

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022**

TOWN OF JONESBORO
JONESBORO, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Dr. James "Spike" Harris, Mayor
And the Honorable Members of the Board of Aldermen
Town of Jonesboro
Jonesboro, Louisiana

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Jonesboro, Louisiana (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Qualified Opinion on the General Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Town, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-type Activities, the Special Revenue Funds (Street Ad Valorem Tax Fund, Fire Ad Valorem Tax Fund, Street Sales Tax Fund, American Rescue Plan Act Fund, and the LCDBG Fund), and the Utility Enterprise Fund.

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, the Special Revenue Funds (Street Ad Valorem Tax Fund, Fire Ad Valorem Tax Fund, Street Sales Tax Fund, American Rescue Plan Act Fund, and the LCDBG Fund), and the Utility Enterprise Fund, of the Town, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the General Fund

Management presented operating transfers between funds that do not balance. Accounting principles generally accepted in the United States of America (GAAP) require that interfund transfers be recorded when there is a flow of assets without equivalent flow of assets in return and without a requirement for repayment. GAAP requires transfers to be reported in the fund financial statements as other financing sources and uses. The sum of transfers out should agree to the sum of transfers in. Operating transfers exceed operating transfers out by \$289,950. The effect on revenues and expenditures could not be determined.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information (pages 49–52), schedules of employer's proportionate share of net pension liability (pages 53–55), and the schedules of employer contributions to pension plans (pages 56–58), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis and the Statement of Cash Flows that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Compensation Paid to Councilpersons and the Schedule of Compensation, Benefits, and other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation Paid to Councilpersons and the Schedule of Compensation, Benefits and other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC

Bosch & Statham, LLC

Ruston, Louisiana

September 30, 2023

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,410,004	\$ 466,670	\$ 1,876,674
Savings accounts	-	335,032	335,032
Receivables	438,460	178,275	616,735
Internal balances	(25,483)	25,484	1
Inventory of materials and supplies	85,752	-	85,752
Capital assets, net of accumulated depreciation	2,071,874	5,942,402	8,014,276
TOTAL ASSETS	3,980,608	6,947,863	10,928,471
DEFERRED OUTFLOWS			
Deferred charges	528,233	37,685	565,918
LIABILITIES			
Accounts, salaries, and other current payables	378,928	64,704	443,632
Noncurrent liabilities	139,360	1,938,219	2,077,579
Deposits	-	228,911	228,911
Net pension obligation	1,271,583	369,217	1,640,800
TOTAL LIABILITIES	1,789,871	2,601,051	4,390,922
DEFERRED INFLOWS			
Deferred revenue - unearned	1,305,556	124,756	1,430,312
NET POSITION			
Net investment in capital assets	1,932,514	4,004,184	5,936,698
Restricted	748,979	215,196	964,175
Unrestricted	(1,268,080)	40,362	(1,227,719)
TOTAL NET POSITION	\$ 1,413,413	\$ 4,259,741	\$ 5,673,154

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS		TOTAL
		CHARGES FOR SERVICES	OPERATING	CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
Governmental activities:							
General government	\$ 1,198,060	\$ 233,344	\$ 364,101	\$ -	\$ (600,615)		\$ (600,615)
Public safety	1,043,150	50,750	-	-	(992,400)		(992,400)
Highways and streets	1,109,565	-	-	-	(1,109,565)		(1,109,565)
Sanitation	257,537	260,975	-	521,608	525,046		525,046
Health and welfare	412	-	-	-	(412)		(412)
Recreation	10,189	2,650	-	-	(7,539)		(7,539)
Transportation	146,770	562	-	128,325	(17,884)		(17,884)
Interest expense	4,114	-	-	-	(4,114)		(4,114)
Total governmental activities	3,769,797	548,280	364,101	649,933	(2,207,483)		(2,207,483)
Business-type activities:							
Sanitation	479,723	444,723	44,334	-		9,334	9,334
Water system	1,107,856	630,402	-	-		(477,454)	(477,454)
Interest expense	88,132	-	-	-		(88,132)	(88,132)
Total business-type activities	1,675,710	1,075,124	44,334	-		(556,252)	(556,252)
Total primary government	\$ 5,445,507	\$ 1,623,405	\$ 408,435	\$ 649,933	(2,207,483)	(556,252)	(2,763,735)
General revenues:							
Property taxes					378,512	-	378,512
Sales and use taxes					2,189,673	-	2,189,673
Other taxes					178,262	-	178,262
Unrestricted investment earnings					167	12	179
Gain (loss) on sale of capital assets					1,806	-	1,806
Contributions and donations					15,660	-	15,660
Other					140,518	79,349	219,867
Transfers					(37,632)	327,582	289,950
Total general revenues and transfers					2,866,966	406,943	3,273,910
Change in net position					659,483	(149,309)	510,175
Net position at beginning of year					753,930	4,409,050	5,162,980
Net position at end of year					\$ 1,413,413	\$ 4,259,741	\$ 5,673,155

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022**

	General	Street Ad Valorem	Fire Ad Valorem	Street Sales Tax	American Rescue Plan	LCDBG	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 808,589	\$ 1,000	\$ 822	\$ 599,594	\$ -	\$ -	\$ 1,410,004
Receivables, net	114,071	-	-	101,623	-	222,766	438,460
Inventory - gas and oil	85,752				-	-	85,752
Due from other funds	-	-	-	135,692	527,399	-	663,091
TOTAL ASSETS	<u>\$ 1,008,412</u>	<u>\$ 1,000</u>	<u>\$ 822</u>	<u>\$ 836,908</u>	<u>\$ 527,399</u>	<u>\$ 222,766</u>	<u>\$ 2,597,307</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Current Liabilities:							
Accounts, salaries, and other current payables	\$ 156,162	\$ -	\$ -	\$ -	\$ -	\$ 222,766	\$ 378,928
Due to other funds	688,574	-	-	-	-	-	688,574
Total liabilities	<u>844,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,766</u>	<u>1,067,502</u>
Deferred inflows:							
Unearned	-	-	-	-	527,399	-	527,399
Fund balances:							
Restricted fund balances	-	1,000	822	836,907	(0)	-	838,730
Unassigned	163,676	-	-	-	-	-	163,676
Total fund balances	<u>163,676</u>	<u>1,000</u>	<u>822</u>	<u>836,907</u>	<u>(0)</u>	<u>-</u>	<u>1,002,406</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 1,008,413</u>	<u>\$ 1,000</u>	<u>\$ 822</u>	<u>\$ 836,907</u>	<u>\$ 527,399</u>	<u>\$ 222,766</u>	<u>\$ 2,597,307</u>

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Total Fund Balances - Governmental Funds	\$ 1,002,406
Total Net Position reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.	2,071,874
Some of the Town's revenues are not available to pay for the current period's expenditures and are not reported in the funds.	527,399
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Noncurrent portion of long-term liabilities	(1,410,943)
Deferred outflows of resources	528,233
Deferred inflows of resources	<u>(1,305,556)</u>
Net Position	<u><u>\$ 1,413,413</u></u>

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	General	Street Ad Valorem	Fire Ad Valorem	Street Sales Tax	American Rescue Plan	LCDBG	Total Governmental Funds
REVENUES							
Taxes:							
Ad valorem	\$ 163,699	\$ 107,406	\$ 107,406	\$ -	\$ -	\$ -	\$ 378,512
Sales and use	1,098,921	-	-	1,090,753	-	-	2,189,673
Other taxes							
Franchise	142,452	-	-	-	-	-	142,452
Other taxes	35,811	-	-	-	-	-	35,811
Licenses and permits:							
Business licenses and permits	205,141	-	-	-	-	-	205,141
Other licenses and permits	17,169	-	-	-	-	-	17,169
Intergovernmental:							
Federal grants	128,325	-	-	-	299,776	521,108	949,209
State grants	64,825	-	-	-	-	-	64,825
Local government payment in lieu of taxes	5,873	-	-	-	-	-	5,873
Charges for services	288,229	-	-	-	-	-	288,229
Fines	2,758	-	-	-	-	-	2,758
Investment earnings	167	-	-	-	-	-	167
Rents and royalties	34,983	-	-	-	-	-	34,983
Contributions and donations from private sources	15,660	-	-	-	-	-	15,660
Other revenues	49,129	-	415	-	-	-	49,544
Total revenues	<u>2,253,143</u>	<u>107,406</u>	<u>107,821</u>	<u>1,090,753</u>	<u>299,776</u>	<u>521,108</u>	<u>4,380,007</u>

EXPENDITURES

Current:

General government	832,635	(160)	-	-	299,776	-	1,132,251
Public safety	1,043,150	-	-	-	-	-	1,043,150
Highways and streets	948,098	-	-	-	-	-	948,098
Sanitation	257,537	-	-	-	-	-	257,537
Health	412	-	-	-	-	-	412
Recreation	10,189	-	-	-	-	-	10,189
Airport transportation	146,770	-	-	-	-	-	146,770
Debt service	48,793	-	-	-	-	-	48,793
Capital outlay	104,173	-	-	-	-	521,108	625,281
Total expenditures	<u>3,391,757</u>	<u>(160)</u>	<u>-</u>	<u>-</u>	<u>299,776</u>	<u>521,108</u>	<u>4,212,481</u>

**EXCESS (DEFICIENCY) OF REVENUES
OVER EXPENDITURES**

<u>(1,138,614)</u>	<u>107,566</u>	<u>107,821</u>	<u>1,090,753</u>	<u>(0)</u>	<u>-</u>	<u>167,526</u>
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OTHER FINANCING SOURCES (USES)

Interfund transfers in	2,204,729	(160)	-	-	-	-	2,204,569
Proceeds of general capital asset disposals	1,806	-	-	-	-	-	1,806
Proceeds from insurance	88,321	-	-	-	-	-	88,321
Interfund transfers out	<u>(1,025,971)</u>	<u>(107,406)</u>	<u>(107,821)</u>	<u>(1,001,002)</u>	<u>-</u>	<u>-</u>	<u>(2,242,201)</u>
Total other financing sources (uses)	<u>1,268,885</u>	<u>(107,566)</u>	<u>(107,821)</u>	<u>(1,001,002)</u>	<u>-</u>	<u>-</u>	<u>52,495</u>

Net change in fund balances	130,271	-	0	89,750	(0)	-	220,021
Fund balances at beginning of year	<u>33,406</u>	<u>1,000</u>	<u>822</u>	<u>747,157</u>	<u>-</u>	<u>-</u>	<u>782,385</u>
Fund balances at end of year	<u>\$ 163,676</u>	<u>\$ 1,000</u>	<u>\$ 822</u>	<u>\$ 836,907</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ 1,002,406</u>

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net change in Fund Balances - Governmental Funds \$ 220,021

Amounts reported for governmental activities in the Statement of Activities
are different because:

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

Depreciation (161,467)

Capital Outlay 625,281

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

Capital lease principal expense 28,163

Net pension liability decrease (increase) (52,515)

Change in net position of governmental activities \$ 659,483

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**PROPRIETARY FUND - UTILITY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

ASSETS

Current assets:

Cash and cash equivalents	\$ 466,670
Cash and cash equivalents - restricted	335,032
Receivables, net	178,275
Due from other funds	25,484
Total current assets	<u>1,005,461</u>

Noncurrent assets:

Capital assets, net of accumulated depreciation	<u>5,942,402</u>
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TOTAL ASSETS	<u><u>6,947,863</u></u>
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DEFERRED OUTFLOWS

Deferred outflows - pension related	<u>37,685</u>
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LIABILITIES

Current liabilities:

Accounts, salaries, and other payables	<u>64,704</u>
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Noncurrent liabilities:

Due within one year	38,998
Due in more than one year	1,899,221
Deposits	228,911
Net pension obligation	<u>369,217</u>
Total noncurrent liabilities	<u>2,536,347</u>

TOTAL LIABILITIES	<u><u>2,601,051</u></u>
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DEFERRED INFLOWS

Pension related	<u>124,756</u>
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NET POSITION

Net investment in capital assets	4,004,184
Restricted	215,196
Unrestricted	<u>40,362</u>
TOTAL NET POSITION	<u><u>\$ 4,259,742</u></u>

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**PROPRIETARY FUND - UTILITY FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Operating revenues:	
Water usage charges	\$ 630,402
Sanitation - sewerage charges	444,723
Total operating revenues	<u>1,075,124</u>
Operating expenses:	
Water system:	
Operating services	896,919
Depreciation expense	210,937
Total water system	<u>1,107,856</u>
Sanitation - sewerage collection and disposal:	
Personal services	222,066
Operating services	235,205
Materials and supplies	22,452
Total sanitation	<u>479,723</u>
Total operating expenses	<u>1,587,578</u>
Operating income (loss)	<u>(512,454)</u>
Nonoperating revenues (expenses):	
State grants - operating grants	44,334
Investment earnings	12
Other revenue	79,349
Interest - bonds	(88,132)
Total nonoperating revenue (expenses)	<u>35,564</u>
Income (loss) before transfers	<u>(476,890)</u>
Transfers in	331,432
Transfers out	(3,850)
Total transfers	<u>327,582</u>
Change in net position	(149,308)
Net position at beginning of year	4,409,050
Net position at end of year	<u>\$ 4,259,742</u>

TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

I. INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

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

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

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

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

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

C. Government-Wide Financial Statements

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

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

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

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

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

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

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.

