

2272

TOWN OF JONESBORO
Jonesboro, Louisiana

**Annual Financial Statements
With Independent Auditor's Report**

**As of and For the Year Ended
June 30, 2008
With Supplemental Information Schedules**

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

Release Date 10/7/09

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TOWN OF JONESBORO
Jonesboro, Louisiana
Annual Financial Statements
With Independent Auditor's Report
As of and For the Year Ended June 30, 2008
With Supplemental Information Schedules

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TOWN OF JONESBORO
Jonesboro, Louisiana
Annual Financial Statements
With Independent Auditor's Report
As of and For the Year Ended June 30, 2008
With Supplemental Information Schedules

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Independent Auditor's Report

TOWN OF JONESBORO
Jonesboro, Louisiana

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jonesboro Louisiana (the Town) as of June 30, 2008, and for the year then ended, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Jonesboro's management. Our responsibility is to express opinions on these financial statements based on our audit.

We were unable to obtain written representations from the Town's management or a legal representation letter from the Town's counsel as required by generally accepted auditing standards.

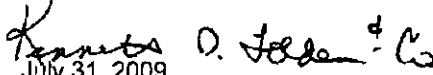
The Town did not maintain adequate records of disbursements, properly reconcile bank accounts or accounts receivables or payable, nor were all transactions entered into the accounting records. The Town's records do not permit the application of adequate auditing procedures.

Because of the limitations described above we are unable to express, and do not express, an opinion on the Town's financial statements as listed in the table of contents.

The Town's management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States have determined is necessary to supplement, although not required to be part of, basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2009, on our consideration of the Town of Jonesboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

We were engaged to audit the financial statements referred to above for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jonesboro's basic financial statements. The supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. As discussed in the third paragraph above, the scope of our work was not sufficient to enable us to express opinions on the financial statements referred to in the first paragraph. Similarly, we are unable to express and do not express an opinion on the supplemental schedule listed in the table of contents. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


Kenneth D. Folden
July 31, 2009
Jonesboro, Louisiana

BASIC FINANCIAL STATEMENTS

TOWN OF JONESBORO, LOUISIANA

STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and equivalents	\$ 1,173,219	\$ 343,313	\$ 1,516,532
Accounts receivable	321,853	149,300	471,153
Due from other governments	124,964	-	124,964
Inventory	-	65,045	65,045
Prepaid insurance	69,052	-	69,052
Cash and equivalents-restricted	-	99,997	99,997
Capital assets (net of acc depr)	2,044,319	4,707,299	6,751,618
TOTAL ASSETS	\$ 3,733,407	\$ 5,364,955	\$ 9,098,362
LIABILITIES			
Accounts, salaries, and other payables	\$ 120,683	\$ 112,104	\$ 232,786
Compensated absences	4,285	-	4,285
Current liabilities payable from restricted assets - meter deposits	-	99,786	99,786
Long-term liabilities:			
Due within one year	1,121,522	65,269	1,186,790
Due in more than one year	108,354	761,493	869,847
TOTAL LIABILITIES	1,354,844	1,038,651	2,393,495
NET ASSETS			
Invested in capital assets, net of related debt	828,965	3,880,537	4,709,502
Restricted for debt service	14,522	445,767	460,289
Restricted for public safety - fire	31,101	-	31,101
Restricted for street maintenance	817,749	-	817,749
Restricted for capital projects	4,845	-	4,845
Unrestricted	681,381	-	681,381
TOTAL NET ASSETS	\$ 2,378,563	\$ 4,326,304	\$ 6,704,867

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBORO, LOUISIANA

Statement of Activities

June 30, 2008

	EXPENSES	MAJOR FUNDS			Net (Expense) Revenue and Changes in Net Assets		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	Governmental Activities	Business-type Activities	Total
Functions/Programs Primary government: Governmental activities:	General government	\$ 488,917	\$ 276,210	\$ 40,940	\$ -	\$ (151,767)	\$ (151,767)
	Public safety	1,012,406	71,061	-	-	(841,345)	(841,345)
	Public works	1,379,679	-	-	-	(1,379,679)	(1,379,679)
	Total governmental activities	2,861,002	347,271	40,940	-	(2,472,791)	(2,472,791)
	Business-type activities:						
Water and sewer fund		\$ 1,088,324	\$ 971,787	\$ 160,293	\$ -	\$ 43,756	\$ 43,756
	Total business-type activities	1,088,324	971,787	160,293	-	43,756	43,756
	Total primary government	\$ 3,949,326	\$ 1,319,058	\$ 201,233	\$ -	\$ (2,472,791)	\$ (2,429,035)
General Revenues:							
Property taxes					241,633	-	241,633
Franchise tax					147,880	-	147,880
Sales taxes					1,706,785	-	1,706,785
Licenses and permits					111,509	-	111,509
Other taxes for general purposes					13,486	-	13,486
Interest and investment earnings					22,945	11,335	34,280
Intergovernmental					150,031	-	150,031
Miscellaneous					65,647	-	65,647
Transfers in (out)					51,807	(51,807)	-
Total general revenues					2,511,724	(40,472)	2,471,252
Change in net assets					38,932	3,284	42,216
Net assets - JULY 1, 2008					2,339,630	4,323,020	6,662,650
Net assets - JUNE 30, 2008					\$ 2,378,562	\$ 4,326,304	\$ 6,704,866

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBORO, LOUISIANA
GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2008

MAJOR FUNDS					
GENERAL FUND	FIRE DEPT AD VALOREM TAX FUND	STREET AD VALOREM TAX FUND	STREET SALES TAX FUND	WATER CAPITAL PROJECTS FUND	Total
\$ 431,310	\$ 31,101	\$ 31,918	\$ 674,045	\$ 4,845	\$ 1,173,219
143,704	-	-	143,704	-	287,409
22,106	-	-	-	-	22,106
12,338	-	-	-	-	12,338
124,964	-	-	-	-	124,964
69,052	-	-	-	-	69,052
\$ 803,475	\$ 31,101	\$ 31,918	\$ 817,749	\$ 4,845	\$ 1,689,088

