320,772</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	\$ 162,779
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 162,779</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 26,516
Capitalized lease obligations	82,379
Bonds payable	28,391
Current Liabilities payable from restricted assets - meter deposits	<u>143,296</u>
Total Current Liabilities	<u>280,582</u>
Non-current Liabilities:	
Capitalized lease obligations	\$ 180,607
Bonds payable	2,138,148
Net pension liability	773,907
Total Non-current Liabilities	<u>3,092,662</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 3,373,244</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	\$ 30,118
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>\$ 30,118</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ -
Reserved for customer deposits	143,296
Unrestricted	4,936,893
<b>TOTAL NET POSITION</b>	<u><u>\$ 5,080,189</u></u>

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

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund  
For the Year Ended June 30, 2015

	<b>Proprietary Fund - Enterprise Funds</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 666,983
Other services	<u>33,318</u>
Total operating revenues	<u>700,300</u>
<b>OPERATING EXPENSES</b>	
Personnel services	428,704
Supplies	16,006
Utilities	135,538
Repairs and maintenance	127,139
Other supplies and charges	50,234
Depreciation	<u>270,801</u>
Total operating expenses	<u>1,028,422</u>
Operating income (loss)	<u>(328,122)</u>
<b>NON-OPERATING REVENUES (Expenses)</b>	
Interest earnings	7
Interest expense and fiscal charges	(113,713)
Forgiveness of debt	924,586
Miscellaneous revenue	<u>6,166</u>
Total non-operating revenues (expenditures)	<u>817,046</u>
Income (loss) before contributions and transfers	488,924
<b>TRANSFERS IN (OUT)</b>	
Transfers in	609,364
Transfers out	<u>(15,978)</u>
Total non-operating revenues (expenditures)	<u>593,386</u>
<b>CHANGES IN NET POSITION</b>	<u>1,082,309</u>
<b>TOTAL NET POSITION - June 30, 2014</b>	<u>3,997,880</u>
<b>TOTAL NET POSITION - June 30, 2015</b>	<u><u>\$ 5,080,189</u></u>

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

Town of Jonesboro  
Jonesboro, Louisiana

Statement of Cash Flows - Proprietary Fund  
For the Year Ended June 30, 2015

	<b>Proprietary Fund</b>
	-
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 674,950
Cash payments to suppliers for goods and services	(382,004)
Cash payments to employees for services	(360,873)
Net cash provided by (used for) operating activities	<u>(67,927)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING</b>	
Transfers from (to) other funds	593,386
Net cash provided by (used for) noncapital financing activities	<u>593,386</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</b>	
Forgiveness of debt	924,586
Acquisition of capital assets	(952,830)
Repayment of debt	(124,424)
Prior period adjustment	(244,187)
Net cash provided by (used for) capital and related financing activities	<u>(396,855)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earnings	7
Interest expense	(113,713)
Miscellaneous revenue	6,166
Net cash provided by (used for) investing activities	<u>(107,540)</u>
Net increase (decrease) in cash and cash equivalents	21,063
<b>CASH AND CASH EQUIVALENTS - June 30, 2014</b>	<u>529,450</u>
<b>CASH AND CASH EQUIVALENTS - June 30, 2015</b>	<u><u>\$ 550,513</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET PROVIDED BY OPERATION ACTIVITIES</b>	
Operating income (loss)	\$ (328,122)
Adjustments:	
Depreciation	270,801
Net changes in assets and liabilities:	
Accounts receivable	34,965
Interfund receivable	-
Inventory	11,586
Accounts payable	(64,096)
Payroll liabilities	(8,320)
Interfund payables	(290,282)
Compensated absences	(7,488)
Other liabilities	-
Customer deposits	(460)
Prior period adjustment	180,828
Net changes in deferred outflows and inflows of resources	
Deferred outflows of resources	162,779
Deferred inflows of resources	(30,118)
Net cash provided by (used for) operating activities	<u><u>\$ (67,927)</u></u>

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



# **NOTES TO THE FINANCIAL STATEMENTS**

Town of Jonesboro  
Jonesboro, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2015

**Introduction**

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

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

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

**B. Reporting Entity**

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

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

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

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

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

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

The Town of Jonesboro's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of the Governmental Activities and the Business-Type Activities for the Town of Jonesboro. Fiduciary activities of the Town of Jonesboro are not included in these statements.

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

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

- **Program Revenues** - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the Town of Jonesboro's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Town of Jonesboro's general revenues.
- **Direct Expenses** - The Town of Jonesboro reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.
- **Indirect Expenses** - The Town of Jonesboro reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

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

## D. Fund Financial Statements

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

### Governmental Fund

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

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

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

The Town of Jonesboro reports the following major governmental funds:

- General Fund is the general operating fund of the Town of Jonesboro. It is used to account for all financial resources except those required to be accounted for in another fund.
- Fire Ad Valorem Tax Fund is a special revenue fund used to account for the proceeds of Ad Valorem taxes restricted to expenditures of the Fire Department.
- Street Ad Valorem Tax Fund is a special revenue fund used to account for the proceeds of Ad Valorem taxes restricted to expenditures of the Street Department.
- Street Sales Tax Fund is a special revenue fund used to account for the proceeds of the special 1% sales and use tax levied for the purposes of construction, maintenance, repair, and improvements of the Town of Jonesboro's streets.

## *Revenues*

The governmental funds use the following practices in recording revenues:

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

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

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

## *Expenditures*

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

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

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

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

## *Other Financing Sources (Uses)*

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

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

## Proprietary Fund

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

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

- The Enterprise Fund of the Town of Jonesboro is the Water and Sewer Fund, which accounts for the

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

### *Revenues and Expenses*

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

## **E. Equity Classifications**

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

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

- Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town of Jonesboro had nonspendable funds of \$28,689 (prepaid expenses and inventory) for the year ended June 30, 2015.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town of Jonesboro has restricted funds of \$791,329 for year ended June 30, 2015.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been

specifically committed for use in satisfying those contractual requirements. The Town Council typically establishes commitments through the adoption and amendment of the budget. The Town of Jonesboro did not have any committed funds for the year ended June 30, 2015.