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D. Fund Financial Statements

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

Governmental Funds

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

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets.

Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

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

The Town of Jonesboro reports the following major governmental funds:

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

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

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

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

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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 Funds

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

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

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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 had no amount in nonspendable funds for the year ended June 30, 2022.

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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.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town Council typically establishes commitments through the adoption and amendment of the budget. The Town did not have any committed funds for the year ended June 30, 2022.

Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town did not have any assigned funds for year ended June 30, 2022.

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 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, 2022, Governmental Funds' budgets were published in the official journal and made available for public inspection. A public hearing for the proposed budgets was held on May 11, 2021. The budgets were adopted June 8, 2021, but were vetoed by Mayor Thompson. The Council voted to override the veto on July 13, 2021, and the budget was adopted. The budgets were amended on September 21, 2021, and November 29, 2021.

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.

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H. Cash and Cash Equivalents

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

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

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

The Town of Jonesboro reports restricted assets on the Statement of Net Position, 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-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less.

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

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

J. Inventories

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

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K. Prepaid Expenses

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

L. Capital Assets

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

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

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 years
Portable Building	5-10 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 deferred outflows of resources are entirely due to the net pension liability, and they do not affect the governmental funds financial statements.

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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. The 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 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.

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Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

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

There are no compensated absences as of June 30, 2022.

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. 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, as well as all other outstanding balances between funds.

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

R. Estimates

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

2. Ad Valorem Taxes

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

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

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

The schedule below summarizes the millage that was approved by the Town Council on September 30, 2023, and the millage that is the maximum millage that can be assessed without the approval of the voter of the Town of Jonesboro. For Ad valorem taxes for the year ended June 30, 2022, three rates of taxes were levied on property within the corporate limits, as follows:

	Authorized Millage	Levied Millage
Constitutional	6.89	6.89
Operation and maintenance - fire protection	5.00	4.86
Operation and maintenance - streets	5.00	4.86

The difference between authorized and levied millages is the result of reassessments of taxable property required by Article 7, Section 18 (f) of the Louisiana Constitution of 1974. A revaluation of all property is required after 1978 to be completed no less than every four years. Total assessed value on the 2022 tax roll was \$22,053,360.

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3. Sales Tax

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

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

4. Cash and Cash Equivalents

At June 30, 2022, the Town of Jonesboro had cash and cash equivalents (book balances) totaling \$2,211,707. The following schedule shows the cash and cash equivalents by type:

Demand deposits	\$	808,590
Petty cash		3,600
Restricted cash		1,064,485
Time deposits		335,032
Total	\$	<u>2,211,707</u>

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

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at June 30, 2022. 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 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, 2022, the Town of Jonesboro had \$2,395,588 in deposits (collected bank balances). These deposits are secured from risk by \$750,000 of federal deposit insurance and \$1,645,588 of pledged securities. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Town of Jonesboro has complied with these requirements of state law.

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5. Investments

As stated above in Note 2, Cash and Cash Equivalents, investments are categorized to give an indication of the level of risk assumed by the Town. The Town has only certificates of deposit which are presented in cash and cash equivalents.

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

6. Receivables

The receivables of \$616,735 at June 30, 2022, are as follows:

	General	Street Sales Tax	LCDBG	Total Governmental Activities	Business-Type Activities
General sales and use	\$ 101,623	\$ 101,623	\$ -	\$ 203,246	\$ -
Federal government grants	-	-	222,766	222,766	-
Charges for services	12,448	-	-	12,448	178,275
Total	<u>\$ 114,071</u>	<u>\$ 101,623</u>	<u>\$ 222,766</u>	<u>\$ 438,460</u>	<u>\$ 178,275</u>

Management believes all receivables to be collectible; therefore, no allowance is recorded as of June 30, 2022.

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TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

7. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2022, is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Governmental Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 521,108	\$ -	\$ 521,108
Land	148,177	-	-	148,177
Total	<u>148,177</u>	<u>521,108</u>	<u>-</u>	<u>669,285</u>
Capital assets being depreciated:				
Land improvements	1,869,457	-	-	1,869,457
Buildings	922,006	-	-	922,006
Equipment and furniture	2,115,057	45,173	-	2,160,230
Vehicles	1,248,905	59,000	-	1,307,905
Total	<u>6,155,425</u>	<u>104,173</u>	<u>-</u>	<u>6,259,598</u>
Less accumulated depreciation:				
Land improvements	850,366	93,557	-	943,923
Buildings	863,858	7,530	-	871,388
Equipment and furniture	1,935,037	30,058	-	1,965,095
Vehicles	1,046,281	30,322	-	1,076,603
Total	<u>4,695,542</u>	<u>161,467</u>	<u>-</u>	<u>4,857,009</u>
Capital assets being depreciated, net	<u>1,459,883</u>	<u>(57,294)</u>	<u>-</u>	<u>1,402,589</u>
Capital assets, net	<u>\$ 1,608,060</u>	<u>\$ 463,814</u>	<u>\$ -</u>	<u>\$ 2,071,874</u>

TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

Business-type Activities:

Capital assets not being depreciated:

Construction in progress	\$ -	\$ -	\$ -	\$ -
Land	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Capital assets being depreciated:

Land improvements	-	-	-	-
Buildings	125,411	-	-	125,411
Equipment and vehicles	1,344,263	35,500	-	1,379,763
Water system	4,829,965	-	-	4,829,965
Sewer system	5,230,593	-	-	5,230,593
Total	<u>11,530,232</u>	<u>35,500</u>	<u>-</u>	<u>11,565,732</u>

Less accumulated depreciation:

Land improvements	-	-	-	-
Buildings	75,686	2,260	-	77,946
Equipment and vehicles	1,340,380	2,051	-	1,342,431
Water system	1,945,677	110,978	-	2,056,655
Sewer system	2,050,651	95,647	-	2,146,298
Total	<u>5,412,394</u>	<u>210,936</u>	<u>-</u>	<u>5,623,330</u>

Capital assets being depreciated, net	<u>6,117,838</u>	<u>(175,436)</u>	<u>-</u>	<u>5,942,402</u>
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Capital assets, net	<u>\$ 6,117,838</u>	<u>\$ (175,436)</u>	<u>\$ -</u>	<u>\$ 5,942,402</u>
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Depreciation expense for the year ended June 30, 2022, is \$161,467, charged to the following governmental functions:

Functional Allocation of Depreciation Expense

General government	\$ 72,660
Public safety	48,440
Highways and streets	40,367
Total	<u>\$ 161,467</u>

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FOR THE YEAR ENDED JUNE 30, 2022

8. Payables

The payables of \$220,866 at June 30, 2022, are as follows:

	Fund		
	General	Enterprise	Total
Accounts payable	\$ 118,991	\$ 64,704	\$ 183,695
Payroll liabilities	37,171	-	37,171
Total	<u>\$ 156,162</u>	<u>\$ 64,704</u>	<u>\$ 220,866</u>

9. Retirement Systems

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

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

Plan Description

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

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

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

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

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

For the year ended June 30, 2022, the Town of Jonesboro's total payroll for all employees was \$1,313,017. Total covered payroll was \$663,228. Covered payroll refers to all compensation paid by the Town of Jonesboro to active employees covered by the Plan.

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2022, the actual employer contribution rate was 29.50% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations. The Town of Jonesboro's contributions to the System under Plan A for the year ending June 30, 2022, were \$198,048. Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Jonesboro to the System monthly.

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

At June 30, 2022, the Town of Jonesboro reported a liability of \$931,614 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021, 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, 2021, the Town's proportion was 0.334932%, which was an increase of 0.023983% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town of Jonesboro recognized pension expense of \$412,746 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$495,227. Total pension expense for the Town of Jonesboro for the year ended June 30, 2022, was \$109,069.

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JONESBORO, LOUISIANA
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At June 30, 2022, the Town of Jonesboro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,594	\$5,168
Changes in assumptions	13,075	-
Net difference between projected and actual earnings on pension plan	224,546	-
Changes in employer's proportion of beg NPL	30,712	23,326
Differences between employer and proportionate share of contributions	-	-
Subsequent measurement contributions	-	-
Total	\$269,727	\$28,494

The \$269,927 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:

2023	\$81,092
2024	31,169
2025	21,488
2026	107,683
Total	241,432

TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021, are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.95%
Inflation rate	2.50%
Salary increases, including inflation and merit increases	1 to 4 years of service - 6.4% More than 4 years of service - 4.5%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNE-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	53%	2.33%
Public fixed income	38%	16.67%
Alternatives	9%	0.40%
Totals	100%	19.40%
Inflation		2.60%
Expected arithmetic nominal return		22.00%

TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town of Jonesboro's proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the Town of Jonesboro's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.95%) or one percentage-point higher (7.95%) than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer's proportionate share of net pension liability \$	1,379,769 \$	931,614 \$	553,086

Plan Fiduciary Net Position

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

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

Plan Description

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

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

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

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

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

Hazardous Duty

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

Non-Hazardous Duty

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

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

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

For the year ended June 30, 2022, the Town of Jonesboro's total payroll for all employees was \$1,313,017. Total covered payroll was \$77,353. Covered payroll refers to all compensation paid by the Town of Jonesboro to active employees covered by the Plan.

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2022, the actual employer contribution rate was 29.75%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer and employee contribution rates for all members hired prior to January 1, 2013, and Hazardous Duty members hired after January 1, 2013, were 33.75% and 10.00%, respectively. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

TOWN OF JONESBORO
JONESBORO, LOUISIANA
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Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Employer reported a liability of \$391,108, for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021, 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, 2021, the Town of Jonesboro's proportion was 0.073371%, which was an increase of 0.033263% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Town of Jonesboro recognized pension expense of \$49,333 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$75,130). Total pension expense for the Town of Jonesboro for the year ended June 30, 2022, was \$25,797.

At June 30, 2022, 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	\$4,240	\$7,007
Changes in assumptions	29,655	6,394
Net difference between projected and actual earnings on pension plan	153,486	-
Changes in employer's proportion of beg NPL	202,219	66,444
Differences between employer and proportionate share of contributions	-	-
Subsequent measurement contributions	-	-
Total	\$389,600	\$79,845

The \$389,600 reported as deferred outflows 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	
2023	\$66,241
2024	132,952
2025	30,052
2026	80,510

TOWN OF JONESBORO
JONESBORO, LOUISIANA
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Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021, are as follows:

Valuation Date	June 30, 2021	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	6.95%, net of investment expense	
Inflation Rate	2.50%	
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>	
Projected Salary Increases	Years of Service	Salary Growth Rate
	1-2	12.30%
	Above 2	4.70%
Expected Remaining Service Lives	4 years	
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2014, through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality. The best estimates of the arithmetic rates of return for each major asset class included in the System's target allocation as of June 30, 2021, are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	49%	3.08%
Fixed income	34%	0.54%
Alternatives	18%	1.02%
Other	-%	-%
Totals	100%	5%
Inflation		2.55%
Expected arithmetic nominal return		7.55%

Discount Rate

The discount rate used to measure the total pension liability was 6.950%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town of Jonesboro's proportionate share of the net pension liability calculated using the discount rate of 6.950%, as well as what the Town of Jonesboro's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.950%) or one percentage-point higher (7.950%) than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer's proportionate share of net pension liability	\$1,203,433	\$370,691	\$572,592

TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

Plan Fiduciary Net Position

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

C. Firefighters' Retirement System of Louisiana (System)

Plan Description

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

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

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

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

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

For the year ended June 30, 2022, the Town's total payroll for all employees was \$1,313,017. Total covered payroll was \$208,945. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2022, total contributions due for employers and employees were 35.75%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer and employee contribution rates for all members were 32.25% and 10.00%, respectively. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

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

At June 30, 2022, the Town of Jonesboro reported a liability of \$605,762 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021, 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, 2021, the Town's proportion was 0.085908% which was an increase of 0.011868% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Town of Jonesboro recognized pension expense of \$72,776 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$29,087). Total pension expense for the Town for the year ended June 30, 2022, was \$43,687.