ASSETS

Cash and equivalents
 Taxes receivable
 Receivables, net
 Accounts receivable - franchise
 Due from other governments
 Prepaid insurance
TOTAL ASSETS

LIABILITIES AND FUND BALANCES**Liabilities:**

Accounts, salaries, and other payables
 Other liabilities
TOTAL LIABILITIES

Fund balances:

Unreserved, undesignated, reported in:

General revenue fund
 Special revenue fund
 Capital projects fund
Total fund balances
 Total liabilities and fund balances

682,790					682,790
-	31,101	31,918	817,749	-	880,768
-	-	-	-	4,845	4,845
682,790	31,101	31,918	817,749	4,845	1,588,403
\$ 803,473	\$ 31,101	\$ 31,918	\$ 817,749	\$ 4,845	\$ 1,689,086

(Concluded)

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBORO, LOUISIANA
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2008

Total Fund Balances at June 30, 2008 - Governmental Funds	\$ 1,568,403
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds	2,044,319
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Capital project loan	(1,107,000)
Compensated absences	(4,285)
Capital lease payable	<u>(122,875)</u>
Net Assets at June 30, 2008	<u>\$ 2,378,562</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBORO, LOUISIANA

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	MAJOR FUNDS					Total
	GENERAL FUND	FIRE DEPT AD VALOREM TAX FUND	STREET AD VALOREM TAX FUND	STREET SALES TAX FUND	WATER CAPITAL PROJECTS	
REVENUES						
Taxes:						
Ad valorem	\$ 107,306	\$ 67,164	\$ 67,164	\$ -	\$ -	\$ 241,633
Franchise tax	147,880	-	-	-	-	147,880
Sales tax	853,393	-	-	853,392	-	1,706,785
Other taxes	13,486	-	-	-	-	13,486
Licenses and permits	111,509	-	-	-	-	111,509
Fines, forfeitures, and court costs	71,061	-	-	-	-	71,061
Intergovernmental	150,031	-	-	-	-	150,031
Fees and charges for services	276,210	-	-	-	-	276,210
Interest earnings	7,729	1,060	357	12,920	937	23,004
Rents and royalties	47,942	-	-	-	-	47,942
State grant	8,063	-	-	-	-	8,063
Federal grant	32,877	-	-	-	-	32,877
Other	37,510	-	-	-	-	37,510
Total revenues	<u>1,864,997</u>	<u>68,224</u>	<u>67,521</u>	<u>866,313</u>	<u>937</u>	<u>2,867,991</u>
EXPENDITURES						
Current:						
General government	447,761	-	-	1,897	-	449,658
Public safety	918,338	-	-	-	-	918,338
Public works	1,295,357	-	-	-	-	1,295,357
Capital outlay	183,708	-	-	-	1,103,092	1,286,800
Total expenditures	<u>2,845,164</u>	<u>-</u>	<u>-</u>	<u>1,897</u>	<u>1,103,092</u>	<u>3,950,154</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBORO, LOUISIANA

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2008

	MAJOR FUNDS					Total
	GENERAL FUND	FIRE DEPT AD VALOREM TAX FUND	STREET AD VALOREM TAX FUND	STREET SALES TAX FUND	WATER CAPITAL PROJECTS	
EXCESS (Deficiency) OF REVENUES	(980,167)	68,224	67,521	864,416	(1,102,156)	(1,082,162)
OVER EXPENDITURES						
OTHER FINANCING SOURCES (Uses):						
Operating transfers in	969,910	-	-	-	-	969,910
Operating transfers out	-	(60,000)	(60,000)	(798,103)	-	(918,103)
Capital lease payment	(31,931)	-	-	-	-	(31,931)
Capital lease proceeds	125,996	-	-	-	-	125,996
Loan proceeds	-	-	-	-	1,107,000	1,107,000
Total other financing sources (uses)	1,063,976	(60,000)	(60,000)	(798,103)	1,107,000	1,252,873
NET CHANGES IN FUND BALANCES	83,809	8,224	7,521	66,313	4,845	170,711
FUND BALANCES - JULY 1, 2008	598,982	22,877	24,398	751,437	-	1,397,694
FUND BALANCES - JUNE 30, 2008	\$ 682,791	\$ 31,101	\$ 31,919	\$ 817,750	\$ 4,845	\$ 1,568,405

(Concluded)

TOWN OF JONESBORO, LOUISIANA
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes
In Fund Balances to the Statement of Activities
For the Year Ended June 30, 2008

Total net change in fund balances - governmental funds (Statement E)	\$	170,711
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Amounts reported for governmental activities in the Statement
of Activities are different because:

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

1,091,445

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds - changes in long-term compensation

(2,354)

Capital lease payment

31,931

Note and Capital lease proceeds

(1,232,996)

Disposal of fixed assets

(19,806)

Change in net assets of governmental activities (Statement B)

	\$	38,932
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The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBORO, LOUISIANA

Statement of Net Assets

Proprietary Funds

June 30, 2008

Water & Sewer Utility Fund

ASSETS

Current Assets:

Cash and equivalents	\$ 343,313
Receivables (net of allowances for uncollectibles)	149,300
Inventory	<u>65,045</u>
Total Current Assets	<u>557,658</u>

Restricted Assets:

Cash and cash equivalents	<u>99,997</u>
Total Restricted Assets	<u>99,997</u>

Noncurrent Assets:

Capital assets:

Buildings and equipment (net of accum. depr.)	<u>4,707,299</u>
Total Non-Current Assets	<u>4,707,299</u>
Total Assets	<u>5,364,955</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBORO, LOUISIANA