- Assigned: This classification includes amounts that are constrained by the Town of Jonesboro's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town of Jonesboro did not have any assigned funds for the year ended June 30, 2015.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Town of Jonesboro has unassigned funds of \$107,458.

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

#### **F. Budgets**

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

The June 30, 2015 Governmental Funds' budgets were published in the official journal and made available for public inspection. A public hearing for the proposed budget was held on June 29, 2014, and the budget was adopted by the Mayor and Town Council. There were no amendments made to the budget.

#### **G. Encumbrances**

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

#### **H. Cash and Cash Equivalents**

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

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

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

investments.

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

#### **I. Investments**

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

- Investments in non-participating interest earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
- The Town of Jonesboro reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less.
- Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.
- Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

#### **J. Inventory**

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

#### **K. Prepaid Expenses**

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

#### **L. Capital Assets**

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

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

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



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

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

#### **M. Deferred Outflows of Resources**

The Town of Jonesboro reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town of Jonesboro reported deferred outflows of resources of \$407,579 for the governmental activities and \$162,779 for the business-type activities. The deferred outflows of resources are entirely due to the net pension liability, and they do not affect the governmental funds financial statements.

#### **N. Compensated Absences**

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

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

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

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

- A full-time employee after completing one year of continuous employment from the date of hire is eligible for five days of vacation with pay. An employee, upon completion of two years continuous employment from the date of hire is eligible for 10 days of vacation with pay. Upon completion of five years of continuous employment, the employee is eligible for 15 days of vacation with pay.
- Full time employees who have completed their 90-day probation period will be given four hours of sick time per month until their first anniversary. Thereafter, each employee is granted 80 hours sick leave with pay annually. Each employee may accrue up to 360 hours of paid sick leave.

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

- Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees when both of the following conditions are met:
  - The employee's right to receive compensation is attributable to services already rendered, and
  - It is probable that the employee will be compensated for the benefits through paid time off or some other means, such as cash payments at termination or retirement.
- A liability for sick leave should be accrued using one of the following termination approaches:
  - An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
  - Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

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

The following schedule is a summary of the changes in compensated absences for the year ended June 30, 2015:

	Governmental activities	Business-type activities
Balance, July 1, 2014	\$ 58,206	\$ 7,488
Additions	-	-
Deductions	(58,206)	(7,488)
Balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>

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

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

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

#### **P. Deferred Inflows of Resources**

The Town of Jonesboro reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town of Jonesboro will not recognize the related revenues until a future event occurs. The Town of Jonesboro reported deferred inflows of resources of \$136,751 in the governmental activities and \$30,118 in the business-type activities, and no deferred inflows of resources affect the governmental funds financial statements.

## Q. Interfund Transactions

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

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

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

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

## R. Use of Estimates

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

## 2. Cash and Cash Equivalents

At June 30, 2015, the Town of Jonesboro had cash and cash equivalents (book balances) totaling \$1,057,871. The following schedule shows the cash and cash equivalents by type:

Demand Deposits	\$ 533,061
Restricted Funds	524,810
Total	<u>\$ 1,057,871</u>

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

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at June 30, 2015. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Town of Jonesboro has cash and cash equivalents that are covered by \$250,000 of federal depository insurance. The remaining balance is exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging financial institution.

At June 30, 2015, the Town of Jonesboro had \$1,203,187 in deposits (collected bank balances). These deposits

are secured from risk by \$422,344 of federal deposit insurance and \$904,796 of pledged securities. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Town of Jonesboro has complied with these requirements of state law.

### 3. Investments

As stated above in Note 2, Cash and Cash Equivalents, investments are categorized to give an indication of the level of risk assumed by the Town. Investments are shown below at June 30, 2015. These amounts are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging financial institution (pledged securities of \$323,249).

Type of Investment	
Certificates of Deposit	<u>\$ 323,249</u>

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

### 4. Receivables

The receivables of \$224,815 at June 30, 2015, are as follows:

Class of Receivables	Fund		Total
	Governmental	Enterprise	
Taxes receivables	\$ 142,035	\$ -	\$ 142,035
Other receivables	14,428	-	14,428
Utilities:			
Billed receivables	-	68,352	68,352
Gross receivables	156,463	68,352	224,815
Less: allowance for uncollectible accounts	-	-	-
Net total receivables	<u>\$ 156,463</u>	<u>\$ 68,352</u>	<u>\$ 224,815</u>

Management believes all receivables to be collectible; therefore, no allowance is recorded as of June 30, 2015.

## 5. Capital Assets

A summary of changes in capital assets and depreciation for the year ended June 30, 2015, is as follows:

### A. Capital Assets - Governmental Activities

	Balance, July			Balance, June
	1, 2014	Additions	Deletions	30, 2015
Capital assets not depreciated				
Land	\$ 148,177	\$ -	\$ -	\$ 148,177
Total capital assets not being depreciated	148,177	-	-	148,177
Capital assets being depreciated				
Buildings	919,137	2,869	-	922,006
Furniture and equipment	1,864,479	32,474	-	1,896,953
Land improvements	1,869,457	-	-	1,869,457
Vehicles	1,088,451	-	-	1,088,451
Total capital assets being depreciated	5,741,525	35,343	-	5,776,868
Less accumulated depreciation				
Buildings	743,762	36,471	-	780,233
Furniture and equipment	1,739,143	33,619	-	1,772,762
Land improvements	195,466	93,557	-	289,023
Vehicles	966,479	22,526	-	989,004
Total accumulated depreciation	3,644,849	186,173	-	3,831,023
Total capital assets being depreciated, net	2,096,675	(150,830)	-	1,945,845
Governmental Activities Capital Assets, Net	\$ 2,244,853	\$ (150,830)	\$ -	\$ 2,094,023