At June 30, 2022, 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	\$3,621	\$28,552
Net difference between projected and actual earnings on pension plan	137,221	-
Changes in assumptions	49,950	-
Changes in employer's proportion of beg NPL	110,927	30,556
Differences between employer and proportionate share of contributions	-	-
Subsequent measurement contributions	-	-
Total	\$301,719	\$59,108

Any amount 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:

2023	\$48,211
2024	51,869
2025	38,466
2026	95,326
2027	13,212
2028	(4,473)

TOWN OF JONESBORO
JONESBORO, LOUISIANA
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Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021, are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
Inflation Rate	2.50%
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases (in 2019, salary increases ranged from 14.75% in the first two years of service to 4.50% with 25 or more years of service)
Mortality rates	<p>For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.</p> <p>For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.</p> <p>For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.</p> <p>In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.</p>

TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2021. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long-term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2021 and 2020 from the System's actuary. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2021, and June 30, 2020, are summarized in the following tables:

Asset Class		Target Allocation	Long-Term Expected Real Rate of Return
Equity	US Equity	26%	5.72%
	Non-US Equity	12%	6.24%
	Global Equity	10%	6.23%
	Emerging Market Equity	6%	8.61%
Fixed Income	US Core Fixed Income	26%	1.00%
	Emerging Market Debt	5%	3.40%
Multi-Asset Strategies	Global Tactical Asset Allocation	-%	4.22%
	Risk Parity	-%	4.22%
Alternatives	Real Estate	6%	4.20%
	Private Equity	9%	10.29%
Total			100%

TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town of Jonesboro's proportionate share of the net pension liability calculated using the discount rate of 6.90%, 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 (5.9%) or one percentage-point higher (7.9%) than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer's proportionate share of net pension liability \$	610,210 \$	318,078 \$	74,444

Plan Fiduciary Net Position

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

TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

10. On Behalf Supplemental Pay

Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$36,000 is recognized as intergovernmental revenue and public safety expenditures in the following departments:

Department	Amount
Police	\$12,000
Fire	24,000
Total	\$36,000

11. Commitments and Contingencies

A. Litigation

At June 30, 2022, the Town of Jonesboro is involved in several lawsuits. In the opinion of the Town of Jonesboro's legal counsel, the outcome of any remaining lawsuits will not materially affect the financial statements.

B. Grants Receivable

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

12. Long-Term Obligations

The following schedule is a summary of the long-term obligation transactions for the year ended June 30, 2022. The schedule also includes the current portion (due in one year or less) of the long-term obligations.

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

TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 167,523	\$ -	\$ (28,163)	\$ 139,360	\$ 29,350
Net pension liability	<u>1,784,625</u>	<u>20,417</u>	<u>(533,459)</u>	<u>1,271,583</u>	<u>-</u>
Total	<u>1,952,148</u>	<u>20,417</u>	<u>(561,622)</u>	<u>1,410,943</u>	<u>29,350</u>
Business-type activities:					
Bonds payable	1,975,391	-	(37,172)	1,938,219	38,998
Net pension liability	<u>443,639</u>	<u>-</u>	<u>(74,422)</u>	<u>369,217</u>	<u>-</u>
Total	<u>2,419,030</u>	<u>-</u>	<u>(111,594)</u>	<u>2,307,436</u>	<u>38,998</u>
Total long-term obligations	<u>\$ 4,371,178</u>	<u>\$ 20,417</u>	<u>\$ (673,216)</u>	<u>\$ 3,718,379</u>	<u>\$ 68,348</u>

The individual bond issue is as follows:

<u>Bond Issue</u>	<u>Issue Date</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
Business-type Activities:						
USDA - Water Revenue Bonds Series 2008	1/22/2009	\$ 2,300,000	4.5%	1/22/1949	\$ 1,472,355	\$ 1,975,391

The Town of Jonesboro records items under capital lease as a capital asset and an obligation in the accompanying financial statements. The cost of the 2018 Ford F550 9' Mini Pumper was \$105,000 and the entire cost was financed by Government Capital Corporation at an interest rate of 4.725% for 10 years. Lease payments are due on November 23 annually.

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 2004 American LaFrance 500 Gallon tankers was \$121,054, and \$100,895 of the cost was financed by Government Capital Corporation at an interest rate of 3.97% for five years. Lease payments are due on February 3 annually.

TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

The annual requirements to amortize all bonds and leases outstanding at June 30, 2022, are scheduled below.

For the Year Ended June 30th	Business-type Activities			Governmental Activities		
	Bonds			Leases		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 38,998	\$ 86,306	\$ 125,304	\$ 29,350	#####	\$57,471
2024	40,666	84,638	125,304	30,588	4,883	35,471
2025	42,534	82,770	125,304	31,878	3,592	35,470
2026	44,488	80,816	125,304	11,076	2,247	13,323
2027	46,532	78,772	125,304	11,600	1,723	13,323
2028-2032	266,841	359,679	626,520	24,869	1,776	26,645
2033-2037	333,792	292,728	626,520	-	-	-
2038-2042	418,003	208,517	626,520	-	-	-
2043-2047	523,185	103,335	626,520	-	-	-
2048-2049	183,180	6,661	189,841	-	-	-
Total	<u>\$ 1,938,219</u>	<u>\$ 1,384,222</u>	<u>\$ 3,322,441</u>	<u>\$ 139,361</u>	<u>#####</u>	<u>#####</u>

13. Grants

Program	Description	Revenues	Expenditures	Federal Expenditures
Airport Imp.	Obstruction removal	\$ 128,325	\$ 128,325	\$ 128,325
ARPA	American Rescue Plan Act	299,776	299,776	299,776
LCDBG	Sewer site improvements	521,108	521,108	521,108
	Total federal	<u>949,209</u>	<u>\$ 949,209</u>	<u>\$ 949,209</u>
LGAP		18,850		
	Fire Insurance Rebate	17,673		
	Police Supplemental Pay	12,000		
	Firefighters Supplemental Pay	24,000		
LGAP	Imp. to Cynthia and Terrell lift stations	25,484		
	Other State	<u>11,152</u>		
	Total state	<u>109,159</u>		
	Other Local	<u>5,873</u>		
	Totals	<u>\$ 1,064,241</u>		

TOWN OF JONESBORO
JONESBORO, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

14. Risk Management

The Town of Jonesboro is exposed to various risks 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 no significant reductions in insurance coverage during the year ended June 30, 2022.

15. Deficit Net Position

At June 30, 2022, an unrestricted net position deficit of \$1,227,719 exists for the Town of Jonesboro (for the governmental activities, \$1,268,080, offset by the business-type activities, \$40,362), 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 plans.

16. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 30, 2023, and determined that one event occurred that requires disclosure. On November 8, 2022, a new Mayor was elected who took office on January 6, 2023. The audit of these financial statements was not completed by December 31, 2022, as required by state law. No subsequent events occurring after September 30, 2023, have been evaluated for inclusion in these financial statements.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes:				
Ad valorem	\$ 152,000	\$ 152,000	\$ 163,699	\$ 11,699
Sales and use	1,050,000	1,050,000	1,098,921	48,921
Franchise	130,000	130,000	142,452	12,452
Penalties and interest on delinquent taxes	250	250	-	(250)
Licenses and permits:				
Business licenses and permits	97,500	97,500	205,141	107,641
Other licenses and permits	-	-	17,169	17,169
Intergovernmental:				
Federal grants	662,000	662,000	128,325	(533,675)
State grants	-	-	64,825	64,825
Local government payment in lieu of taxes	12,000	12,000	5,873	(6,127)
Charges for services	340,300	340,300	288,229	(52,071)
Fines	55,500	55,500	2,758	(52,742)
Investment earnings	-	-	167	167
Rents and royalties	40,150	40,150	34,983	(5,167)
Contributions and donations from private sources	-	-	15,660	15,660
Other revenues	-	-	49,129	49,129
Total revenues	<u>2,539,700</u>	<u>2,539,700</u>	<u>2,217,332</u>	<u>(322,368)</u>
EXPENDITURES				
Current:				
General government	885,830	885,830	832,635	53,195
Public safety	1,197,690	1,197,690	1,043,150	154,540
Highways and streets	1,296,347	1,296,347	948,098	348,249
Sanitation	305,000	305,000	257,537	47,463
Cemeteries	1,500	1,500	-	1,500
Health	-	-	412	(412)
Recreation	26,500	26,500	10,189	16,311
Airport transportation	110,800	110,800	146,770	(35,970)
Debt service	-	-	48,793	(48,793)
Capital outlay	-	-	104,173	(104,173)
Total expenditures	<u>3,823,667</u>	<u>3,823,667</u>	<u>3,391,757</u>	<u>431,910</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,283,967)</u>	<u>(1,283,967)</u>	<u>(1,174,425)</u>	<u>109,542</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	-	2,204,729	2,204,729
Proceeds of general capital asset disposals	-	-	1,806	1,806
Interfund transfers out	-	-	(1,025,971)	(1,025,971)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,268,885</u>	<u>1,268,885</u>
Net change in fund balances	<u>(1,283,967)</u>	<u>(1,283,967)</u>	<u>94,460</u>	<u>1,378,427</u>
Fund balance at beginning of year	<u>134,159</u>	<u>134,159</u>	<u>33,406</u>	<u>(100,753)</u>
Fund balance at end of year	<u>\$ (1,149,808)</u>	<u>\$ (1,149,808)</u>	<u>\$ 127,866</u>	<u>\$ 1,277,674</u>

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE - STREET AD VALOREM FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$107,406	\$ 107,406
Total revenues	-	-	107,406	107,406
EXPENDITURES				
Current:				
General government	-	-	(160)	160
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	107,566	107,566
OTHER FINANCING SOURCES (USES)				
Interfund transfers out	-	-	(107,406)	(107,406)
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	1,000	1,000
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>1,000</u>

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE - FIRE AD VALOREM FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$107,406	\$ 107,406
Other revenues	-	-	415	415
Total revenues	-	-	107,821	107,821
OTHER FINANCING SOURCES (USES)				
Interfund transfers out	-	-	(107,821)	(107,821)
Net change in fund balances	-	-	0	0
Fund balances at beginning of year	-	-	822	822
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 822</u>	<u>822</u>

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE - STREET SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$107,406	\$ 107,406
Other revenues	-	-	415	415
Total revenues	-	-	107,821	107,821
OTHER FINANCING SOURCES (USES)				
Interfund transfers out	-	-	(107,821)	(107,821)
Net change in fund balances	-	-	0	0
Fund balances at beginning of year	-	-	822	822
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 822</u>	<u>822</u>

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED OF JUNE 30, 2022**

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.310949%	0.344175%	0.328520%	0.288100%	0.284821%	0.259739%	0.325444%
Employer's proportionate share of the net pension liability (asset)	\$ 1,344,360	\$ 1,438,191	\$ 1,378,233	\$ 1,205,244	\$ 1,167,399	\$ 927,828	\$ 835,235
Employer's covered employee payroll	\$ 628,236	\$ 589,676	\$ 607,693	\$ 523,205	\$ 508,788	\$ 443,307	\$ 530,325
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	213.99%	243.90%	226.80%	230.36%	229.45%	209.30%	157.49%
Employer's proportion of the net pension liability (asset)	64.52%	64.68%	63.94%	62.49%	62.11%	66.18%	73.99%

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

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED OF JUNE 30, 2022**

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.040108%	0.072350%	0.069455%	0.060219%	0.049137%	0.035852%	0.028929%
Employer's proportionate share of the net pension liability (asset)	\$ 370,691	\$ 657,059	\$ 587,177	\$ 525,737	\$ 460,552	\$ 280,860	\$ 180,981
Employer's covered employee payroll	\$ 183,719	\$ 225,943	\$ 204,943	\$ 179,772	\$ 137,645	\$ 95,903	\$ 81,307
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	201.77%	290.81%	286.51%	292.45%	334.59%	292.86%	222.59%
Employer's proportion of the net pension liability (asset)	70.94%	71.01%	71.89%	70.08%	66.04%	70.73%	75.10%

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

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FIREFIGHTERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED OF JUNE 30, 2022**