Statement of Net Assets

Proprietary Funds

June 30, 2008

	Water and Sewer Utility Fund
LIABILITIES	
Current Liabilities:	
Accounts, salaries, and other payables	\$ 112,104
Capitalized lease obligation	<u>65,269</u>
Total Current Liabilities	<u>177,373</u>
Current Liabilities payable from restricted assets	
Tenant security deposits	<u>99,786</u>
Non-Current Liabilities:	
Capitalized lease obligation	<u>761,493</u>
Total Non-Current Liabilities	<u>761,493</u>
Total Liabilities	<u>1,038,651</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,880,537
Restricted for debt service	445,767
Unrestricted	-
TOTAL NET ASSETS	<u>\$ 4,326,304</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBORO, LOUISIANA

PROPRIETARY FUND

Statement of Revenues and Expenses

And Changes In Fund Net Assets

June 30, 2008

	Water & Sewer User Fund
OPERATING REVENUES	
Water sales	\$ 653,254
Sewer charges	295,886
Other services	22,647
Total operating revenues	<u>971,787</u>
OPERATING EXPENDITURES	
Personnel services	349,374
Supplies	15,770
Utilities	105,895
Repairs and maintenance	319,230
Other supplies and charges	75,792
Depreciation	184,295
Total operating expenditures	<u>1,050,356</u>
Operating income (loss)	<u>(78,569)</u>
NON-OPERATING REVENUES (Expenditures)	
Interest earnings	11,335
Interest expense and fiscal charges	(37,988)
State grant	160,293
Total non-operating revenues (expenditures)	<u>133,660</u>
Income (loss) before contributions and transfers	55,091
Transfers in (Out)	<u>(51,807)</u>
CHANGES IN NET ASSETS	<u>3,284</u>
TOTAL NET ASSETS - BEGINNING	<u>4,323,020</u>
TOTAL NET ASSETS - ENDING	<u>\$ 4,326,304</u>

The notes are an integral part of this financial statement.

TOWN OF JONESBORO, LOUISIANA

PROPRIETARY FUND

Statement of Cash Flows

June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 952,245
Cash payments to suppliers for goods and services	(460,966)
Cash payments to employees for services	(349,374)
Net cash provided by (used for) operating activities	<u>141,905</u>

CASH FLOWS FROM NON-CAPITAL FINANCING

State grant	160,293
Transfers out	(51,807)
Net cash provided from non-capital financing	<u>108,486</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(125,996)
Payments on capital leases	(49,469)
Capital lease proceeds	125,996
Interest expense	(37,968)
Net cash used for capital and related financing activities	<u>(87,437)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on earnings	11,335
Net cash provided by (used for) investing activities	<u>11,335</u>

Net increase (decrease) in cash and cash equivalents	174,289
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CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	<u>269,023</u>
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CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 443,312</u>
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(Continued)

The notes are an integral part of this financial statement.

TOWN OF JONESBORO, LOUISIANA
PROPRIETARY FUND
Statement of Cash Flows
June 30, 2008

**RECONCILIATION OF OPERATING INCOME TO NET
PROVIDED BY OPERATION ACTIVITIES**

Operating income (loss)	\$ (78,589)
Adjustments	
Depreciation	184,295
Net changes in assets and liabilities:	
Accounts receivable	(15,624)
Inventory	(3,918)
Tenants' security deposits	252
Accounts salaries and other payables	55,469
Other	-
Net cash provided by (used for) operating activities	<u>141,905</u>

(Concluded)

The notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

INTRODUCTION

The Town of Jonesboro is located in the southwest corner of Jackson Parish. Jonesboro was incorporated as a village on September 4, 1901, and as a town on May 14, 1903, under provisions of the Lawrason Act.

The Town operates under a Mayor-Board of Aldermen form of government. The Board of Aldermen of the Town of Jonesboro is composed of five aldermen, elected for four year terms, who are compensated as shown in this report. The Town serves 3,914 citizens by providing police protection, fire protection, water/sewer services, sanitation services, street maintenance, and various administrative functions such as legislation of town ordinances and the enforcement of same. The Town employs approximately fifty persons to serve the needs of the citizens of the Town of Jonesboro.

1. Summary of Significant Accounting Policies

The financial statements of the Town of Jonesboro, Louisiana, have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Town's Financial Report.

A. Financial Reporting Entity

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

Component Units

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

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

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship.

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

B. Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statements of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten per cent (10%) of the

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

corresponding total for all funds of that category or type.

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five per cent (5%) of the corresponding total for all government and enterprise funds combined.
- c. The Town's management believes that the fund is particularly important to the financial statement users.

The Town considers all of its funds to be "major funds".

The funds are grouped into two fund types as described below:

Governmental Funds: Governmental funds account for all or most of the Town of Jonesboro's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The following are the Town's governmental funds:

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

Fire Department Ad Valorem Tax Fund - To account for the proceeds of a 4.66 mill ad valorem tax levied for the operation and maintenance of the Town's fire department.

Street Department Ad Valorem Tax Fund - To account for the proceeds of a 4.66 mill ad valorem tax levied for the operation and maintenance of roads, streets, and alleys of the Town.

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

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

1. Enterprise fund - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that costs (expenses,

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees; or (b) where the governing body has decided that the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund is:

Water and Sewer Fund - Accounts for the provision of water and sewerage services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; whereas, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. As a general guideline, the Town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The revenues susceptible to accrual are ad valorem taxes, franchise taxes, sales taxes, interest income, intergovernmental revenues, and charges for services. All other governmental fund revenues are recognized when received.

E. Budgets

The Town uses the following budget practices:

The proposed budgets for the fiscal year ended June 30, 2008, were made available for public inspection on June 12, 2007. The proposed budgets, prepared on the GAAP basis of accounting, were published in the official journal 10 days prior to the public hearing, which was held at the Town Hall on June 26, 2008, for comments from taxpayers. The budgets are legally adopted and amended, as necessary, by the

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

Board of Aldermen. All appropriations lapse at year end. Budgeted amounts included in the accompanying financial statements are as originally adopted.