Depreciation expense for the year ended June 30, 2015, is \$186,173, charged to the following governmental functions:

Functional Allocation of Depreciation Expense	
General Government	86,121
Public Safety	58,568
Public Works	41,485
Total	<u>\$ 186,173</u>

## B. Capital Assets - Business-Type Activities

	Balance, July 1, 2014	Additions	Deletions	Balance, June 30, 2015
Capital assets not depreciated				
Construction in progress	\$ 276,746	\$ 924,586	\$ -	\$ 1,201,332
Total capital assets not being depreciated	276,746	924,586	-	1,201,332
Capital assets being depreciated				
Building	125,411	-	-	125,411
Equipment	1,335,263	-	-	1,335,263
Sewer System	3,967,537	15,978	-	3,983,515
Water System	4,745,120	11,118	-	4,756,238
Total capital assets being depreciated	10,173,331	27,096	-	10,200,427
Less accumulated depreciation				
Building	58,883	2,661	-	61,544
Equipment	911,876	75,695	-	987,571
Sewer System	1,271,814	90,727	-	1,362,542
Water System	1,257,940	101,718	-	1,359,657
Total accumulated depreciation	3,500,513	270,801	-	3,771,314
Total capital assets being depreciated, net	6,672,818	(243,705)	-	6,429,113
Business-Type Activities Capital Assets, Net	\$ 6,949,564	\$ 680,881	\$ -	\$ 7,630,445

## 6. Payables

The payables of \$80,458 at June 30, 2015, are as follows:

Class of Payables	Fund		Total
	Governmental	Enterprise	
Accounts payable	\$ 42,846	\$ 26,516	\$ 69,361
Payroll liabilities	10,514	-	10,514
Other liabilities	582	-	582
Total	\$ 53,942	\$ 26,516	\$ 80,458

## 7. Long-Term Obligations

The following schedule is a summary of the long-term obligation transactions for the year ended June 30, 2015. The schedule also includes the current portion (due in one year or less) of the long-term obligations.

	Balance at July 1, 2014	Additions	Payments	Balance at June 30, 2015	Amount Due Within One Year
Governmental activities:					
Capital leases	\$ 15,044	\$ -	\$ 15,044	\$ -	\$ -
Compensated absences	58,206	-	58,206	-	-
Net pension liability	-	2,087,518	-	2,087,518	-
Total governmental activities	73,250	2,087,518	73,250	2,087,518	-
Business-type activities:					
Bonds payable	2,193,683	-	27,144	2,166,539	28,391
Capital leases	339,433	-	76,447	262,986	82,379
Compensated absences	7,488	-	7,488	-	-
Net pension liability	-	773,906	-	773,906	-
Total business-type activities	2,540,604	773,906	111,079	3,203,431	110,770
Total long-term liabilities	\$ 2,613,854	\$ 2,861,424	\$ 184,329	\$ 5,290,949	\$ 110,770

The individual bond issue is as follows:

Bond Issue	Issue Date	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding
Business-type activities:						
USDA - Water Revenue Bonds Series 2008	1/22/2009	\$ 2,300,000	4.50%	1/22/2049	\$ 2,230,544	\$ 2,166,539

The annual requirements to amortize all bonds outstanding at June 30, 2015, are scheduled below.

For the year ended June 30,	Principal	Interest	Total
2016	28,391	96,913	125,304
2017	29,695	95,609	125,304
2018	31,059	94,245	125,304
2019	32,486	92,818	125,304
2020	33,978	91,326	125,304
2021-2025	196,791	429,729	626,520
2026-2030	241,836	384,684	626,520
2031-2035	305,235	321,285	626,520
2036-2040	382,092	244,428	626,520
2041-2045	478,301	148,219	626,520
2046-2049	406,675	33,774	440,449
Total	\$ 2,166,538	\$ 2,033,031	\$ 4,199,569

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

The Town of Jonesboro records items under capital lease as a capital asset and an obligation in the accompanying financial statements. The cost of the water meters was \$820,513 less accumulated depreciation of \$527,583; the book value of the water meters is \$292,930.

The following schedule is a summary of the future minimum lease payments under capital leases, together with the present value of the minimum lease payments, as of June 30, 2015:

For the year ended June 30	Water Meters	Total
2016	\$ 94,000	\$ 94,000
2017	95,000	95,000
2018	95,936	95,936
Total Minimum Lease Payments	284,936	284,936
Less amounts representing interest	(21,950)	(21,950)
Present value of net minimum lease payments	\$ 262,986	\$ 262,986

## 8. Retirement Systems

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

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

#### *Plan Description*

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

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

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

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

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

For the year ended June 30, 2015, the Town's total payroll for all employees was \$949,752. Total covered payroll was \$443,307. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.



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

#### *Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2015, the actual employer contribution rate was 19.75% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town to the System monthly. The Town's contributions to the System under Plan A for the year ending June 30, 2015 were \$87,553.

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

At June 30, 2015, the Employer reported a liability of \$2,345,173 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Jonesboro's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.325443%, which was a decrease of 0.233895% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$69,158 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$246,635.