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.074040%	0.062552%	0.060359%	0.059324%	0.077495%	0.078851%	0.076682%
Employer's proportionate share of the net pension liability (asset)	\$ 513,212	\$ 391,695	\$ 347,190	\$ 340,036	\$ 506,887	\$ 425,569	\$ 341,228
Employer's covered employee payroll	\$ 183,662	\$ 151,178	\$ 143,703	\$ 138,515	\$ 174,733	\$ 167,572	\$ 155,770
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	279.43%	259.10%	241.60%	245.49%	290.09%	253.96%	219.06%
Employer's proportion of the net pension liability (asset)	72.61%	73.96%	74.76%	73.55%	68.16%	72.45%	76.02%

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

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED OF JUNE 30, 2022**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$195,650	\$174,335	\$153,315	\$150,404	\$119,029	\$100,486	\$ 87,553
Contributions in relation to required contributions	\$195,650	\$174,335	\$153,315	\$150,404	\$119,029	\$100,486	\$ 87,553
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$663,228	\$628,236	\$589,676	\$607,693	\$523,205	\$508,788	\$443,307
Contributions as a percentage of covered employee payroll	29.50%	27.75%	26.00%	24.75%	22.75%	19.75%	19.75%

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED OF JUNE 30, 2022**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 75,555	\$ 57,976	\$ 72,866	\$ 63,029	\$ 57,078	\$ 40,605	\$ 30,209
Contributions in relation to required contributions	\$ 75,555	\$ 57,976	\$ 72,866	\$ 63,029	\$ 57,078	\$ 40,605	\$ 30,209
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 196,238	\$ 182,003	\$ 225,943	\$ 204,970	\$ 179,772	\$ 137,645	\$ 95,903
Contributions as a percentage of covered employee payroll	38.50%	31.85%	32.25%	30.75%	31.75%	29.50%	31.50%

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED OF JUNE 30, 2022**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 72,605	\$ 51,152	\$ 40,063	\$ 38,082	\$ 34,975	\$ 47,615	\$ 49,015
Contributions in relation to required contributions	\$ 72,605	\$ 51,152	\$ 40,063	\$ 38,082	\$ 34,975	\$ 47,615	\$ 49,015
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 225,131	\$ 183,662	\$ 151,178	\$ 143,703	\$ 138,515	\$ 174,733	\$ 167,572
Contributions as a percentage of covered employee payroll	32.25%	27.85%	26.50%	26.50%	25.25%	27.25%	29.25%

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF COMPENSATION PAID COUNCILPERSONS
FOR THE YEAR ENDED OF JUNE 30, 2022**

Devin R. Flowers	\$ 8,200
James W. Ginn	8,200
Nia E. Johnson	8,200
Robbie A. Siadek	8,200
Aaron Stringer	8,200
Total	<u>\$ 41,000</u>

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED OF JUNE 30, 2022**

Salary	\$ 60,000
Medicare	837
Retirement	17,640
Health insurance	8,678
Workers' compensation insurance	3,356
Travel	173
Reimbursements	197
Total	<u>\$ 90,881</u>

**TOWN OF JONESBORO
JONESBORO, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
Other Programs:			
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Office of the Governor, Division of Administration:			
Community Development Block Grant	14.228	2000562601	\$ 521,108
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program	20.106	N/A	128,325
UNITED STATES DEPARTMENT OF THE TREASURY			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	299,776
Total other programs			<u>949,209</u>
Total federal expenditures			<u>\$ 949,209</u>

Notes:

General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Jonesboro as defined in Note 1 to the financial statements. All federal award programs received directly from federal agencies, as well as federal awards through other government agencies, are included on the schedule.

Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts in or used in the preparation of the financial statements.

Indirect Cost Rate

The Town has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



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 Harris, Mayor
and Honorable 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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor; the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Jonesboro, Louisiana (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated September 30, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-009, 2022-010, 2022-011, 2022-012, and 2022-013 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-005, 2022-006, 2022-008, and 2022-010.

The Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Town of Jonesboro
Jonesboro, Louisiana
Independent Auditor's Report on Financial Statements
For the Year Ended June 30, 2022

Purpose of This Report

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

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana
September 30, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Jonesboro, Louisiana's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Jonesboro's major federal program for the year ended June 30, 2022. The Town of Jonesboro's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Jonesboro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Jonesboro and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Jonesboro's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Jonesboro's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Jonesboro's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Jonesboro's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Jonesboro's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Jonesboro's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Jonesboro's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana

September 30, 2023

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

I. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Town of Jonesboro, Louisiana, (the Entity) were prepared in accordance with GAAP.
2. Eleven material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. Four instances of noncompliance material to the financial statements of the Entity, which are required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No management letter was issued.

II. FINDINGS

The following should be considered when reading the findings:

1. It should be noted that the audit period began July 1, 2021, and ended June 30, 2022.
2. The contracted accountant withdrew their services as of March 2022 due to alleged actions of Mayor Leslie Thompson.
3. The report was due to the Louisiana Legislative Auditor on December 31, 2022.
4. Mayor Leslie Thompson's term ended December 31, 2022.
5. Mayor James "Spike" Harris' term began January 2023.
6. The majority of the audit data requested by the auditor was provided to the auditor after December 31, 2022.

2022-001 Noncompliance with Public Bid Law

First reported

2015

Type

Noncompliance

Condition

Since the 2015 audit, we have reported a finding for failure to comply with the bid law with respect to the purchase of fuel. For the 2021 audit, we requested an opinion from the Town Attorney. He was unable to state that the Town has complied with the bid law.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

Criteria

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

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

Cause

Management believed that the fact that the vendor owns the dispensing equipment meant that bids were not required.

Effect

It appears that 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. In unusual circumstances, legal counsel should be consulted. If considered necessary, an Attorney General opinion should be requested.

Management’s Response

See management’s corrective action plan.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

2022-002 Failure in Internal Control Over Purchasing

First reported

2016

Type

Material Weakness

Condition

We selected twenty-five disbursements haphazardly. Current management was not in office during the audit period. Therefore, they were searching through records that they inherited.

Eight out of twenty-five disbursements were not supported by an invoice or other documentation. Documentation for eight out of twenty-five disbursements should have included evidence that a responsible employee acknowledged receipt of the goods or services. Two out of eight such disbursements did not include such evidence. One out of twenty-five checks were not signed by anyone but still cleared the bank.

Excluding certain types of transactions and certain recurring transactions, we also selected disbursements for each fund that were greater than a selected threshold based on the fund's expenditure level. We selected a total of four disbursements. "Not applicable" is marked if we were unable to test an attribute because an invoice could not be found. Below is a summary of the results of the test:

	Not Applicable	No Exception	Exception	Total
Supported by invoice or other documentation	0	2	2	4
Supported by documentation of the receipt of goods or services	2	1	1	4
Properly authorized	2	2	0	4
Properly classified	2	2	0	4
Check signed by authorized personnel	0	4	0	4

One of the checks was issued for \$82,463, to a contractor for an "emergency repairs to water well 5". Although the check follows policy, the policy is not adequately designed as it does not address emergency situations, thresholds for larger payment amounts, nor the proper order of purchasing steps. The purchase order provided was dated after the expense was incurred. The invoice from the vendor shows a "verbal" purchase order from an employee authorizing the work. The purchase order was not created until 5 business days after the invoice date.

Criteria

Basic internal control procedures include: 1) Requiring a purchase order prior to incurring expenses on behalf of the Town and 2) Requiring signatures to document goods or services were received and 3) Requiring signatures by authorized personnel on all checks. The Town's purchasing policy requires: 1) Purchase orders to be obtained with the Mayor's signature and filed with the invoice and 2) Invoices to be signed by a responsible employee.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

Cause

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

Effect

The Town did not comply with its own policies. Unauthorized purchases could be made. The Town could pay for goods or services that it did not receive.

Recommendation

We recommend:

1. That employees be reminded of the policies and their purposes.
2. That employees be notified that policies will be enforced.
3. That checks to vendors are not prepared or signed if the documentation is not appropriate.

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

Management's Response

See management's corrective action plan.

2022-003 Overtime Pay

First reported

2016

Type

Material Weakness

Condition

The payment of overtime appears to be excessive.

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

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

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

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

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

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

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

During fiscal year 2021, 35 of approximately 57 employees employed during the year received overtime and/or double time. We noted 5 of the Town's employees surpassed 2,550 hours worked during the year. The total overtime/double time worked did decrease 7% from the prior year while total compensation decreased 6%. Personnel expenses in the Utility Fund increased from \$518,563 to \$619,450, or 19% from 2020.

During fiscal year 2022, 145 employees were compensated, 56 employees received compensation for 4,448 overtime hours; 3 employees received compensation for 257 double time hours. Total compensation was \$1,493,568, including \$97,926 for the sum of overtime and double time compensation.

Criteria

Overtime pay is generally limited to those instances when it is imperative that work be performed outside of regular work hours. Basic internal control practices include requiring pre-authorization to work overtime and monitoring of overtime costs by a supervisory employee to minimize it where possible.

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

Cause

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

Effect

The Town may have paid more than necessary to provide services because hours did not need to be paid at overtime rates or the work did not need to be performed after hours. Excessive amounts of overtime cost generally mean that the staff is too small, there are inefficiencies, and/or there is abuse and/or fraud.

Recommendation

We recommend that management evaluate payroll costs in relation to workload and needs. Controls should be revised to ensure that overtime is authorized before it is incurred and approved before it is paid. Supervisors should ensure that work is properly prioritized to prevent employees from working overtime unless it is necessary. Additionally, we recommend that management consider using seasonal and part-time workers. These workers would earn at regular rates as opposed to 150% of regular pay rates.

Management's Response

See management's corrective action plan.

2022-004 Utility Billing Procedures

First reported

2016

Type

Material Weakness

Condition

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

- We inquired of the Town Clerk, various employees, vendors, and customers regarding meter reading and billing procedures. We were told by multiple sources that the meters are not read and that bills arrive too late for customers to pay on time.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

- We selected a sample of four meters to locate and read to compare to the last billed reading. We read three out of four meters. Town employees could not locate the fourth meter. None of the three readings were consistent with the previous billed readings. One of the four meters was for a commercial lawn watering system, yet the billed consumption has not fluctuated since January 2016. Beginning May 1, 2014, the customer was billed 110,000 gallons for three months, 117,000 for one month, 108,000 for one month, 106,000 for two months, 105,000 for two months, 100,000 for five months, 102,000 for four months, 103,000 for two months, then 102,000 from January 1, 2016, through April 1, 2018 (28 months).
- We inspected the meter reader's records. He records readings in a notebook. It appeared that readings are only documented for cutoffs and similar situations, not for regular readings. There are approximately 2,000 customers on the system. It seems that it would be physically impossible for one person to read the meters in time to submit the readings to the Clerk to be entered for billing.
- We reviewed selected customer account histories. We noted that the billed consumption was the same for many months and sometimes years.
- The Town Clerk demonstrated how she fills out a screen in the billing software to enter a reading for every customer in the system. This task was given as a significant reason given for the Clerk's need for overtime. However, sources tell us that the outsourced billing service can bill the previous reading by instruction alone. Entering the amounts for every customer does not appear to be necessary.
- We noted through interviews with various customers and others that bills were often mailed to customers after the standard billing date. Management blamed the outsourced billing service. It appears that the fault lies with the Town not notifying the outsourced billing service to proceed with billing in a timely manner. This seems especially odd since none of the meters are being read. We were initially told that meters were being read manually. Later we were told that the meters were being read on a rotation basis whereby all meters were read every couple of months. The Town Clerk ultimately admitted that the meters were not being read and that the Mayor was aware that they were not being read.

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

We did not identify any significant improvements for the fiscal year 2019, 2020, 2021, or 2022 audits.

Criteria

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

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

Cause

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

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

Effect

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

Recommendation

We recommend that management devise a plan to begin reading meters every month even if the meters have to be read manually. Meters that are not working properly must be replaced as soon as possible.

Management's Response

See management's corrective action plan.

2022-005 Noncompliance with Budget Act

First reported

2016

Type

Material Weakness, Noncompliance

Condition

For 2021, we noted the following exceptions:

1. According to the minutes, the 2021 budgets were adopted June 2020. There were no amendments. We noted no budget message. The minutes of meetings did not reflect a budget hearing.
2. Per the Budgetary Comparison schedule:
 - a. The Fire Ad Valorem Special Revenue Fund budget did not include transfers out of \$100,877.
 - b. The Street Ad Valorem Special Revenue Fund budget did not include transfers out of \$100,501.
 - c. The Street Sales Tax Revenue Fund budget did not include transfers out of \$772,507.