F. Assets, Liabilities, and Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Likewise payables consist of all expenditures due at year-end and not yet paid.

In the fund financial statements, material receivables in governmental funds include intergovernmental receivables and sales tax revenue accruals. In the proprietary fund the major receivable is customer utility billings. Payables in governmental funds and proprietary funds include expenditures accruals for goods and services received by year-end, but not yet paid for.

During the course of operations, numerous transactions occur between individual funds to account for the disposition of collections. Any resulting receivables and payables are classified in due from other funds and due to other funds on the balance sheet.

G. Capital Assets

Capital Assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets 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 \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

Asset Class	Estimated Useful Lives
Buildings and improvements	40 - 50 years
Water system	25 - 40 years
Sewer system	40 years
Machinery and equipment	3 - 20 years
Vehicles	5 - 10 years

H. Compensated Absences

Employees earn from one week to three weeks of vacation leave annually, depending upon length of service; with the exceptions of 2 employees, vacation leave does not accumulate. Employees earn from one week to three weeks of sick leave annually, depending upon length of service; employees are allowed to accumulate 45 days of sick leave. All sick leave is forfeited upon termination of employment, except for appointed department heads. The liability for these compensated absences is recorded on long-term debt in the government-wide statements.

I. Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make certain 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. They may also affect the reported amounts of revenues and expenses of proprietary funds during the reporting period. Actual results could differ from those estimates.

2. Levied Taxes

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

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

	Authorized Millage	Levied Millage	Expiration Date
Constitutional	7.66	7.42	n/a
Operation and maintenance - fire protection	5.00	4.66	Dec. 31, 2012
Operation and maintenance - streets	5.00	4.66	Dec. 31, 2012

3. Cash and Cash Equivalents

At June 30, 2008, the Town of Jonesboro has cash and cash equivalents (book balances) totalling \$ 1,516,532 unrestricted and \$99,997 restricted as follows:

Demand deposits	731,158.00
Petty cash	4,000.00
Time deposits	881,371.00
Total	<u>\$ 1,616,529.00</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2008, the Town of Jonesboro has \$1,879,378 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$1,818,149 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

4. Receivables

The receivables of \$596,117 at June 30, 2008, are as follows:

	Fund			Total
	General	Sales Tax	Enterprise	
Sales and use taxes	\$ 143,704	\$ 143,704	\$ -	\$ 287,408
Accounts	22,107	-	149,300	171,407
Franchise fees	12,338	-	-	12,338
Intergovernmental	124,964	-	-	124,964
Total	<u>\$ 303,113</u>	<u>\$ 143,704</u>	<u>\$ 149,300</u>	<u>\$ 596,117</u>

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

5. Restricted Assets - Proprietary Fund

Restricted assets of the Enterprise fund were comprised of the following at June 30, 2008:

Customer's Deposit Account	\$ 99,997
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6. Sales Taxes

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

7. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Government Activities:				
Land	\$ 147,487	\$ -	\$ -	\$ 147,487
Construction Work in Progress	-	1,103,093	-	1,103,093
Buildings and improvements	881,507	-	-	881,507
Equipment and furniture	1,548,837	135,913	-	1,684,750
Trucks and vehicles	1,016,162	47,795	(22,006)	1,041,951
Totals at historical costs	3,593,993	1,286,801	(22,006)	4,858,788
Less accumulated depreciation for:				
Buildings and improvements	488,128	34,695	-	520,823
Equipment and furniture	1,376,129	106,983	-	1,483,112
Trucks and vehicles	759,055	53,678	(2,201)	810,532
Total accumulated depreciation	2,621,312	195,356	(2,201)	2,814,467
Governmental activities capital assets, net	\$ 972,681	\$ 1,091,445	\$ (19,805)	\$ 2,044,321

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities:				
Water system	\$ 3,465,397	\$ 125,996	\$ -	\$ 3,591,393
Sewer system	3,053,131	-	-	3,053,131
Totals at historical costs	6,518,528	125,996	-	6,644,524
Less accumulated depreciation for:				
Water system	892,397	124,073	-	1,016,470
Sewer system	860,533	60,222	-	920,755
Total accumulated depreciation	1,752,930	184,295	-	1,937,225
Business-type activities capital assets, net	\$ 4,765,598	\$ (58,299)	\$ -	\$ 4,707,299

Depreciation expense reported by the various functions is presented as follows:

<u>Governmental Activities</u>	
General Government	\$ 16,967
Public Safety	94,067
Streets, Airport, & Recreation	84,322
Total Depreciation - Government Activities	<u>\$ 195,356</u>
<u>Business-type Activities</u>	
Water	\$ 124,073
Sewer	60,222
Total Depreciation - Business-type Activities	<u>\$ 184,295</u>

8. Inventories

Inventories are valued at cost primarily by using first in, first out (FIFO) method. Inventories of the Enterprise Fund consists of repair materials, spare parts, consumable supplies and fuel. These inventories are accounted for using the consumption method.

9. Pension Plans

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

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

System. Under Plan A, employees who retire at or after age 50 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Town of Jonesboro is required to contribute at an actuarially determined rate. The current rate is 13.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Jonesboro are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesboro's contributions to the System under Plan A for the years ending June 30, 2008, 2007, 2006, and 2005 were \$77,377, \$79,961, \$64,333, and \$71,673, respectively, equal to the required contributions for each year.

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

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8550 United Plaza Boulevard, Suite 501, Baton Rouge, Louisiana 70809-

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

0200, or by calling (225)929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Jonesboro is required to contribute at an actuarially determined rate. The current rate is 13.75 percent of annual covered payroll. The contribution requirements of plan members and the Town of Jonesboro are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesboro's contributions to the System for the years ending June 30, 2008, 2007, 2006, and 2005, were \$35,778, \$44,547, \$45,680, and \$71,586, respectively, equal to the required contributions for each year.