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 29,274
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	-	61,993
Changes in proportion and differences between employer contributions and proportionate share of contributions	483,292	-
Employer contributions subsequent to the measurement date	9,977	-
Total	<u>\$ 493,269</u>	<u>\$ 91,267</u>

The \$9,977 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2016	\$ 276,770
2017	276,770
2018	15,498
2019	15,498

## Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2014, as follows:

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.75%, net of investment expense
Projected salary increases	5.75% (3% inflation, 2.75% merit)
Mortality rates	RP-2000 Employee Table for active members
	RP-2000 Healthy Annuitant Table for healthy annuitants
	RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected remaining service lives	3 years for Plan A
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

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

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

	1.0% Decrease (6.75%)	Current Discount Rate (7.75%)	1.0% Increase (8.75%)
Employer's proportionate share of net pension liability	\$ 1,160,670	\$ 835,234	\$ 557,606

### *Plan Fiduciary Net Position*

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

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

### *Plan Description*

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

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

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

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

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

#### Hazardous Duty

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

#### Non Hazardous Duty

1. Any age with 30 years of creditable service.
2. Age 55 with 25 or more years of creditable service.
3. Age 60 with 10 or more years of creditable service.
4. After 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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

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

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

#### *Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2015, total contributions due for employers and employees were 41.50%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31.50% and 10.00%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 33% and 8%, respectively. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

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

At June 30, 2015, the Employer reported a liability of \$177,158 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Jonesboro's proportion of the Net Pension Liability was based on a projection of the Town of Jonesboro's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Town of Jonesboro's proportion was 0.028929%, which was an increase of 0.006226% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town of Jonesboro recognized pension expense of \$22,680 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$10,831.

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,387
Changes in assumption	-	37
Net difference between projected and actual earnings on pension plan investments	-	32,765
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,303	-
Employer contributions subsequent to the measurement date	-	4,809
Total	<u>\$ 37,303</u>	<u>\$ 39,998</u>

The \$4,809 reported as deferred inflows of resources related to pensions resulting from Town of Jonesboro contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended June 30:</u>		
2016	\$	1,118
2017		1,118
2018		1,118
2019		(10,240)

#### *Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2014 are as follows:

Valuation Date	June 30, 2014	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	7.5%, net of investment expense	
Inflation rate	3%	
Projected salary increases	Years of service	Salary growth rate
	1	10.00%
	2	6.00%
	3 – 19	4.30%
	20 – 29	5.50%
	30 and over	4.00%
Expected remaining service lives	4 years	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the

target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	52%	5.43%
Fixed income	20%	2.35%
Alternatives	23%	4.51%
Other	5%	4.07%
Totals	100%	4.82%
Inflation		3.25%
Expected arithmetic nominal return		8.07%

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

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

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

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$ 261,307	\$ 180,982	\$ 113,516

#### *Plan Fiduciary Net Position*

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

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

#### *Plan Description*

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

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

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

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

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

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

#### *Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2015, total contributions due for employers and employees were 39.25%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer and employee contribution rates for all members were 29.25% and 10.00%, respectively. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

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

At June 30, 2015, the Employer reported a liability of \$339,093 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Jonesboro's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.076682% which was an increase of 0.008948% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town of Jonesboro recognized pension expense of \$44,141 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$5,958.

At June 30, 2015, the Town of Jonesboro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,159
Changes in assumption	-	180
Net difference between projected and actual earnings on pension plan investments	-	24,229
Changes in proportion and differences between employer contributions and proportionate share of contributions	39,786	-
Employer contributions subsequent to the measurement date	-	4,036
Total	<u>\$ 39,786</u>	<u>\$ 35,604</u>

The \$4,036 reported as deferred inflows of resources related to pensions resulting from Town of Jonesboro contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2016	\$ (2,368)
2017	(2,368)
2018	(2,368)
2019	5,204
2020	5,202

#### *Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2014 is as follows:

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.5% per annum
Inflation rate	3.0% per annum
Projected salary increases	5.75% (3% inflation, 2.75% merit)
Mortality rates	Mortality assumptions were set after reviewing an experience study performed on plan data for the period July 1, 2004 through June 30, 2009. Pre and post-mortality life expectancies of participants based on the RP-2000 Healthy Annuitant Mortality Table, set back one year, for healthy annuitants and beneficiaries. RP-2000 Employee Mortality Table, set back one year, for active members RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Salary increases	Vary from 15.0% in the first two years of service to 5.5% after 14 years
Cost of Living Adjustments	Only those previously granted

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	24%	1.93%
Fixed income	51%	5.31%
Alternatives	15%	5.70%
Other	10%	3.81%
Totals	100%	4.69%
Inflation		3.25%
Expected arithmetic nominal return		7.94%

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all

projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

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

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

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$ 501,659	\$ 341,228	\$ 206,035

*Plan Fiduciary Net Position*

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

**9. On-Behalf Supplemental Pay**

Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$37,125 is recognized as intergovernmental revenue and public safety expenditures in the following departments:

Department	Amount
Police	\$ 13,375
Fire	23,750
Total	<u>\$ 37,125</u>

**10. Commitments and Contingencies**

**A. Litigation**

At June 30, 2015, the Town of Jonesboro is involved in several lawsuits. In the opinion of the Town of Jonesboro's legal counsel, the outcome of any remaining lawsuits will not materially affect the financial statements.

**B. Grants Receivable**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town of Jonesboro expects such amounts, if any, to be immaterial.

## 11. Ad Valorem Tax

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

Revenues from ad valorem taxes is recognized in the period for which taxes are levied, and, accordingly, taxes are budgeted in the year billed. The amount of taxes to be collected occurs in December 2014, and January and February, 2015. All property taxes are recorded in the general, special revenue, debt service, and capital projects funds. The Town of Jonesboro considers the date penalty and interest accrues (January 1, 2015) as the date an enforceable legal claim occurs for property taxes.

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

The schedule below summarizes the millage that was approved by the Board of Aldermen on July 15, 2014, and the millage that is the maximum millage that can be assessed without the approval of the voter of the Town of Jonesboro. For the year ended June 30, 2015 ad valorem taxes, three rates of taxes were levied on property within the corporate limits, as follows:

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

The difference between authorized and levied millages is the result of reassessments of taxable property required by Article 7, Section 18 (f) of the Louisiana Constitution of 1974. A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2009. Total assessed value was \$18,703,580 in calendar year 2014.