For 2022, we noted the following exceptions:

1. The minutes concerning budget actions were difficult to follow.
2. The budget was introduced before the beginning of the fiscal year but was vetoed by the former mayor. The veto was overridden after the year began.
3. According to the minutes, the 2022 budgets were adopted July 2022.
4. We noted no budget message.
5. The minutes of meetings did not reflect a budget hearing.
6. No budgets were adopted for the three special revenue funds.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

Criteria

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

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

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

Cause

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

Effect

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

Recommendation

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

Management’s Response

See management’s corrective action plan.

2022-006 Financial Statements Issued After Due Date

First reported

2016

Type

Material Weakness, Noncompliance

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

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.

Cause

See other findings.

Effect

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

Recommendation

We recommend the following:

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

Management's Response

See management's corrective action plan.

2022-007 Lack of Segregation of Duties in Collections

First reported

2017

Type

Material Weakness

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

Condition

During the years ended June 30, 2017, through 2022, some employees performed incompatible duties. The acting Town Clerk received collections from the cashiers, prepared the deposits, took the deposit to the bank, and prepared the daily summary of collections at town hall. The tax collector prepared tax bills, collected tax payments, posted tax payments in the tax software, and managed the tax sale. Additionally, during fiscal year 2017-2018, due to a fiscal year 2016 audit finding, the police chief moved collections of fines from town hall to the police department. A better segregation of duties is achieved when collections are at town hall since the police department writes citations and accounts for citation numbers. Collections were moved back to town hall beginning 2022.

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

Criteria

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

Cause

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

Effect

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

Recommendation

Our 2017 recommendation read as follows:

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

In the prior year, the outside accountant had taken over some of the duties such as posting deposits, paying vendors, and processing payroll. As of June 30, 2022, some of those duties were back inside town hall.

Management’s Response

See management’s corrective action plan.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

2022-008 Omitted Supplementary Information Required by State Law

First reported

2021

Type

Noncompliance

Condition

The Justice System Schedules were not included with the financial statements.

Criteria

Per the LLA's website:

"Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) requires the Louisiana Legislative Auditor (LLA) and the Louisiana Supreme Court (LSC) to develop a uniform reporting format for local and state entities that assess, collect, or receive revenue from pre- or post-adjudication costs, fines, and fees. The uniform reporting format must include, at a minimum, the amounts of all pre- and post-adjudication court costs, fines, and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed; and the amounts received from disbursements."

"To satisfy the requirements of the Act, the LLA and LSC have developed two reporting schedules (Schedules) to be included in audit reports, review/attest reports, and compilation reports. Schedules are not required for Justices of the Peace or Constables, nor are they required if the entity does not have any amounts to report (i.e., blank schedules are not required).

These Schedules must be included in reports submitted by entities with a December 31, 2020, or later fiscal year end. The Schedules are considered to be Supplementary Information, requiring an in-relation opinion for audit reports, and must be completed on the cash basis. All amounts on the Schedules should be entered as positive numbers.

Each Schedule includes two six-month columns to allow the LLA to reconcile between collecting/disbursing and receiving entities with different fiscal year ends. The two six-month columns should reflect each six months of the entity's fiscal year activities (e.g. a December 31, 2020 fiscal year end report should include columns reflecting January 1, 2020 through June 30, 2020 and July 1, 2020 through December 31, 2020, respectively."

Cause

Management was unable to provide the required information to the accountant in time to prepare the schedules for inclusion in the audited financial statements. Management considers it most important to submit the financial statements to the LLA since they were due December 31, 2022.

Effect

It appears that the Town did not comply with state law.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

Recommendation

See the recommendation under 2022-006.

Management's Response

See management's corrective action plan.

2022-009 Accounting Errors

First reported

2022

Type

Material Weakness

Condition

Entries were made to correct the following errors:

1. General ledgers for individual funds did not balance. The amounts required to balance the funds were:
 - a. General Fund - \$837,153
 - b. Street Ad Valorem Fund - \$216
 - c. Fire Ad Valorem Fund - \$139,776
 - d. Street Sales Tax Fund - \$789,337
 - e. Utility Fund - \$91,744
2. Beginning equity did not agree to prior audited financial statements by the following amounts:
 - a. General Fund - \$753,786
 - b. Street Ad Valorem Fund - \$160
 - c. Fire Ad Valorem Fund - \$415
 - d. Street Sales Tax Fund - \$1,079,831
 - e. Utility Fund - \$326,619
3. Prior year accrual balances had not been reversed
4. Errors were made in classifying revenue
5. Donated vehicles worth \$15,000 were not recorded in revenue and expenditures
6. Two transfers of funds of \$95,692, recorded with a date of 6/7/22 that did not occur until 7/7/22
7. Transfer was not recorded to reflect that the General Fund paid \$35,500 for a tractor and loader for the utility fund
8. Utility Fund (Enterprise Fund) capital asset additions of \$79,000 were recorded as expenses.
9. Earned revenue of \$299,776 not recognized.

Criteria

Generally accepted accounting standards set forth requirements for recognition of revenues and expenditures and the presentation of financial statements for local governments.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

Cause

The administration allegedly failed to cooperate with the accounting firm and committed acts that caused the firm to disengage from the Town in approximately March 2022. The former Town Clerk was not trained to perform the bookkeeping on her own. Therefore, the books were not properly reviewed and corrected. The former administration left office without ensuring that the audit was completed or even ensuring that the bookkeeping was complete. The report was due to the LLA on December 31, 2022.

Effect

The report was not submitted to the LLA as required by the state audit law. The audit could not be completed without proper closure of the Town's books.

Recommendation

As of the date of the auditor's report, the Town has again engaged the CPA firm to assist with bookkeeping and prepare financial statements. We recommend that a CPA firm be continuously engaged for consultation and to oversee the bookkeeping and the preparation of monthly and annual financial statements.

Management's Response

See management's corrective action plan.

2022-010 Capital Assets – Lack of Controls

First reported

2022

Type

Material Weakness, Noncompliance

Condition

Former Mayor Leslie Thompson is alleged to have used magnetic placards on the Mayor's car owned by the town to conceal when the car was being used for personal reasons. Mayor Thompson is also alleged to have used the vehicle for personal out of state travel.

There is no licensed CDL driver for Town vehicles.

The depreciation schedule does not include sufficient information (such as make, model, year, and serial number) to allow for identification when items need to be removed from the depreciation schedule.

Some vehicles were not properly registered and/or insured.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

Criteria

LRS 24:515 B (1), *Accounts of offices, boards, commissions, agencies, and departments; records of general fixed assets* states the following:

B.(1) The head of every auditee subject to examination and audit under the provisions of R.S. 24:513(A) shall maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable. The records shall include information as to the date of purchase of such property or equipment, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed of. When ascertaining the exact cost, exact selling price, or any other relevant information on property or equipment obtained prior to January 1, 1980, creates a hardship on the auditee, such agency may provide estimates of the information. The records shall be made available to the legislative auditor or, when the audit is conducted by a certified public accountant, the certified public accountant, at the time of examination and audit of the auditee, or any such time as the legislative auditor or certified public accountant requests the copies of such records be furnished. The records shall not include office supplies. Said records shall be used as one of the criteria in determining the rating which the auditee will be given.

(2) The records required to be maintained by Paragraph (1) hereof for state government shall be prepared on forms and conform to procedures developed and established by the division of administration in accordance with the Administrative Procedure Act. . Article VII, Section 14, prohibits the donation of public property or the use of such property.

Common accounting practice includes including sufficient information on the depreciation schedule to allow management to physically track the asset and to properly record disposal of the asset.

Cause

The former administration did not design or follow proper a proper internal control system to prevent errors and ensure proper accounting and prevention of noncompliance with state law.

Effect

Assets were not properly accounted for and were at risk for theft and misuse. Mayor Harris was unable to determine whether all assets were still present. Some vehicles were not properly registered and insured.

Recommendation

Management performed a thorough physical inventory during our audit fieldwork. We recommend the following:

1. Adjust the depreciation schedule to the physical inventory.
2. Audit titles and insurance coverage to ensure that all vehicles are properly registered and insured.
3. Evaluate written policies and procedures to ensure they are properly designed.
4. Communicate requirements, policies and procedures to appropriate personnel.

Management's Response

See management's corrective action plan.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

2022-011 No Fraud or Theft Bond or Insurance Policy

First reported

2022

Type

Material Weakness, Compliance

Condition

The Town had no fraud or theft bond or insurance policy to cover fraud or theft in effect as of June 30, 2022.

Criteria

The Statewide Agreed-Upon Procedures require us to test that there is such coverage. Having such coverage is a best practice.

Cause

We could not determine why there was no coverage.

Effect

The Town is at risk for loss of funds.

Recommendation

Per the LLA's FAQs, "there is no specified minimum amount in Louisiana law; however, the political subdivision should ensure that any bond is good and sufficient.

Factors the political subdivision should consider in setting a surety bond amount include, but are not limited to:

- The amount of money the employee will handle;
- The likelihood of fraud, waste, and abuse given the internal controls in place;
- The amount of insurance coverage for any potential loss, if any, and the amount such deductible; and
- The level of material impact any potential risk of loss would have on the financial position/stability of the political subdivision.

The political subdivision should consult with its legal counsel and its insurer to review the various factors applicable to their situation and risks of loss. Any policy developed requiring such bond, should generally be adopted through ordinance.."

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

Management's Response

See management's corrective action plan.

2022-012 Bills Paid Late

First reported

2022

Type

Material Weakness

Condition

As of June 30, 2022, the Town's accounts payable including the following amounts that were past due:

1. Garbage pickup – May and June service - \$35,014
2. Electricity - \$75,597

Criteria

Best practices include paying costs in a timely manner. Failing to do so indicates poor internal control and/or poor financial condition.

Cause

Based on comparison to prior years and the budget, it appears that overspending was causing cash flow shortages.

Effect

The Town may be overspending which increases the risk that other issues will develop including inability to provide services, vendors refusing credit and a shortage of employees.

Recommendation

We recommend that management consider the budget as a critical tool for determining when spending is possible. All bills for critical services must be paid on time.

Management's Response

See management's corrective action plan.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF AUDIT RESULTS AND SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

2022-013 Authorized Pay Not Properly Documented

First reported

2022

Type

Material Weakness

Condition

Current management could not find evidence of authorized pay for 3 out of 5 employees tested.

Criteria

When employees are hired, management should document their starting rate of pay as approved by authorized personnel. Changes in rates should be documented in the same manner. The documentation serves as authorization for the payroll clerk to establish the payroll rate. The lack of documentation could lead to errors in actual pay and makes it impossible to audit.

Cause

It is not clear why the documentation was not readily available.

Effect

Employees may have been over or underpaid.

Recommendation

We recommend that written policies and procedures be evaluated and revised to include proper procedures to authorize and document salaries and pay rates.

Management's Response

See management's corrective action plan.

**TOWN OF JONESBORO
JONESBORO, LOUISIANA**

**SUMMARY OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

2021-001 Noncompliance with Public Bid Law

Status

Repeated as Finding 2022-001.

2021-002 Failure in Internal Control Over Purchasing

Status

Repeated as Finding 2022-002.

2021-003 Overtime Pay

Status

Repeated as Finding 2022-003.

2021-004 Utility Billing Procedures

Status

Repeated as Finding 2022-004.

2021-005 Noncompliance with Budget Act

Status

Repeated as Finding 2022-005.

2021-006 Financial Statements Issued After Due Date

Status

Repeated as Finding 2022-006.

2021-007 Lack of Segregation of Duties

Status

Repeated as Finding 2022-007

2021-008 Bank Balances at One Bank were Not Fully Covered by FDIC and Pledged Securities

Status

Cleared

2021-009 Omitted Supplementary Information Required by State Law

Status

Repeated as Finding 2022-008.



TOWN OF JONESBORO

Dr. James "Spike" Harris, Mayor
Telephone: 318-259-2385
Fax: 318-259-4177

September 30, 2023

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

Bosch & Statham, LLC
Post Office Box 2377
Ruston, Louisiana 71273-2377

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period **July 1, 2021, through June 30, 2022**, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We acknowledge that we are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; non-payroll disbursements; credit/debit/fuel/purchasing cards; travel and travel-related expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas (should be customized by entity, as applicable).