C. Firefighters Retirement System of Louisiana

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095, Baton Rouge, Louisiana 70804, or by calling (225)925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Town of Jonesboro is required to contribute at an actuarially determined rate. The current rate is 13.75 percent of annual covered payroll. The contribution requirements of plan members and the Town of Jonesboro are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesboro's contributions to the System for the years ending June 30, 2008, 2007, 2006, and 2005, were \$14,837, \$19,012, \$21,785, and \$30,298, respectively, equal to the required contributions for each year.

10. **Accounts, Salaries, and Other Payables**

The payables of \$232,786 at June 30, 2008, are as follows:

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

	Fund		Total
	General	Proprietary	
Accounts	\$ 120,384	\$ 91,464	\$ 211,848
Other	300	20,639	20,939
Total	\$ 120,684	\$ 112,103	\$ 232,787

11. Intergovernmental Receivable/payable

The following is a summary of the intergovernmental receivable from other governments at June 30, 2008:

Receivable from	General Fund	Total
State of Louisiana	\$ 22,344	\$ 22,344
LAMATS	43,020	43,020
Jackson Parish Police Jury	42,459	42,459
Jackson Parish Fire District #1	17,141	17,141
Total	\$ 124,964	\$ 124,964

The following is a summary of the intergovernmental payable due other governments at June 30, 2008:

Payable to	General Fund	Proprietary Fund	Total
State of Louisiana - Dept. of Rev. and Taxation	\$ -	\$ 2,762	\$ 2,762
Jackson Parish Fire District #1	-	12,519	12,519
Department of Health	-	5,200	5,200
Total	\$ -	\$ 20,481	\$ 20,481

12. Litigation and Claims

The Town has been named as defendant in several lawsuits. In the opinion of management and counsel for the Town, potential liability of the Town of Jonesboro, in excess of applicable insurance coverages, is not probable nor can it be estimated at this time.

13. Long-Term Debt

The General Fund acquired a fire truck costing \$180,516 under capital lease during the year ended June 30, 2005. The General Fund acquired equipment costing \$125,996 under capital lease during the year-ended June 30, 2008. These capital leases were

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

recorded as a capital asset and long-term obligation in the governmental activities of the government-wide financial statements. The Water and Sewer Fund acquired a water meter system that came into operation during the year ended June 30, 2006. The Water and Sewer Fund acquired equipment costing \$125,996 under capital lease during the year-ended June 30, 2008. These capital leases were recorded as a capital asset and long-term obligation in the proprietary fund activities.

The following is a summary of the long-term obligation transactions for the year ended June 30, 2008:

	General Fund	Water & Sewer Fund	Total
Balance at June 30, 2007	\$ 28,810	\$ 750,235	\$ 779,045
Additions	125,996	125,996	251,992
Retirements	(31,930)	(49,459)	(81,399)
Balance at June 30, 2008	\$ 122,876	\$ 826,762	\$ 949,638

The following is a summary of the current (due within one year) and long-term (due in more than one year) portions of the long-term obligation as of June 30, 2008:

	General Fund	Water & Sewer Fund	Total
Current portion	\$ 14,522	\$ 65,269	\$ 79,791
Long term portion	108,354	761,493	869,847
Total	\$ 122,876	\$ 826,762	\$ 949,638

The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments to be paid from the General Fund and from the Water and Sewer Fund.

Year Ending June 30,	General Fund	Water Sewer Fund	Total
2009	\$19,830	\$104,830	\$124,660
2010	21,308	107,308	128,616
2011	21,308	108,308	129,616
2012	21,308	109,308	130,616
2013	21,308	111,308	132,616
2014 and beyond	39,659	507,595	547,254
Total minimum lease payments	144,721	1,048,657	1,193,378
Less: Amount representing interest	21,845	221,895	243,740
Present value of net minimum lease payments	\$122,876	\$826,762	\$949,638

The Town incurred and charged to expense in the General Fund \$1,174 in interest costs

TOWN OF JONESBORO, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2008

related to the Fire Truck Lease and \$1,316 in interest costs related to the Lease-Purchase Equipment Lease during the year ended June 30, 2008. The Town incurred and charged to expense in the Water and Sewer Fund \$36,652 in interest costs related to the Water Meter System Lease and \$1,316 in interest costs related to the Lease-Purchase Equipment Lease during the year ended June 30, 2008.

Governmental Activities:

Compensated absences were \$4,285 at June 30, 2008.

14. Schedule of Compensation Paid Mayor and Aldermen

During Fiscal Year Ended June 30, 2008, the following amounts were paid to the Mayor and Aldermen:

	Meetings Attended	Amount	Expense Reimbursements	Total
Leslie Thompson, Mayor	15	\$ 35,000	\$ 1,647	\$ 36,647
Carroll R. Layfield	13	6,000	-	6,000
Randy Shows	14	6,000	-	6,000
Aaron Stringer	13	6,000	1,967	7,967
Terry Wiley	13	6,000	-	6,000
Renee Stringer	14	6,000	-	6,000
Total		\$ 65,000	\$ 3,614	\$ 68,614

15. Interim Financing

The Town entered into a \$2,300,000 water and sewer capital project financed by a loan from the USDA. The initial cost of the project was covered by interim financing secured from the Louisiana Public Facilities Authority, and the Sabine State Bank. The interim financing is to be repaid by a loan from the USDA when the project is completed. At June 30, 2008 the balance on the interim financing was \$1,103,093.

16. Subsequent Events -

During our review of subsequent events, we encountered two instances of theft or defalcation as follows:

Management brought to our attention the following two instances of theft or defalcation:

1.) An employee of the Town was taking cash payments from customers for payments of third party utility bills and misappropriating the funds. The specific dollar amount of funds taken has not been determined. The theft is under investigation by the local police. The Legislative Auditors Office and the local District Attorney's office have been notified.