## 12. Related Party Transactions

There were no material related party transactions for the year ended June 30, 2015.

### 13. Sales and Use Tax

The voters of the Town of Jonesboro levied a one percent sales and use tax on April 1, 1980, to provide funds for any lawful activity of the Town of Jonesboro. In January of 1988, the taxpayers of the Town of Jonesboro levied an additional one percent sales and use tax for a period of 10 years commencing August 1, 1989. In July of 1998, the taxpayer of the Town of Jonesboro renewed the one percent sales and use tax for an additional 10 years commencing August 1, 1999. In July of 2008, the taxpayers renewed the one percent sales and use tax for an additional 10 year commencing August 1, 2009. The purpose of this tax is for the construction, maintenance, repair, and improvements of the Town of Jonesboro's streets.

### 14. Grants

The Town of Jonesboro received \$18,231 in LCDBG grant funds during the year, and the funds were part of a larger grant amount used to make improvements to the streets of the Town of Jonesboro. After receiving this amount, the Town closed out the 2012-2013 LCDBG project at a total cost of \$193,839. In addition, the Town received \$15,000 in contributions from the Jackson Parish Police Jury to be used at the Town's discretion.

### 15. Wastewater Treatment Facility Improvements

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

The expenses and debt forgiveness were as follows:

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

### 16. Risk Management

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

Premiums are assessed for members of the Louisiana Municipal Association annually, based on past experience of claims. The Agency services all claims for risk of loss to which the Town of Jonesboro is exposed and cannot assess additional amounts if losses exceed their premium (the covered risks are transferred to the Agency). Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town of Jonesboro. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were not significant reductions in insurance coverage during the year ended June 30, 2015.

## 17. Deficit Net Position

At June 30, 2015, a net position deficit of \$1,944,573 exists for the Town of Jonesboro (for the governmental activities, \$1,680,542 and for the business-type activities, \$264,031), resulting from the net pension liability that was accounted for according to GASB Statement 68. The liability is an estimate of the Town's proportionate share of the cost-sharing retirement plan for municipal employees, firefighters, and police. Please refer to Note 8 for a detailed explanation of the retirement plan.

## 18. Impact of Recently Issued Accounting Principles

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*. The objective of this Statement is to improve the usefulness of pension information in the general purpose financial reports of state and local governmental pension plans. This Statement replaces the requirements of Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts that meet certain criteria. GASB issued Statement 68, *Accounting for Financial Reporting for Pensions*, at the same time; in addition, GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB Statement No. 68*, is effective when GASB 68 is implemented. These three Statements are closely related and reference one another. Statement 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement 67, as well as for non-employer governments that have a legal obligation to contribute to those plans. GASB 71 amends paragraph 138 of GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. GASB 67 provisions do not impact the Town's current financial statements. GASB 68 and GASB 71 provisions have been implemented by the Town.

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

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

Issued in June of 2015, GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, aim to improve accounting and financial reporting for OPEB, resulting from a comprehensive review of the effectiveness of existing standards. The requirements of these Statements will improve financial reporting through enhanced note disclosures and schedules of RSI that will be presented by OPEB plans. These Statements establish standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures. GASB 74 is effective for years beginning after June 15,

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

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

#### **19. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 12, 2016, the date which the financial statements were available to be issued, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**



Town of Jonesboro  
Jonesboro, Louisiana

Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2015

	Original/Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Ad valorem	\$ 126,000	\$ 130,732	\$ 4,732
Sales taxes	825,000	840,426	15,426
Franchise tax	125,000	177,727	52,727
Other taxes	75,600	17,857	(57,743)
Licenses and permits	92,750	106,583	13,833
Charges for services	98,100	161,735	63,635
Intergovernmental	108,000	61,876	(46,124)
Rents and royalties	29,650	14,761	(14,889)
Interest earnings	1,500	189	(1,311)
Federal revenue	-	33,231	33,231
Miscellaneous revenue	19,700	10,111	(9,589)
Total revenues	<u>\$ 1,501,300</u>	<u>\$ 1,555,228</u>	<u>\$ 53,928</u>
<b>EXPENDITURES</b>			
Current:			
General government	\$ 809,345	\$ 633,523	\$ 175,822
Public safety	611,292	654,730	(43,438)
Public works	1,089,200	915,863	173,337
Capital outlay	-	35,343	(35,343)
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>2,509,837</u>	<u>2,239,459</u>	<u>270,378</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>			
	<u>(1,008,537)</u>	<u>(684,232)</u>	<u>324,305</u>
<b>OTHER FINANCING SOURCES (Uses):</b>			
Operating transfers	<u>940,000</u>	<u>413,078</u>	<u>526,922</u>
Total other financing sources (uses)	<u>940,000</u>	<u>413,078</u>	<u>526,922</u>
Net Changes in Fund Balances	(68,537)	(271,154)	851,227
FUND BALANCES - BEGINNING	<u>407,301</u>	<u>407,301</u>	<u>-</u>
FUND BALANCES - ENDING	<u>338,764</u>	<u>136,147</u>	<u>851,227</u>

The accompanying notes are an integral part of these statements.

Town of Jonesboro  
Jonesboro, Louisiana

Budgetary Comparison Schedule - Fire Ad Valorem Tax  
For the Year Ended June 30, 2015

	Original/Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Ad valorem	\$ 90,000	\$ 93,746	\$ 3,746
Interest earnings	-	97	97
Total revenues	<u>\$ 90,000</u>	<u>\$ 93,843</u>	<u>\$ 3,843</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>90,000</u>	<u>93,843</u>	<u>3,843</u>
<b>OTHER FINANCING SOURCES (Uses):</b>			
Operating transfers	<u>(90,000)</u>	<u>(99,679)</u>	<u>(9,679)</u>
Total other financing sources (uses)	<u>(90,000)</u>	<u>(99,679)</u>	<u>(9,679)</u>
<b>Net Changes in Fund Balances</b>	-	(5,836)	(5,836)
<b>FUND BALANCES - BEGINNING</b>	<u>34,827</u>	<u>34,827</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u><u>34,827</u></u>	<u><u>28,991</u></u>	<u><u>(5,836)</u></u>

The accompanying notes are an integral part of these statements.