Yes ☒ No ☐

2. For the fiscal period **July 1, 2021, through June 30, 2022**, the C/C areas were administered in accordance with the best practices criteria presented in the SAUPs.

Yes ☒ No ☐

3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.

Yes ☒ No ☐

4. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.

Yes ☒ No ☐

5. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.

Yes ☒ No ☐

6. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between **June 30, 2022, and December 20, 2022**. September 30, 2023.

Yes ☒ No ☐

7. We represent that the listing of bank accounts for the fiscal period that we provided to you is complete. We also represent that we have identified and disclosed to you our main operating account.
- Yes ☒ No ☐
8. We represent that the listing of deposit sites for the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
9. We represent that the listing of collection locations for the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
10. We represent that the listing of locations that process payments for the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
11. We represent that the non-payroll disbursement transaction population for each location that processes payments for the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
12. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, that we provided to you is complete.
- Yes ☒ No ☐
13. We represent that the listing of all travel and travel-related expense reimbursements during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
14. We represent that the listing of all agreements/contracts (or active vendors) for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
15. We represent that the listing of employees/elected officials employed during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
16. We represent that the listing of employees/officials that received termination payments during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
17. We represent that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines during the fiscal period.

Yes ☒ No ☐

18. We represent that the listing of bonds/notes issued during the fiscal period that we provided to you is complete.

Yes ☒ No ☐

19. We represent that the listing of bonds/notes outstanding at the end of the fiscal period that we provided to you is complete.

Yes ☒ No ☐

20. We represent that the listing of misappropriations of public funds and assets during the fiscal period that we provided to you is complete.

Yes ☒ No ☐

21. We are not aware of any material misstatements in the C/C areas identified in the SAUPs.

Yes ☒ No ☐

22. We have disclosed to you any matters we are aware of that are related to the matters listed above or to compliance with state laws.

Yes ☒ No ☐

23. We have responded fully to all inquiries made by you during the engagement.

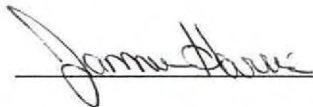
Yes ☒ No ☐

24. We have disclosed to you all known events that have occurred subsequent to **June 30, 2022**, that would have a material effect on the C/C areas identified in the SAUPs, or would require adjustment to or modification of the results of the agreed-upon procedures.

Yes ☒ No ☐

The previous responses have been made to the best of our belief and knowledge.

Signature

_____

Title

Mayor_____

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of the Town of Jonesboro, Louisiana, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021, through June 30, 2022. The Town of Jonesboro's management is responsible for those C/C areas identified in the SAUPs.

The Town of Jonesboro (Entity) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021, through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

We obtained and inspected the written policies and procedures.

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

We noted no exceptions.

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

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

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

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

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

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

- e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

The Town's policy does not adequately address all the required elements.

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

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

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

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

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

We noted no exceptions.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The Town's policy does not include any of the required elements.

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

Noted no policy.

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

Noted no policy.

- l) Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No sexual harassment policy was noted.

Board or Finance Committee

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

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

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

We noted the board met at least monthly.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁷, and semi-annual budget-to-actual, at a minimum, on all special revenue funds⁷. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁸ if those public funds comprised more than 10% of the entity's collections during the fiscal period.

We noted none of the minutes had any reference or included monthly budget-to-actuals.

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

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

Bank Reconciliations

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

The current Town Clerk asked us to use the list in our audit workpapers. We obtained management's representation that the listing is complete. We identified the main operating account as the "Control Account". We randomly selected 4 additional accounts for testing and selected the month of June 2022 for testing.

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

None of the reconciliations selected were prepared within 2 months of the related statement date.

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

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

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

Three of the selected reconciliations showed reconciling items. Due to the lack of dates associated with those items, we were unable to determine the age of the items.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites¹¹ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Current management (since January 2023) did not provide a listing of deposit sites. To our knowledge, funds were primarily collected at town hall. For a portion of the year, the police department may have collected fines.

5. For each deposit site selected, obtain a listing of collection locations¹² and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

All deposit sites were selected. We obtained the cash receipts journal. We obtained and inspected written policies and procedures.

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

Management asserted that employees do not share cash drawers.

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

Employees responsible for collecting cash are not responsible for preparing/making bank deposits.

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

Employees responsible for collecting cash are not responsible for posting collection entries to the general ledger. Cashiers use the utility billing system to enter collections, so they do enter collections into the subsidiary ledger.

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

The employees responsible for collecting cash are not responsible for reconciling.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Per the current Town Clerk's inquiry of the Town's insurance agency, the prior administration did not renew the theft insurance policy. Therefore, there was no policy in effect at June 30, 2022.

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

We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (selecting the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selecting a deposit if multiple deposits are made on the same day). We obtained supporting documentation for 9 of the 10 deposits. Management was unable to provide support for 1 deposit.

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

We noted no exceptions.

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

We noted no exceptions.

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

We noted no exceptions.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

We noted no exceptions.

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

We noted 2 deposits were not posted to the general ledger.

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

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

Current management could not provide a listing. We are familiar with past practices.

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

There was one location.

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

We did not receive a listing. We noted no exception in the policies.

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

We did not receive a listing. We noted no exception in the policies.

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

We did not receive a listing. This issue was not addressed in the policies.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

We did not receive a listing. This issue was not addressed in the policies.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

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

We obtained the population and management's that it is complete. We selected 5 disbursements.

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Current management was unable to provide 2 out of 5 invoices. We noted no exceptions on 3 out of 5 disbursements.

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

Such evidence was not required for 1 disbursement. Current management could not provide backup for 2 out of 5 disbursements. We noted no exceptions for 2 out of 5 disbursements.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹³. Obtain management's representation that the listing is complete.

We obtained a listing of all cards and management's representation that the listing is complete.

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

We randomly selected 5 cards from the list. We randomly selected 1 month for each card.

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

We observed the statements that were available. Current staff were unable to locate 1 out of 5 statements. The 4 available statements appeared to be reviewed as evidenced by marks and initials. However, the initials were illegible in some cases.

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

We observed finance charges on 3 out of 4 statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)¹⁴. For each transaction, observe it is supported by

Using the monthly statements, we scheduled and tested all transactions for a total of 26. Two out of 3 statements included less than 10 charges.

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

We observed that there were itemized receipts for all transactions. However, 1 receipt presented as support did not match the statement.

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

There was no documentation of business purpose for 4 out of 26 charges.

(3) documentation of the individuals participating in meals (for meal charges only)

There were no meals charges in the tested transactions.

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

For the 1 receipt that did not match the statement, there was a handwritten notation that the difference was a "gift card" for 88 cents.

Travel and Travel-Related Expense Reimbursements¹⁵ (excluding card transactions)

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

We obtained the general ledgers for all funds, identified travel expense accounts, selected a sample of five reimbursements, and requested related documentation.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

One out of five reimbursements agreed to the GSA rate. One out of the remaining four reimbursements was less than the GSA rate. The other three reimbursements were made at a rate above the GSA rate.

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

Two of the five reimbursements appeared to be reimbursed using actual cost. One of the two was not supported by invoices or receipts.

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

One of the five reimbursements included documentation of the business purpose. Two of the five reimbursements included meals. Neither of the reimbursements for meals included the names of individuals participating in the meals but both appeared to be for one person.

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

We noted no exceptions.

Contracts

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

Current management (took office January 2023) provided a listing but was unable to include term dates and execution dates.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁶ (e.g., solicited quotes or bids, advertised), if required by law.

We could prepare a listing of vendors from the general ledger but we could not ascertain whether the vendors have contracts that meet the criteria for testing.

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

We could not complete this procedure for reasons stated above.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

We could not complete this procedure for reasons stated above.

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

We could not complete this procedure for reasons stated above.

Payroll and Personnel

16. Obtain a listing of employees and officials¹⁷ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained a listing of employees/officials. We selected a sample and obtained the related information. We could not agree the paid rate to the authorized rate for three out of five employees.

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

For the sample selected, we obtained the attendance and leave records for our selected pay period.

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

We noted no exceptions.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

We noted no evidence of supervisor's approval for one out of five employees.

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

Management could not provide the cumulative leave record thus we were unable to observe if leave changes were reflected on the records.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

For two out of five employees, we could not agree the rate paid to evidence of the authorized rate.

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

Management asserted that, to the best of their knowledge, no terminations were paid. The current administration took office in January 2023.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Current management indicated that the former administration left office with unpaid payroll taxes. Associated forms had not been filed on time as evidenced by notices from the IRS and the State of Louisiana.

Ethics

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

We obtained available ethics documentation from management.

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

We observed that the documentation demonstrated that one of the five employees completed the required training.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

We noted no such policy change.

Debt Service

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

Management did not provide a listing.

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

Management did not provide a listing.

Fraud Notice

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

Management did not provide a listing.

24. Observe the entity has posted, on its premises²¹ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management did not provide a listing.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

We performed the procedure and discussed the results with management.

26. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

27. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

28. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No documentation was provided for any of the selected employees. A new administration began in January 2023.

30. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

We noted no such policy posted or on the website.

31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

Current management was unable to provide the report.

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

We were engaged by the Entity to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana
September 30, 2023



TOWN OF JONESBORO

Dr. James "Spike" Harris, Mayor
Telephone: 318-259-2385
Fax: 318-259-4177

October 2, 2023

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

Management Response: Non-compliance with public bid law 2022-001

Corrective Action Plan

Upon thorough investigation and careful consideration of the violations, we have developed a comprehensive corrective action plan to address the issues at hand and prevent future occurrences. This plan aims to ensure compliance with the public bid law and regain the trust and confidence of all stakeholders involved. The key elements of our corrective action plan for the public bid law are as follows:

1. Immediate Actions:

- Cease any ongoing violations immediately.
- Initiate a temporary suspension of any activities related to public bids until compliance is fully restored.
- Notify all relevant parties, including internal stakeholders and external entities affected by the violations, about the corrective measures being implemented.

2. Process Improvement:

- Review and revise internal policies, procedures, and protocols to align with the requirements of the public bid law.
- Establish clear guidelines and standardized processes for conducting public bids, ensuring transparency, fairness, and equal opportunities for all participants.
- Strengthen internal controls and oversight mechanisms to prevent similar violations in the future.

3. Training and Education:

- Provide comprehensive training programs to all employees involved in the public bid process, emphasizing their responsibilities, legal obligations, and the importance of compliance.
- Engage external experts or legal counsel to conduct specialized training sessions to enhance employees' understanding of public bid law and its implications.

4. Monitoring and Compliance:

- Implement a robust monitoring system to regularly assess compliance with the public bid law.
- Conduct internal audits and reviews to evaluate adherence to the revised policies and procedures.

- Reinforce reporting mechanisms to encourage employees to report any potential violations promptly and without fear of retaliation.

5. Corrective Measures:

- Apply appropriate disciplinary actions against individuals responsible for the violations, in accordance with company policies and applicable laws.
- Collaborate with legal advisors to determine any necessary restitution or remedies required by the affected parties.
- Establish a corrective action tracking system to ensure the timely completion of all necessary remedial actions.

6. Communication and Transparency:

- Maintain open lines of communication with all stakeholders, providing regular updates on the progress of the corrective action plan.
- Foster a culture of transparency and accountability within the organization, encouraging employees to uphold the highest standards of ethics and compliance.

We understand the seriousness of these violations and are fully committed to rectifying the situation. Our goal is to prevent the recurrence of such violations and rebuild trust among all parties involved. We will diligently implement this corrective action plan, monitor its effectiveness, and make any necessary adjustments along the way.

MANAGEMENT RESPONSE: Failure in internal control over purchasing 2022-002

To effectively manage internal control of purchasing and ensure compliance with the required purchase orders, signatures, and proper filing, here is a corrective action plan:

- 1. We will start by reviewing our current purchasing policies and procedures.** Ensure they clearly outline the steps and controls required for each purchasing transaction, including the use of purchase orders, required signatures, and proper filing.
- 2. Communicate Expectations:** Communicate the updated policies and procedures to all relevant employees involved in the purchasing process. Emphasize the importance of adhering to the controls and the role they play in maintaining internal control.
- 3. Training and Education:** Provide training sessions or workshops to educate employees on a newly implemented online purchasing system (Procurify) and the correct use of purchase orders, obtaining authorized signatures, and the importance of filing them with invoices. This will help ensure everyone understands the processes and their responsibilities.
- 4. Purchase Order System:** Implement a purchase order system (Procurify) that requires authorized personnel to approve and generate purchase orders. This system should track and record details such as the vendor, quantity, price, and authorized signatures.
- 5. Segregation of Duties:** Establish a clear segregation of duties within the purchasing process. Assign different individuals to be responsible for creating purchase orders, obtaining signatures,

and filing them with invoices. This helps prevent any single individual from having complete control over the entire process.