2.) An individual obtained an account number and routing number on one of the Town's checking accounts. The individual then used this account number to purchase a computer

TOWN OF JONESBORO, LOUISIANA

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2008**

and was having the payments drafted from the Town's bank account. This occurred for a number of month's before Town employees realized the checking account was being drafted. The specific dollar amount of funds taken has not been determined. This theft is under investigation by the local police. The Legislative Auditor's Office and the local District Attorney's office have been notified.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JONESBORO, LOUISIANA

GENERAL FUND

Budgetary Comparison Schedule

June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Taxes				
Ad valorem	\$ 100,500	\$ 100,500	\$ 107,306	\$ 6,806
Franchise tax	150,000	150,000	147,880	(2,120)
Sales tax	800,000	800,000	853,393	53,393
Other taxes	8,000	8,000	13,487	5,487
Licenses and permits	80,500	80,500	111,509	31,009
Fines, forfeitures, and court costs	75,000	75,000	71,061	(3,939)
Intergovernmental:				
State funds	59,600	59,600	83,169	23,569
Parish funds	33,000	33,000	66,862	33,862
Fees and charges for services	298,600	298,600	276,209	(22,391)
Interest earnings	5,000	5,000	7,729	2,729
Rents and royalties	23,800	23,800	47,942	24,142
State grants	-	-	8,063	8,063
Federal grants	-	-	32,877	32,877
Other	15,500	15,500	37,510	22,010
Total revenues	<u>1,649,500</u>	<u>1,649,500</u>	<u>1,864,997</u>	<u>215,497</u>
EXPENDITURES				
Current				
General government	453,024	453,024	447,761	5,263
Public safety	1,105,845	1,105,845	918,337	187,508
Public works	1,178,800	1,178,800	1,295,358	(116,558)
Capital outlay	114,500	114,500	183,708	(69,208)
Total expenditures	<u>2,852,169</u>	<u>2,852,169</u>	<u>2,845,164</u>	<u>7,005</u>
EXCESS (Deficiency) REVENUES OVER EXPENDITURES				
	<u>(1,202,669)</u>	<u>(1,202,669)</u>	<u>(980,167)</u>	<u>222,502</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	1,136,000	1,136,000	969,910	(166,090)
Capital lease payment	-	-	(31,931)	(31,931)
Capital lease proceeds	-	-	125,996	125,996
Total other financing sources(uses)	<u>1,136,000</u>	<u>1,136,000</u>	<u>1,063,975</u>	<u>(72,025)</u>
NET CHANGES IN FUND BALANCES				
	<u>(66,669)</u>	<u>(66,669)</u>	<u>83,808</u>	<u>150,477</u>
FUND BALANCES - JULY 1, 2008				
	<u>598,982</u>	<u>598,982</u>	<u>598,982</u>	<u>-</u>
FUND BALANCES - JUNE 30, 2008				
	<u>\$ 532,313</u>	<u>\$ 532,313</u>	<u>\$ 682,790</u>	<u>\$ 150,477</u>

(Concluded)

TOWN OF JONESBORO, LOUISIANA
FIRE DEPARTMENT AD VALOREM TAX FUND
 Budgetary Comparison Schedule
 June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Ad valorem tax	\$ 60,000	\$ 60,000	\$ 67,184	\$ 7,184
Other fees and charges	2,500	2,500	-	(2,500)
Interest earnings	250	250	1,060	810
Total revenues	62,750	62,750	68,224	5,474
EXPENDITURES				
Current				
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	62,750	62,750	68,224	5,474
OTHER FINANCING SOURCES (Uses)				
Transfers out	(68,000)	(68,000)	(60,000)	8,000
TOTAL OTHER FINANCING SOURCES (Uses)	(68,000)	(68,000)	(60,000)	8,000
NET CHANGES IN FUND BALANCES	(5,250)	(5,250)	8,224	13,474
FUND BALANCES - JULY 1, 2008	22,877	22,877	22,877	-
FUND BALANCES - JUNE 30, 2008	\$ 17,627	\$ 17,627	\$ 31,101	\$ 13,474

TOWN OF JONESBORO, LOUISIANA
STREET AD VALOREM TAX FUND
 Budgetary Comparison Schedule
 June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Ad valorem tax	\$ 60,000	\$ 60,000	\$ 67,164	\$ 7,164
Other fees and charges	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)
Interest earnings	-	-	357	357
Total revenues	62,500	62,500	67,521	5,021
EXPENDITURES				
EXCESS (Deficiency) REVENUES OVER EXPENDITURES	62,500	62,500	67,521	5,021
OTHER FINANCING SOURCES (Uses)				
Operating transfers out	(68,000)	(68,000)	(60,000)	8,000
Total other financing sources(uses)	(68,000)	(68,000)	(60,000)	8,000
NET CHANGES IN FUND BALANCES	(5,500)	(5,500)	7,521	13,021
FUND BALANCES - JULY 1, 2008	24,398	24,398	24,398	-
FUND BALANCES - JUNE 30, 2008	\$ 18,898	\$ 18,898	\$ 31,919	\$ 13,021

(Concluded)

TOWN OF JONESBORO, LOUISIANA

STREET SALES TAX FUND

Budgetary Comparison Schedule

June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Taxes				
Sales taxes	\$ 800,000	\$ 800,000	\$ 853,392	\$ 53,392
Interest earnings	5,000	5,000	12,920	7,920
Total revenues	<u>805,000</u>	<u>805,000</u>	<u>866,312</u>	<u>61,312</u>
EXPENDITURES				
Current				
General government	<u>9,010</u>	<u>9,010</u>	<u>1,897</u>	<u>7,113</u>
Total expenditures	<u>9,010</u>	<u>9,010</u>	<u>1,897</u>	<u>7,113</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>795,990</u>	<u>795,990</u>	<u>864,415</u>	<u>68,425</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(798,103)</u>	<u>201,897</u>
Total other financing sources(uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(798,103)</u>	<u>201,897</u>
NET CHANGES IN FUND BALANCES	<u>(204,010)</u>	<u>(204,010)</u>	<u>66,312</u>	<u>270,322</u>
FUND BALANCES - JULY 1, 2008	<u>751,437</u>	<u>751,437</u>	<u>751,437</u>	<u>-</u>
FUND BALANCES - JUNE 30, 2008	<u>\$ 547,427</u>	<u>\$ 547,427</u>	<u>\$ 817,749</u>	<u>\$ 270,322</u>