Town of Jonesboro  
Jonesboro, Louisiana

Budgetary Comparison Schedule - Street Ad Valorem Tax  
For the Year Ended June 30, 2015

	Original/Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Ad valorem	\$ 90,000	\$ 92,209	\$ 2,209
Total revenues	<u>\$ 90,000</u>	<u>\$ 92,209</u>	<u>\$ 2,209</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>90,000</u>	<u>92,209</u>	<u>2,209</u>
<b>OTHER FINANCING SOURCES (Uses):</b>			
Operating transfers	<u>(90,000)</u>	<u>(150,871)</u>	<u>(60,871)</u>
Total other financing sources (uses)	<u>(90,000)</u>	<u>(150,871)</u>	<u>(60,871)</u>
<b>Net Changes in Fund Balances</b>	-	(58,663)	(58,663)
<b>FUND BALANCES - BEGINNING</b>	<u>59,831</u>	<u>59,831</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u><u>59,831</u></u>	<u><u>1,168</u></u>	<u><u>(58,663)</u></u>

The accompanying notes are an integral part of these statements.

Town of Jonesboro  
Jonesboro, Louisiana

Budgetary Comparison Schedule - Street Sales Tax  
For the Year Ended June 30, 2015

	Original/Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Sales taxes	825,000	840,426	15,426
Interest earnings	-	391	391
Total revenues	<u>\$ 825,000</u>	<u>\$ 840,817</u>	<u>\$ 15,817</u>
<b>EXPENDITURES</b>			
Current:			
Public works	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>825,000</u>	<u>840,817</u>	<u>15,817</u>
<b>OTHER FINANCING SOURCES (Uses):</b>			
Operating transfers	<u>(810,000)</u>	<u>(765,977)</u>	<u>44,023</u>
Total other financing sources (uses)	<u>(810,000)</u>	<u>(765,977)</u>	<u>44,023</u>
<b>Net Changes in Fund Balances</b>	15,000	74,839	59,839
<b>FUND BALANCES - BEGINNING</b>	<u>686,330</u>	<u>686,330</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u><u>701,330</u></u>	<u><u>761,170</u></u>	<u><u>59,839</u></u>

The accompanying notes are an integral part of these statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

Jonesboro, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Jonesboro, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Jonesboro's basic financial statements and have issued our report thereon dated February 12, 2016.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2015-1, 2015-3 through 2015-8 to be material weaknesses.

*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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2015-2 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Jonesboro's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2015-2 and 2015-8.

**Town of Jonesboro**

Jonesboro, Louisiana

Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance, etc.  
June 30, 2015

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

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

**Purpose of this Report**

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

BOSCH & STATHAM, LLC

*Bosch & Statham*

Jonesboro, Louisiana

February 12, 2016

# **SUPPLEMENTAL INFORMATION**

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses unqualified opinions on the financial statements of the governmental activities, business-type activities, and each major fund.
2. Seven material weaknesses and one significant deficiency were disclosed by the audit of the financial statements.
3. Two instances of noncompliance material to the financial statements of the Town of Jonesboro were disclosed in the audit of the financial statements.
4. The Town of Jonesboro did not expend more than \$500,000 in federal awards during the year ended June 30, 2015. Therefore, the Town is exempt from the requirements of the Single Audit Act.
5. A management letter was issued.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2015-1 Improper Treatment of Town Vehicles**

**Condition**

This finding was first reported in 2012. Town employees who drive Town vehicles are not maintaining activity logs as required by the Town's Ordinance. Logs were available for only two of the Town's approximately twenty vehicles that are not public safety vehicles.

**Criteria**

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

**Cause**

The cause is unknown.

**Effect**

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

**Recommendation**

We recommend that management enforce the Ordinance.

**Management's Response**

See management's corrective action plan.



**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

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**2015-2 Financial Statements Submitted after Due Date**

**Condition**

The audit report was submitted after the statutory due date.

**Criteria**

State law requires the Town to submit to the Louisiana Legislative Auditor audited financial statements within six months of year-end or December 31, 2015.

**Cause**

The external accountant requested additional time to make adjustments.

**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 the entity receiving no funds from the State until the entity is removed from the list.

**Recommendation**

We recommend that the books be adjusted and ready for audit no later than sixty days following year end.

**Management's Response**

See management's corrective action plan.

**2015-3 Police Tickets Not Adequately Tracked**

**Condition**

Records for police tickets do not provide a sufficient audit trail to ensure that all ticket numbers are accounted for and receipts for fines are deposited and properly posted.

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

**Criteria**

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

**Cause**

The cause is unknown.

**Effect**

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

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

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**Recommendation**

We recommend the following:

1. Ticket book purchases should be documented.
2. Ticket books should be numbered when they are received from the vendor at the police station.
3. A log book should be maintained to record who each book is issued to.
4. Officers should complete the log that is provided in the back of each ticket book.
5. All voided tickets should be retained.
6. All issued tickets should be promptly entered into the applicable software.
7. Payers should be required to bring their citation with them for payment. If they cannot locate the citation, the clerk should require them to visit the police station to obtain a copy to bring to Town Hall for payment.
8. Citation numbers should be recorded on each receipt.

**Management's Response**

See management's corrective action plan.