6. Regular Auditing: Conduct regular internal audits of the purchasing process. This includes reviewing a sample of purchase orders, verifying signatures, and ensuring proper filing. Audits help identify any gaps or non-compliance issues, allowing you to take corrective actions promptly.

7. Document Retention: Implement a centralized and organized system for storing and retaining purchase orders, invoices, and related documents. This ensures easy access for future references and facilitates proper record-keeping.

8. Monitor and Enforce Compliance: Continuously monitor the purchasing process and enforce compliance with the established controls. Regularly remind employees of the importance of following the procedures and address any non-compliance issues promptly.

The goal of these corrective actions is to strengthen internal controls and ensure transparency and accountability in the purchasing process. By implementing these measures, we can mitigate risks and maintain a smooth and efficient purchasing system.

MANAGEMENT RESPONSE: Reduce Overtime Pay 2022-003

To reduce overtime and double overtime pay for employees in the Town of Jonesboro, here is a corrective action plan:

1. Analyze Workload and Staffing Levels: Conduct a SWOT analysis and thorough analysis of the workload in different departments and assess whether the existing staffing levels are adequate. Identify any areas where workload imbalances or understaffing may be leading to excessive overtime.

2. Workforce Planning and Scheduling: Develop a comprehensive workforce planning and scheduling strategy. This involves creating accurate staffing forecasts, aligning work schedules to demand, and implementing efficient shift rotations to minimize overtime needs. Implement contracting agencies on an as needed basis to assist in reducing the time employees spend in emergency situations and instances where town employees may or may not have the ability to solve complicated issues with water and sewer.

3. Improve Time and Attendance Tracking: Implement a reliable time and attendance tracking system that accurately records employee work hours, including start and end times, breaks, and time off. This will help identify instances of unnecessary overtime and double overtime.

4. Prioritize Work Allocation: Ensure work is allocated efficiently and evenly across employees. Distribute workload based on skills, availability, and workload capacity, avoiding situations where certain employees consistently have to work overtime while others do not.

5. Cross-Train Employees: Cross-train employees across different departments or functions to create a more flexible workforce. This allows for better resource utilization and minimizes the need for overtime when specific individuals are unavailable or overwhelmed with work.

6. Implement Time-Off Policies: Encourage and enforce the use of accrued vacation time, personal days, and other time-off benefits. This helps employees take regular breaks and reduces the need for overtime due to burnout or excessive work hours.

7. Review Work Processes and Efficiency: Evaluate work processes and identify areas where inefficiencies or bottlenecks may be leading to overtime. Streamline workflows, eliminate unnecessary steps, and optimize resource allocation to maximize productivity.

8. Performance Management and Accountability: Regularly review employee performance and address any productivity or work ethic issues that may contribute to excessive overtime. Provide feedback, training, and support to improve performance and reduce the need for overtime.

9. Communication and Employee Engagement: Foster open communication channels with employees to understand their concerns, ideas, and suggestions for reducing overtime. Engage employees in the decision-making process and create a supportive work environment that encourages efficiency and work-life balance.

10. Monitoring and Reporting: Continuously monitor and analyze overtime data to identify trends, patterns, and areas requiring further attention. Generate regular reports to track progress and hold departments accountable for managing overtime effectively.

Implementing these corrective actions requires collaboration and support from management and employees alike. By addressing workload imbalances, improving scheduling, and fostering a culture of efficiency, we will reduce overtime and double overtime pay while ensuring the well-being and productivity of our workforce.

MANAGEMENT RESPONSE: Utility Billing Procedures 2022-004

To improve utility billing procedures and address the mentioned issues, here is a corrective action plan:

1. Meter Reading Efficiency: Implement a more efficient meter reading process to ensure accurate and timely readings. This may involve hiring and/or training employees on proper meter reading and investing in a system that uses mobile applications to streamline data collection.

2. Meter Location and Accessibility: Conduct a comprehensive audit to locate all customer meters and ensure they are easily accessible for reading. Address any obstructions, overgrown vegetation, or other barriers that may impede meter access.

3. Proper Cutoff Procedures: Establish clear and standardized procedures for cutoffs when customers fail to pay their bills. Train utility staff in these procedures to ensure consistent implementation while adhering to local regulations and customer rights.

4. Updated Meter Software: Upgrade the meter software to a modern and robust system that improves accuracy, data management, and billing efficiency. This will help minimize errors and streamline the billing process.

5. Timely Billing and Invoicing: Implement a strict schedule for billing and ensure that bills are generated and mailed on time. This may involve automating the billing process or using software that allows for batch processing and timely invoicing.

6. Meter Maintenance and Calibration: Regularly inspect and maintain water meters to ensure accurate readings. Establish a calibration schedule and promptly replace or repair any faulty meters to prevent billing inaccuracies.

7. Customer Communication and Education: Enhance customer communication regarding billing procedures, cutoff policies, and meter reading schedules. Provide clear and concise instructions on how to read meters, report issues, and pay bills. Educate customers on water conservation practices to help manage their usage more effectively.

8. Quality Assurance and Auditing: Establish a quality assurance program to periodically audit billing processes and meter readings. This will help identify any discrepancies, errors, or areas that require improvement. Implement corrective measures based on the audit findings.

9. Staff Training and Development: Provide comprehensive training to utility staff on meter reading techniques, proper cutoff procedures, software usage, and customer service skills. Regularly update their knowledge and skills through workshops, seminars, or online training programs.

10. Performance Monitoring and Feedback: Implement a system to monitor and track billing accuracy, timeliness, and customer satisfaction. Provide regular feedback to staff, acknowledge their achievements, and address any performance issues or areas needing improvement.

By implementing these corrective actions, you can enhance the efficiency, accuracy, and customer satisfaction of your utility billing procedures. Regular monitoring, feedback, and continuous improvement efforts will help ensure a well-managed and reliable billing process.

MANAGEMENT RESPONSE: Non-Compliance with Budget Act 2022-005

1. Enhance Meeting Minutes: To make minutes easier to follow, we will use a structured format for recording meeting minutes. Use clear headings and bullet points to highlight key discussions, decisions made, and action items related to the budget. Make sure to include any budget-related topics discussed during the meeting.

2. Timely Introduction of Budget: To ensure the budget is introduced in a timely manner, we will establish a clear timeline and deadline for the budget preparation process. This will help streamline the workflow and ensure that all necessary steps are completed on time. Assign specific responsibilities to individuals and/or departments involved in the budgeting process to ensure accountability.

3. Implement Budget Message: A budget message is an important tool for communicating the goals, priorities, and financial outlook of the budget. Ensure that a comprehensive and well-structured budget message is prepared and shared with all relevant stakeholders. This will provide a clear understanding of the budget's purpose and help garner support for its implementation.

4. Reflect Budget Hearing in Minutes: It's crucial to accurately reflect any budget-related discussions and decisions made during budget hearings in the meeting minutes. Assign a designated note-taker who can focus on capturing these specific details. This will help ensure transparency and accountability in the budgeting process.

5. Adopt Budgets for Revenue Funds: Revenue funds should have adopted budgets to effectively manage and track financial resources. Review the current process and ensure that all revenue funds have clearly defined budgets in place. This will help monitor revenue inflows, allocate resources appropriately, and maintain compliance with the budget act.

These are just initial suggestions to help guide us in the right direction. It may also be beneficial to consult with relevant stakeholders, such as financial experts or budget analysts, to tailor these actions to our specific situation.

MANAGEMENT RESPONSE: Financial Statements Issued After Due Date 2022-006

1. Clear Communication of Authority and Responsibilities: Ensure that all employees involved in the financial statement preparation process are aware of their roles, responsibilities, and reporting lines. Clearly communicate the importance of timely financial reporting and the consequences of missing deadlines. This will help foster accountability and ensure everyone understands their contribution to the process.

2. Internal Control System Design: Review and enhance our internal control system to include proper monitoring, supervision, and review mechanisms. Implement checks and balances throughout the financial reporting process to identify any delays or bottlenecks. Regularly assess the effectiveness of these controls and adjust as needed to streamline the process and ensure timely reporting.

3. Active Management Presence and Supervision: Management should actively monitor and supervise the financial statement preparation process. Regularly check on the progress, identify any issues or delays, and provide necessary support to overcome obstacles. This will help keep the process on track and ensure that any potential delays are addressed promptly.

4. Engage a Certified Public Accountant (CPA): Engage a CPA firm to monitor our accounting and control procedures. They can provide an independent assessment of our financial reporting process and suggest improvements. Additionally, having a CPA involved can help ensure compliance with accounting standards and provide valuable insights for timely financial reporting.

5. Allow CPA Access for Year-End Adjustments: To facilitate timely financial reporting, provide the CPA firm with access to your accounting records and systems before the end of the fiscal year. This will allow them to complete necessary year-end adjustments and ensure that the financial statements are ready for issuance within the required timeframe.

These actions are meant to guide us in developing a corrective action plan. We will tailor them to our specific organizational needs and seek professional advice as necessary from the Louisiana Legislative Auditor, CPA Firm, and auditors.

MANAGEMENT RESPONSE: Lack of Segregation of Duties 2022-007

1. Review and Update Policies and Procedures: Evaluate your existing policies and procedures related to financial transactions and segregation of duties. Ensure that they are comprehensive, up-to-date, and aligned with industry best practices. Clearly define roles and responsibilities, including who can and cannot take payments, and establish controls to prevent theft, misappropriation of funds, and fraud.

2. Segregate Financial Duties: Identify areas where segregation of duties is lacking and develop a plan to separate those duties among different personnel. Assign specific responsibilities to different individuals to create a system of checks and balances. For example, ensure that the employee responsible for receiving payments is not the same person responsible for recording or reconciling those payments.

3. Train Employees: Provide comprehensive training to all employees involved in financial transactions. Educate them on the importance of segregation of duties, the risks associated with not following these practices, and the impact on the organization's financial health. Train employees in their specific roles and responsibilities, emphasizing the need for collaboration and adherence to established procedures.

4. Seek Advice from a CPA: Engage a Certified Public Accountant (CPA) to provide guidance and expertise in establishing effective segregation of duties. They can assess our current processes, identify any weaknesses, and provide recommendations for strengthening controls. A CPA can also help ensure compliance with accounting standards and regulatory requirements.

5. Implement Monitoring and Oversight: Establish a system of monitoring and oversight to regularly review and assess adherence to segregation of duties policies and procedures. Assign a designated individual or team to monitor and evaluate financial transactions, ensuring that segregation of duties is being followed consistently. Regularly review internal controls and make adjustments as necessary to enhance effectiveness.

6. Regular Internal and External Audits: Conduct internal audits periodically to assess the effectiveness of segregation of duties controls and identify any potential vulnerabilities. Additionally, consider engaging external auditors to perform independent reviews. Their expertise can provide an objective assessment of our organization's financial processes and help identify any gaps or areas for improvement.

Implementing a strong segregation of duties framework requires ongoing commitment and vigilance. Continuously assess and improve our processes to mitigate risks and safeguard our organization's financial resources.

MANAGEMENT RESPONSE: Omitted Supplementary Information Required by State Law 2022-008

1. Review state laws and regulations: Conduct a comprehensive review of the relevant state laws and regulations that govern the reporting requirements for court costs, fines, and fees. Identify the specific information that needs to be included in the reports and any guidelines or templates provided by the legislative auditor.

2. Develop a uniform reporting format: Based on the requirements outlined in the state laws and regulations, develop a standardized reporting format for local and state entities that assess, collect, or receive revenue from court costs, fines, and fees. This format should include all the necessary supplementary information as specified by the legislative auditor.

3. Consult with stakeholders: Engage with relevant stakeholders, such as local government officials, court administrators, state agencies, and the legislative auditor's office itself, to seek their input and feedback on the proposed uniform reporting format. Consider any specific concerns or requirements they may have and incorporate them into the format to ensure compatibility and ease of implementation.

4. Communicate the reporting requirements: Clearly communicate the revised reporting requirements to all local and state entities responsible for assessing, collecting, or receiving revenue from court costs, fines, and fees. Provide detailed instructions on how to use the uniform reporting format and any accompanying guidelines or documentation.

5. Training and support: Conduct training sessions or workshops to educate the personnel responsible for preparing the reports on the revised reporting requirements. Offer support and assistance to address any questions or challenges they may encounter during the transition to the new format.