(Concluded)

TOWN OF JONESBORO, LOUISIANA

CAPITAL PROJECTS FUND

Budgetary Comparison Schedule

June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Interest earnings	-	-	937	937
Total revenues	-	-	937	937
EXPENDITURES				
Current				
Construction in progress	-	-	1,103,092	(1,103,092)
Total expenditures	-	-	1,103,092	(1,103,092)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	-	-	(1,102,155)	(1,102,155)
OTHER FINANCING SOURCES (Uses)				
Loan Proceeds	-	-	1,107,000	1,107,000
Total other financing sources(uses)	-	-	1,107,000	1,107,000
NET CHANGES IN FUND BALANCES	-	-	4,845	4,845
FUND BALANCES - July 1, 2008	-	-	-	-
FUND BALANCES - JUNE 30, 2008	\$ -	\$ -	\$ 4,845	\$ 4,845

TOWN OF JONESBORO
Jonesboro, Louisiana

Notes to the Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

NOTE 1 - BUDGETARY POLICIES

A proposed budget for the general fund and the special revenue funds of the Town of Jonesboro is prepared on the modified accrual basis of accounting. The budget is legally adopted by the Town of Jonesboro and then amended during the year, as necessary. The budget is established and controlled at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Town of Jonesboro authorizes all amendments to the budget. Amendments were made to the original budget and all amendments are reflected in the accompanying budget comparison information.

Formal budgetary integration is employed as a management control device during the year.

Kenneth D. Folden & Co.

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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

Town of Jonesboro
Jonesboro, Louisiana

We were engaged to audit the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Jonesboro, as of and for the year ended June 30, 2008, which collectively comprise the Town of Jonesboro's basic financial statements and have issued our report thereon dated July 31, 2009. We did not express an opinion on the financial statements described above because the Town's accounting records were not maintained sufficient enough to conduct an audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Jonesboro's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Jonesboro's financial statements that is more than inconsequential will not be prevented or detected by the Town of Jonesboro's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2008-1, 2008-2, 2008-3, and 2008-4 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Jonesboro's internal control.

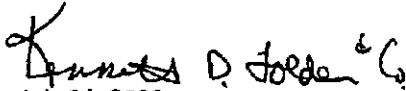
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider all the significant deficiencies described above to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jonesboro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2008-05 and 2008-06.

Town of Jonesboro's response to the findings identified in our audit is attached. We did not audit the Town of Jonesboro's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the members of the Board of Aldermen of the Town of Jonesboro, management of the Town of Jonesboro, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



July 31, 2009
Jonesboro, Louisiana

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Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133

To the Mayor and the Town Council of
Jonesboro, Louisiana

Compliance

We have audited the compliance of the Town of Jonesboro, Louisiana with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town of Jonesboro, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Town of Jonesboro, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in the internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, council members, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



July 31, 2009

Jonesboro, Louisiana

SUPPLEMENTAL INFORMATION

TOWN OF JONESBORO
Jonesboro, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

A. SUMMARY OF AUDIT RESULTS

Financial Statements Audit

1. A disclaimer of opinion was issued on the basic financial statements of the Town of Jonesboro, as of and for the year ended June 30, 2008.
2. The audit disclosed four significant deficiencies in internal control, and these significant deficiencies were determined to be material weaknesses.
3. The audit disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*.
4. The audit did not disclose any significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance with major programs.
6. The audit did not disclose findings related to federal awards that are required to be reported under OMB Circular A-133.
7. The following program was major for the year ended June 30, 2008:

United States Department of Agriculture-USDA Water and Sewer Project CFDA # 10.760
8. \$300,000 was the threshold used to distinguish Type A and Type B programs.
9. The Town of Jonesboro, Louisiana did not qualify as a low-risk auditee.

B. FINDINGS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The following findings relate to the financial statements and are required to be reported in accordance with *Government Auditing Standards*:

Internal Control

2008-01- Control over Recording

Condition- Financial transactions are not being posted or not being posted in a timely manner to the general ledger.

Effect- Failure to post financial transactions on a timely basis or not at all could result in reporting errors or defalcations not being identified or corrected.

Cause- The Town personnel either did not post transactions in a timely manner or at all during the year.

Recommendation: It is recommended that the Town take immediate steps to ensure that the books of account are prepared and maintained on monthly basis. We also recommend that management have a heightened awareness of all transactions being reported. If it is not possible to prepare the financial statements in a timely or accurate manner, the Town should consider hiring a third party to prepare these statements.

See Management's Response

2008-02- Control over Account Reconciliations

Condition- Several general ledger accounts, primarily cash, accounts receivable, and accounts payable not being reconciled on a timely basis.

Effect- Failure to prepare account reconciliations on a timely basis could result in reporting errors or defalcations not being identified or corrected on a timely basis.

Cause- The Town personnel did not perform account reconciliations in a timely manner during the year.

Recommendations- We recommend that accounting personnel reconcile cash, accounts receivable, and accounts payable to supporting documentation and the general ledger on a monthly basis. If it is not possible to complete the reconciliations in a timely or accurate manner, the Town should consider hiring a third party to prepare these reconciliations.

See Management's Response

2008-03- Control over Billings for Services Rendered

Condition- The Town did not bill the Jonesboro Fire District for the services of a firefighter on a prompt and timely basis.

Effect- Failure to bill for services rendered will result in lost income for the Town.