**2015-4 Cash Receipt Books Not Properly Maintained**

**Condition**

Prenumbered cash receipts were not used in order. We were unable to complete a routine test of cash receipts because it was nearly impossible to determine how many receipts were issued during the fiscal year. There was no reconciliation between the receipt books and deposits.

**Criteria**

Common procedures 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 cause is unknown.

**Effect**

We were unable to complete a cash receipts test or trace issued police tickets to payment. Cash receipts may be misposted causing a misstatement in the financial statements. The Town is at risk for fraud.

**Recommendation**

We recommend the following:

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

**Management's Response**

See management's corrective action plan.

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

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**2015-5 Bank Account Required by Debt Agreement Not Fully Funded**

**Condition**

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

**Criteria**

See Condition

**Cause**

The cause is unknown.

**Effect**

The Town is not in compliance with the debt agreement.

**Recommendation**

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

**Management's Response**

See management's corrective action plan.

**2015-6 Liability for Customer Deposits Exceeds Restricted Cash**

**Condition**

The liability for customer deposits exceeds the cash held in restricted bank accounts by \$74,271.

**Criteria**

Customer deposits are not available for spending.

**Cause**

The cause is unknown. It appears that there was an \$82,366 deduction in 2011 but the reason is unknown.

**Effect**

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

**Recommendation**

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

**Management's Response**

See management's corrective action plan.

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

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**2015-7 Utility Fund Accounts Receivable Includes Bad Debts**

**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 year end was \$255,746. The external accountant adjusted the amount in the control account to \$68,205, which appeared to be the sum of balances that were no more than sixty days old. 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.

**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**

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

**Effect**

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

**Recommendation**

We recommend the following:

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

**Management's Response**

See management's corrective action plan.

**2015-8 Noncompliance with Public Bid Law**

**Condition**

During our 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.

**Criteria**

Louisiana Revised Statute 38:2212.1 requires that the Town advertise for sealed bids for purchases of materials and supplies greater than \$30,000.

**TOWN OF JONESBORO  
JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

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**Cause**

The cause is unknown.

**Effect**

The Town did not comply with state law. The Town may have paid more for fuel than necessary.

**Recommendation**

We recommend that management ensure that the public bid law is followed when making any purchases.

**Management's Response**

See management's corrective action plan.

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

**2014-01 General Accounting**

**Initial Year of Reporting**

2008

**Status**

The condition was cleared.

**2014-02 Interagency Accounts (Transfers)**

**Initial Year of Reporting**

2011

**Status**

The condition was cleared.

**2014-03 Improper Treatment of Town Vehicles**

**Initial Year of Reporting**

2012

**Status**

The finding is repeated. See Finding 2015-01.

**2014-04 Safe Guarding of the Town's Assets**

**Initial Year of Reporting**

2014

**Status**

The condition was cleared.

Town of Jonesboro  
Jonesboro, Louisiana

Schedule of Compensation Paid Councilpersons  
For the Year Ended June 30, 2015

	<b>2014-2015</b>
Nia S. Evans	\$ 3,000
Devin R. Flowers	6,000
Janet Martin	3,000
Robbie A. Siadek	3,000
Aaron Stringer	3,000
LaStevie Cottonham	3,500
Samuel Lamkin	3,000
Charla Mason-Melton	3,500
Renee Stringer	3,500
Total	<u>\$ 31,500</u>

Town of Jonesboro  
Jonesboro, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2015

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

Town of Jonesboro  
Jonesboro, Louisiana

Schedule of Employer's Share of Net Pension Liability  
Municipal Employees' Retirement System  
For the Year Ended June 30, 2015

	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.325443%
Employer's proportionate share of the net pension liability (asset)	2,345,173
Employer's covered employee payroll	443,307
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	529.02%
Plan fiduciary net pension as a percentage of the total pension liability	76.94%

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, 2015

	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.028929%
Employer's proportionate share of the net pension liability (asset)	177,158
Employer's covered employee payroll	95,903
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	184.73%
Plan fiduciary net pension as a percentage of the total pension liability	75.10%

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

Town of Jonesboro  
Jonesboro, Louisiana

Schedule of Employer's Share of Net Pension Liability  
Firefighters' Retirement System  
For the Year Ended June 30, 2015

	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.076682%
Employer's proportionate share of the net pension liability (asset)	339,093
Employer's covered employee payroll	167,572
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee	202.36%
Plan fiduciary net pension as a percentage of the total pension liability	76.02%

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

Town of Jonesboro  
Jonesboro, Louisiana

Schedule of Employer Contributions  
Municipal Employees' Retirement System  
For the Year Ended June 30, 2015

	<u>2015</u>
Contractually required contribution	87,553
Contributions in relation to contractually required contribution	87,553
Contribution deficiency (excess)	-
Employer's covered employee payroll	443,307
Contributions as a percentage of covered employee payroll	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, 2015

	<u>2015</u>
Contractually required contribution	30,209
Contributions in relation to contractually required contribution	30,209
Contribution deficiency (excess)	-
Employer's covered employee payroll	95,903
Contributions as a percentage of covered employee payroll	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, 2015

	<u>2015</u>
Contractually required contribution	49,015
Contributions in relation to contractually required contribution	49,015
Contribution deficiency (excess)	-
Employer's covered employee payroll	167,572
Contributions as a percentage of covered employee payroll	29.25%

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

## MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the Town of Jonesboro, for the year ended June 30, 2015, we considered the Town's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving internal control that are presented for your consideration. This letter does not affect our report dated February 12, 2016, on the financial statements of the Town. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations. Our comments and management's responses are summarized as follows:

### **M2015-1 Purchase Orders Issued After Invoices**

#### **Comment**

Out of twenty-five disbursements tested, two disbursements did not require a purchase order and eight disbursements were supported by purchase orders that were issued after the invoice date. The purpose of purchase orders is to *authorize purchases before* an expense is incurred by the Town. The employee tasked with authorizing purchase orders should consider whether each purchase is allowable, necessary and reasonable, and included in the budget.