6. Internal review and validation: Implement an internal review process to ensure the accuracy and completeness of the reports before they are submitted to the legislative auditor. Assign designated personnel or a dedicated team to review the reports, verify the inclusion of all required supplementary information, and validate the data provided.

7. Periodic audits: Conduct periodic audits to verify compliance with the reporting requirements and assess the accuracy of the reported information. These audits can be performed internally or by an independent external auditor. Use the audit findings to identify any areas of improvement and take corrective actions as needed.

8. Continuous improvement: Establish a feedback mechanism to gather input from stakeholders and entities responsible for reporting court costs, fines, and fees. Regularly review the reporting process and format to identify any potential enhancements or modifications that can improve the accuracy, efficiency, and effectiveness of the reporting system.

By implementing this corrective plan, we can develop a uniform reporting format that satisfies the requirements of the state laws and regulations. This will ensure consistent and accurate reporting of court costs, fines, and fees, and facilitate compliance with the legislative auditor's requirements.

MANAGEMENT RESPONSE: Accounting Errors 2022-009

1. Identify and Document Errors: Conduct a thorough review of our accounting records to identify any errors or discrepancies. Document each error, categorizing them based on their nature (e.g., balancing, classification, revenue recognition, etc.).

2. Balancing General Ledgers: Review the general ledgers for each account to identify any imbalances. Trace and cross-reference transactions to ensure they have been recorded accurately. Correct any discrepancies and ensure that the general ledgers are balanced.

3. Rectify Beginning Equity and Prior Year End Accrual Balances: Review the beginning equity and prior year end accrual balances to ensure they are accurately recorded. Investigate any discrepancies and make necessary adjustments to bring them into alignment with the correct figures.

4. Correct Revenue Classification Errors: Review revenue transactions to identify any errors in classification. Ensure that revenue is properly categorized based on the nature of the income (e.g., sales, services, etc.). Make necessary adjustments to correct any misclassified revenue.

5. Record Donated Vehicles: If donated vehicles have not been properly recorded, ensure that they are accounted for accurately. Determine the fair market value of each donated vehicle and record it as revenue or an asset, as appropriate. Document the details of each donation for future reference and audit purposes.

6. Ensure Proper Fund Transfers: Review all fund transfer transactions to ensure they are dated properly. Verify that funds are transferred between accounts in accordance with relevant policies and procedures. Make any necessary corrections to ensure accurate recording of fund transfers.

7. Accurate Fund Recording: Review the recording of funds received and disbursed to ensure they are accurately recorded. Verify that all transactions are properly classified and allocated to the correct accounts. Make any necessary adjustments to achieve accurate fund recording.

8. Identify and Correct Earned Revenue: Review revenue transactions to identify any instances where revenue has been improperly recognized or deferred. Ensure that revenue is recognized in accordance with applicable accounting standards and policies. Make any necessary adjustments to properly recognize earned revenue.

9. Implement Internal Controls: Enhance internal controls to prevent future accounting errors. Establish procedures for regular review and reconciliation of accounts, segregation of duties, and double-checking of transactions. Regularly train and educate accounting staff to ensure they understand proper accounting practices and procedures.

10. Regularly Monitor and Audit: Implement regular monitoring and auditing processes to identify and rectify any new accounting errors promptly. Conduct periodic internal audits and engage external auditors to provide an objective assessment of your financial records and processes.

By following this corrective action plan, we can address accounting errors, ensure accurate financial reporting, and establish robust internal controls to prevent future errors.

MANAGEMENT RESPONSE: Capitol Assets Lack of Controls 2022-010

1. Adjust Depreciation Schedule to Physical Inventory: Conduct a physical inventory of all capital assets, including vehicles, equipment, and property. Compare the results to the existing depreciation schedule to identify any discrepancies. Make necessary adjustments to the depreciation schedule to reflect the accurate value and condition of each asset.

2. Audit Titles and Insurance Coverage: Review the titles and insurance coverage for all vehicles to ensure they are properly documented and insured. Verify that the ownership of each vehicle is accurately recorded, and that adequate insurance coverage is in place. Rectify any discrepancies or gaps in documentation or coverage.

3. Evaluate Written Policies and Procedures: Review existing policies and procedures related to capital assets. Evaluate their effectiveness in ensuring proper controls, accountability, and maintenance of assets. Identify any gaps or areas for improvement.

4. Design Effective Policies and Procedures: Based on the evaluation, design or update written policies and procedures for capital asset management. Ensure that they clearly define the responsibilities, processes, and controls necessary for the effective management, tracking, and maintenance of assets. Include clear guidelines for acquiring, disposing, and maintaining assets.

5. Communicate Requirements, Policies, and Procedures: Clearly communicate the revised or newly developed policies and procedures to all appropriate personnel involved in capital asset

management. Provide training and guidance on their implementation and ensure that employees understand their roles and responsibilities.

6. Establish Controls for Compliance: Implement controls to monitor compliance with the policies and procedures. This may include regular audits, reconciliations, and reviews of capital asset records. Assign responsibility to specific individuals or departments for the oversight and enforcement of the controls.

7. Periodic Review and Update: Regularly review and update the capital asset policies and procedures to ensure they remain relevant and effective. Consider changes in regulations, technology, or organizational needs that may require modifications to the existing controls.

8. Document and Retain Records: Maintain proper documentation of all capital asset-related activities, including acquisitions, disposals, maintenance, and insurance coverage. Ensure that records are organized, easily accessible, and retained for the required period as per legal and regulatory requirements.

9. Continuous Training and Education: Provide ongoing training and education to employees involved in capital asset management. This will help them stay updated on best practices, regulatory changes, and new technologies relevant to asset control and management.

10. Regular Internal Audits: Conduct regular internal audits of capital asset management processes to identify any weaknesses or non-compliance. Engage external auditors if necessary to provide an independent assessment of controls and asset management practices.

By implementing this corrective action plan, we can enhance controls over capital assets, ensure compliance with regulations, and mitigate the risk of mismanagement or loss of valuable assets.

MANGEMENT RESPONSE: No Fraud or Theft Bond or Insurance Policy 2022-011

1. Conduct a Risk Assessment: Assess the risks associated with potential fraud or theft within the municipality. Identify vulnerabilities and areas where the lack of insurance coverage poses the greatest risk.

2. Research Insurance Options: Research and identify insurance providers that offer fraud or theft coverage specifically tailored to municipalities. Compare different policies, coverage limits, and premiums to select the most suitable option for your municipality's needs.

3. Obtain Fraud or Theft Insurance Policy: Work with the selected insurance provider to obtain a fraud or theft insurance policy that adequately covers the municipality. Ensure the policy includes appropriate coverage limits and provisions.

4. Communicate Policy to Relevant Personnel: Communicate the details of the fraud or theft insurance policy to all relevant personnel within the municipality. Provide a clear understanding of its purpose, coverage, and any specific requirements or procedures.

5. Train Employees on Fraud Prevention: Provide training and education to employees on fraud prevention, detection, and reporting. Educate them on the importance of adhering to ethical standards, recognizing red flags, and reporting suspicious activities.

6. Implement Internal Controls: Establish strong internal controls to prevent and detect fraud or theft. This may include segregation of duties, regular reconciliations, independent reviews, and mandatory leave policies. Ensure that these controls are documented and regularly reviewed for effectiveness.

7. Conduct Background Checks: Perform thorough background checks on employees with access to sensitive financial information or assets. This can help identify any history of fraudulent activities and minimize the risk of internal theft.

8. Implement Whistleblower Program: Establish a confidential reporting mechanism, such as a whistleblower program, to encourage employees and citizens to report suspected fraud or theft. Ensure that all reports are promptly investigated, and appropriate actions are taken.

9. Regularly Review and Update Policies: Periodically review and update the fraud or theft insurance policy, internal controls, and fraud prevention procedures. Stay informed about emerging fraud trends and adjust our measures accordingly to stay ahead of potential risks.

10. Engage External Auditors: Engage external auditors to conduct periodic assessments of our municipality's internal controls and fraud prevention measures. Their independent review can provide valuable insights and recommendations for further improvement.

By implementing this corrective action plan, we can mitigate the risk of fraud or theft within the municipality and ensure that you have adequate insurance coverage in place to protect against potential losses.

MANAGEMENT RESPONSE: Bills Paid Late 2022-012

1. Identify Critical Services: Identify the critical services that need to be paid for on time, such as utility bills, emergency services, healthcare providers, or essential suppliers. Prioritize these payments to ensure their uninterrupted provision.

2. Establish a Payment Schedule: Create a payment schedule or calendar that clearly outlines the due dates for each critical service bill. This will help you stay organized and ensure timely payments.

3. Review Cash Flow: Regularly review your municipality's cash flow to ensure that sufficient funds are available to cover the payment of critical service bills. Adjust your payment schedule if necessary to align with cash availability.

4. Automate Payments: Set up automated payment systems or direct debit arrangements with critical service providers. This will help streamline the payment process and minimize the chance of missing a payment deadline.

5. Centralize Bill Management: Centralize the management of critical service bills to a dedicated department or individual. This will ensure that bills are promptly received, recorded, and processed for payment.

6. Implement Internal Controls: Establish internal controls to prevent delays in bill payment. This may include requiring appropriate approvals before making payments and conducting periodic reviews to identify any bottlenecks in the payment process.

7. Monitor Due Dates: Regularly monitor the due dates of critical service bills to ensure they are paid on time. Use reminders or notifications to alert responsible individuals of impending deadlines.

8. Communicate with Service Providers: Maintain open communication with critical service providers. In case of any financial constraints or potential delays in payment, proactively communicate with them to find alternative solutions or negotiate payment terms.

9. Monitor Accounts Payable: Implement a system to monitor accounts payable to ensure that critical service bills are not overlooked or missed. Regularly reconcile accounts payable records with payment receipts to identify any discrepancies.

10. Assess and Improve: Continuously assess the effectiveness of your bill payment process and make improvements as necessary. Seek feedback from relevant stakeholders and consider implementing technological solutions that can streamline the payment process and improve efficiency.

By implementing this corrective action plan, we can ensure that bills for critical services are paid in a timely manner, maintaining a good relationship with service providers and ensuring uninterrupted provision of essential services to the municipality.

MANAGEMENT RESPONSE: Authorized Pay not Documented 2022-013

1. Review Current Policies: Conduct a thorough review of current policies and procedures related to authorizing and documenting pay rates. Identify any gaps or deficiencies that may have contributed to the issue.

2. Revise Policies: Update policies to include clear guidelines on how pay rates should be authorized and documented. Specify the roles and responsibilities of personnel involved in the process and outline the required documentation for each step.

3. Communicate Policy Changes: Clearly communicate the revised policies to all relevant personnel. Provide training sessions or workshops to ensure that everyone understands the new procedures and their role in authorizing and documenting pay rates.

4. Standardize Documentation: Develop standardized templates or forms for documenting authorized pay rates. Ensure that these templates capture all necessary information, such as the

date of authorization, the authorizing personnel's name and position, and any supporting documentation required.

5. Establish Approval Workflow: Implement an approval workflow that clearly outlines the steps and individuals involved in the authorization process. This may include multiple levels of approval, depending on the pay rate or position.

6. Provide Training: Conduct training sessions to educate personnel on the proper procedures for authorizing and documenting pay rates. Emphasize the importance of accuracy, consistency, and compliance with the revised policies.

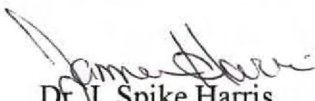
7. Monitor Compliance: Regularly monitor and evaluate compliance with the revised policies and procedures. Conduct periodic audits to ensure that pay rates are being properly authorized and documented.

8. Address Non-Compliance: If any instances of non-compliance are identified, take appropriate corrective actions. This may include additional training, reassigning responsibilities, or disciplinary measures, depending on the severity of the non-compliance.

9. Document Retention: Establish a system for securely storing and retaining all documentation related to authorized pay rates. Ensure that these records are easily accessible for future reference or audits.

10. Continuous Improvement: Continuously evaluate and improve your policies and procedures based on feedback and lessons learned. Regularly review the effectiveness of the corrective actions taken and adjust as necessary.

By implementing this corrective action plan, we can ensure that authorized pay rates are properly documented, reducing the risk of errors, discrepancies, or unauthorized payments. This will help maintain transparency, accountability, and compliance within your organization.



Dr. J. Spike Harris
Mayor
Town of Jonesboro