Cause- The Town personnel did not calculate and bill the Jonesboro Fire District.

Recommendation- The Town should consider a new system which would automatically send bills for services rendered and incorporate these billings as account receivables into the general ledger.

See Management's Response

2008-04- Control over Expenditures

Condition- During the engagement, we discovered that original invoices were not available, unauthorized parties were signing invoices, and the expenditures are not paid in a timely manner.

Effect- The Town has the potential of incurring expenditures which are improper or unauthorized. The Town is also at risk of adverse relations with their vendors.

Cause- The Town has no or little internal controls over expenditures.

Recommendation- The Town should develop a system of internal control to ensure that expenditures are paid correctly and timely. The Town should also utilize their current system which would add invoices to an accounts payable system and would automatically post the expenditures into the general ledger.

See Management's Reponse.

Instances of Non-Compliance

2008-05- Late Report

Condition- Louisiana state law requires that the Town have an annual audit performed and submitted to the Legislative Auditor within six (6) months after the close of their fiscal year. For the year June 30, 2008, this requirement was not met.

Effect- The Town is in noncompliance with state law. Louisiana law states that entities that do not have their financial reports submitted on time will have all funding from the State withheld until their required report is submitted.

Cause- Accounting records were not provided to the auditors on a timely basis. When the records were provided, they were not auditable.

Recommendation- The Town should institute procedures to ensure that the books and records are ready for the auditors withing 45 days after the end of their fiscal year.

See Management's Response.

2008-06- Non-Compliance with Bid Laws

Condition- Louisiana state law requires the Town to advertise and bid all purchases of any materials and supplies exceeding the sum of Twenty Thousand Dollars. The Town did not comply with bid laws for a vehicle purchased in July, 2008.

Effect- The Town did not comply with Louisiana Law.

Cause- The Town has violated the Louisiana Law by not bidding on the purchased vehicle.

Recommendation- The Town should institute procedures to ensure that all required expenditures comply with the Louisiana Revised Statutes.

See Management's Response.

TOWN OF JONESBORO, LOUISIANA
Schedule of Expenditures of Federal Awards
June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number*	Pass-Through Grantor's Number	Federal Expenditures
United States Department of Agriculture:			
Water and Waste Water Systems for Rural Communities	10.760		\$ 1,103,093
U. S. Department of Transportation:			
Federal Aviation Administration - Federal Airport Obstruction Removal Project	20.106	3-22-00230032006	32,877

TOWN OF JONESBORO
Jonesboro, Louisiana

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Jonesboro (the Town). The Town's reporting entity is defined in Note 1 to the basic financial statements for the year ended June 30, 2008. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies.

2. BASIS OF ACCOUNTING

The accompanying 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 for the year ended June 30, 2008.

TOWN OF JONESBORO



LESLIE C. THOMPSON
MAYOR

OFFICE OF THE MAYOR

POST OFFICE BOX 810
JONESBORO, LA 71251
PHONE (318) 259-2385
FAX (318) 259-4177

August 20, 2009

Kenneth Folden, CPA
816 Eighth Street
Jonesboro, LA 71251

Dear Sir:

Regarding our meeting this morning on the findings from your audit, I want to thank you for the manner in which you communicated the reasons you had for those findings. We do regret that it was not the clear audit that we would have wished, but I do feel that there were some extenuating circumstances that made it difficult for us to have that desirable outcome.

First, there was a complete lack of experience in some office personnel, in particular the Clerk, who was suddenly thrust into that responsibility with virtually no prior training. A similar factor was the almost total turnover in other workers, leaving new ones who had no experience at their job. This caused the excessive use of hours for training with fewer hours devoted to other needed work.

Second, our situation required that we move personnel from one responsibility to another within the office. This contributed to a state of confusion, feeling of instability, and lack of progress in some areas. In hindsight, when combined with the lack of experience, it was a greater blow to office efficiency than was anticipated.

Third, the Town is still working with an older software system that has not been recently updated. While it is a very good system, this UNIX system has remained virtually unchanged for the past twenty years, and does not lend itself to easy use by inexperienced workers.

We do not regard any of these circumstances to have been an excuse for the quality of our performance. The personnel in this office is dedicated to improvement as rapidly as possible. To that end, we propose the following actions which have already begun and will continue.

1. Further training for each employee in their job and a complete stating of their responsibilities, with particular reference to deadlines, completeness, and accuracy of work. Emphasis will also be put on proper procedures for filing and recordkeeping in order to eliminate lost invoices and receipts. We will insist on the use of the checks and balances that are already known to work.
2. Institution of a system whereby each person's work is verified for accuracy and timeliness by a supervisor or other employee through reports or other scheduled submission of work done, with any corrective action being taken immediately.

3. Purchase of an up-to-date software system with the capability of demand checkwriting and immediate posting of such expenditures is already being pursued. This would remove the necessity for double work to record checks as in the current system. The new, or other currently used, software systems will be searched for better ways to bill for accounts receivable.
4. Revising of work priorities; particularly, emphasis to be made on reconciling bank statements, generating reports, and billing accounts receivables in a timely manner. As stated in a previous letter to you, we have already changed our internal controls to correct deficiencies in that area. We will continue to do so. We feel that this and the above stated items will ensure that future work can be submitted to the audit process in a timely manner.
5. We will pledge ourselves to a strict adherence to the law in regard to the bid process. We will make a diligent effort to search the law and obtain legal opinion regarding the proper procedure and will follow it.
6. We have hired additional persons to assist in the work being done. This will allow for the Clerk and other personnel to have more time to do their duties. We will consider contracting professional services to assist us with these problems.

Again, it is my sincere regret that the situation in this office was allowed to come to this point. We have renewed our commitment to doing everything in our power to conduct our business in a lawful and timely manner, and would appreciate any consideration or direction you are able to give us.

Sincerely,

A handwritten signature in cursive script, appearing to read "Leslie Thompson".

Leslie Thompson,
Mayor