#### **Recommendation**

We recommend that employees be educated as to the objectives and purposes of purchasing procedures. A supervisor should periodically review purchases to ensure that procedures are being followed.

#### **Management's Response**

See management's corrective action plan.

### **M2015-2 Signature Needed Acknowledging Goods or Services Received**

#### **Comment**

Out of twenty-five disbursements examined, we determined that three disbursements did not require a signature. Of the twenty-two remaining disbursements, a signature was not present for four disbursements. Management should require that a responsible employee sign a packing slip or an invoice to confirm that the Town received the goods or services billed on each vendor invoice before payment is made to the vendor. The accounts payable clerk should not issue payment without the appropriate documentation including such signatures. Otherwise, the Town could pay for goods or services it has not actually received.

#### **Recommendation**

We recommend that a procedure be implemented to require responsible employees to sign for goods or services for which the Town is billed.

#### **Management's Response**

See management's corrective action plan.

### **M2015-3 Customer Refunds Not Reflected in Billing System**

#### **Comment**

To test the liability for customer deposits presented in the financial statements, we compared a detailed report from the billing system (subsidiary ledger) to the amount in the accounting system (control account). The billing system reported \$162,854.99 versus \$143,296.11 in the accounting system. The amount of total additions to deposits was only slightly different between the two systems. We selected eight customers that the accounting system indicated received refunds during fiscal year 2015. We searched for the customers on the billing system customer deposit report. None of the eight refunds were reflected on the system report. Based on the activity in both systems, the procedures described, and an analytical review, we concluded that the liability amount in the accounting system was likely the more accurate amount.

#### **Recommendation**

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

#### **Management's Response**

See management's corrective action plan.

### **M2015-4 Adjustments to Utility Fund Accounts Receivable**

#### **Comment**

We obtained a report of adjustments made to customer accounts during February 2015, June 2015, and July 2015 and requested support for each adjustment made. There were a total of twenty-five adjustments during those months. Out of the twenty-five adjustments, one adjustment was not supported by an approval, one adjustment was made to credit the customer for a penalty alleging she should not have been charged since she applied for a "hardship", one adjustment did not match the amounts on the approval form. It appears that the adjustment for the "hardship" status should not have been made. Based on Louisiana Attorney General Opinion Number 2015-0057, adjustments can be made to correct billing errors made by the Town or charges that are due to a problem on the Town's side of the meter. Any other adjustments appear to be a donation of public funds that is prohibited by the Louisiana Constitution Article VII Section 14.

#### **Recommendation**

We recommend the following:

1. Management should ensure that adjustments are only approved when allowed by law.
2. Each adjustment should be supported by a form detailing the reason for the adjustment, the amounts to be adjusted and including the signature of the Town Clerk and/or the Mayor.
3. The Mayor or his designee should review a report of adjustments monthly. The designee cannot be anyone involved in billing, collections, or other aspects of adjustments. The review should be documented.

#### **Management's Response**

See management's corrective action plan.

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**Town of Jonesboro**  
Jonesboro, Louisiana  
Management Letter,  
June 30, 2015  
Page 3 of 3

Our audit procedures are designed primarily to enable us to form opinions on the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jonesboro, as of and for the year ended June 30, 2015, which collectively comprise the School Board's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

Immediately following this letter is a Status of Prior year Management Letter. This information has not been audited by Bosch & Statham, LLC, and no opinion is issued. However, we did follow up on the prior year management letter and performed procedures to assess the reasonableness of the status of prior management letter comments prepared by management.

Also included are management's responses to our current year management letter comments. We have performed no audit work to verify the content of the responses.

This report is intended solely for the information and use of the management, Mayor Bradford, and members of the Board, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BOSCH & STATHAM, LLC

*Bosch & Statham*

Jonesboro, Louisiana  
February 12, 2016





## TOWN OF JONESBORO

**Mayor James E. Bradford**  
**Telephone: 318-259-2385**  
**Fax: 318-259-4177**

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

### Findings Response – Financial Statement Audit Internal Control and Compliance Findings

#### 2015-1 Improper Treatment of Town Vehicles

##### Management's Response:

Management for the Town of Jonesboro will be revisiting the ordinance and updating the logs for the use of the town vehicles. Mileage will be required at fill up on those that have a working odometer. Signature will be required at the time of fill up.

#### 2015-2 Financial Statements Submitted after Due Date

##### Management's Response:

The Financial Advisor will have the books adjusted and ready for audit no later than sixty days following year end.

#### 2015-3 Police Tickets Not Adequately Tracked

##### Management's Response:

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

#### 2015-4 Cash Receipt Books Not Properly Maintained

##### Management's Response:

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

#### 2015-5 Bank Account Required by Debt Agreement No Fully Funded

##### Management's Response:

Management and the Financial Advisor will arrange to fully fund the account.

2015-6 Liability for Customer Deposits Exceeds Restricted Cash

Management's Response:

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

2015-7 Utility Fund Accounts Receivable Includes Bad Debts

Management Response:

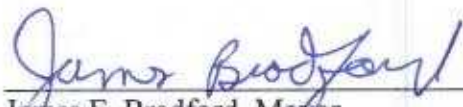
Management will discuss with the software technicians the proper way to retain history while accessing reports, correct the problem of incorrect aging in the billing system, and ensure that the subsidiary ledger in the billing system is reconciled to the control account in the general ledger on a monthly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

2015-8 Noncompliance with Public Bid Law

Management will comply with the state law and will bid for gas every six months for the rack price.

Management Letter Comments

We will implement the auditor's recommendations.

A handwritten signature in blue ink, appearing to read "James Bradford", is written over a horizontal line.

James E. Bradford, Mayor  
Town of Jonesboro