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**TOWN OF JACKSON, LOUISIANA**

**FINANCIAL REPORT**

**SEPTEMBER 30, 2018**

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Postlethwaite & Netterville

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

TOWN OF JACKSON, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 2018

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members  
of the Board of Aldermen  
Town of Jackson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jackson, Louisiana, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Jackson's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Jackson, Louisiana, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 5 through 11, budgetary comparison information on page 48 through 49, schedule of the proportionate share of net pension liability on page 50, the schedule of contributions to each retirement system on page 51, and the notes to required supplementary information on page 52 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting



Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jackson, Louisiana's basic financial statements. The Schedule of Revenues and Expenses by Activity – Budget (GAAP Basis) and Actual – Enterprise Funds – Public Utility Revenue Fund, the Schedule of Principal Officials and Salaries, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, and the Insurance-in-Force and Public Utility System Operations schedules on page 53, page 54, page 55, page 56, and pages 57 through 58 respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues and Expenses by Activities, the Schedule of Principal Officials and Salaries, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Revenues and Expenses by Activity – Budget (GAAP Basis) and Actual – Enterprise Funds – Public Utility Revenue Fund, the Schedule of Principal Officials and Salaries, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Insurance-in-Force and Public Utility System Operations schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019, on our consideration of the Town of Jackson, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Jackson, Louisiana's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
March 29, 2019

**INDEPENDENT AUDITORS' 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 Mayor and Members  
of the Board of Aldermen  
Town of Jackson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jackson, Louisiana, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Jackson, Louisiana's basic financial statements and have issued our report thereon dated March 29, 2019.

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations to be a material weakness, noted as item 2018-002.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and recommendations to be significant deficiencies, noted as items 2018-003, 2018-004, and 2018-005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Jackson, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 2018-001, 2018-004, and 2018-005.

### **Town of Jackson, Louisiana's Response to Findings**

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

### **Purpose of this Report**

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

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
March 29, 2019

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2018

This section of the Town of Jackson, Louisiana's (the Town) annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on September 30, 2018. Please read it in conjunction with the Town's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The Town's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at the close of fiscal year 2018 by \$2,127,283. Of this net position, \$3,321,944 is either restricted or invested in capital assets and is unavailable for payment of ongoing obligations. The unrestricted net position reflects a deficit balance of \$1,194,661.
- Expenses exceeded revenues by \$534,219 on the accrual basis for the 2018 fiscal year, representing a decrease in the overall financial condition of the Town.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents supplemental statements and schedules. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide long-term and short-term information about the Town's overall financial status and economic condition.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
  - The governmental fund statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
  - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the water, sewer and gas delivery systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SEPTEMBER 30, 2018**

Figure A-1  
Major Features of the Town's Government and Fund Financial Statements

	<b>Fund Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<u>Scope</u>	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and streets	Activities the Town operates similar to private businesses: the water, sewer and gas systems
<u>Required financial statements</u>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>
<u>Accounting basis and measurements focus</u>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<u>Type of asset/liability information</u>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<u>Type of inflow/outflow information</u>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

# TOWN OF JACKSON, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2018

### **Government-wide Statements**

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net position—the difference between the Town's assets and liabilities - is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, one needs to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads and utilities infrastructure.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities - most of the Town's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities - The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water, gas and sewer systems are included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law, while others may be required by bond covenants.
- Governmental funds - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- Proprietary funds - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SEPTEMBER 30, 2018**

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

	<b>Table A-1</b>			
	<b>Town's Net Position</b>			
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>Restated 2017</b>
<b>Assets</b>				
Current and other assets	\$ 242,140	\$ 191,032	\$ 642,698	\$ 863,945
Capital assets	729,540	869,931	2,437,631	2,614,434
<b>Total assets</b>	<b>971,680</b>	<b>1,060,963</b>	<b>3,080,329</b>	<b>3,478,379</b>
<b>Deferred outflows of resources</b>				
Pension related	269,217	202,013	159,551	105,791
<b>Total assets and deferred outflows of resources</b>	<b>1,240,897</b>	<b>1,262,976</b>	<b>3,239,880</b>	<b>3,584,140</b>
<b>Liabilities</b>				
Current liabilities	33,042	32,558	98,920	128,681
Internal balances	(644,299)	(662,016)	644,299	662,016
Long-term liabilities	15,662	10,783	657,417	666,045
Net pension liability	952,120	805,722	487,643	429,168
<b>Total liabilities</b>	<b>356,525</b>	<b>187,047</b>	<b>1,888,279</b>	<b>1,885,910</b>
<b>Deferred inflows of resources</b>				
Pension related	69,378	61,341	39,312	51,316
<b>Total liabilities and deferred inflows of resources</b>	<b>425,903</b>	<b>248,388</b>	<b>1,927,591</b>	<b>1,937,226</b>
<b>Net position</b>				
Net investment in capital assets	729,540	869,931	1,806,158	1,951,917
Restricted funds	702,533	717,603	86,713	102,411
Unrestricted (deficit)	(617,079)	(572,946)	(580,582)	(407,414)
<b>Total net position</b>	<b>\$ 814,994</b>	<b>\$ 1,014,588</b>	<b>\$ 1,312,289</b>	<b>\$ 1,646,914</b>

- Current and other assets account for 22% and 23% of the total assets of the Town as of September 30, 2018 and 2017, respectively. The decrease from the prior year is primarily due to the change in net position of the proprietary fund.
- Capital Assets (reported net of accumulated depreciation), which account for 78% of total assets of the Town, decreased primarily due to the recording of current year depreciation expense of \$165,696.
- Net pension liability increased \$204,783, or 17% as a result of changes in the valuation by the actuary.
- Net position at September 30, 2018 shows a balance of \$2,127,283. This is primarily a result of net invested in capital assets of \$2,532,698.

**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SEPTEMBER 30, 2018**

**Changes in net position.** The Town's total change in net position was (\$534,219); (\$199,594) from governmental activities and (\$334,625) from business-type activities. The changes in net position result from those activities' revenues falling short of expenses. Table A-2 shows the composition of revenues and summarizes the expenses by function or service area.

**Table A-2  
Changes in Town's Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 49,345	\$ 84,825	\$ 934,929	\$ 889,592
Operating grants	35,000	11,400	4,512	77,473
General revenues				
Taxes	445,981	456,574	-	-
Licenses and permits	75,331	75,479	-	-
Miscellaneous	168,931	200,138	1,097	7,409
<b>Total revenues</b>	<b>774,588</b>	<b>828,416</b>	<b>940,538</b>	<b>974,474</b>
<b>Expenses</b>				
General government	701,302	579,463	-	-
Public safety	571,657	534,131	-	-
Recreation	1,223	910	-	-
Services – Utilities	-	-	975,163	930,831
<b>Total expenses</b>	<b>1,274,182</b>	<b>1,114,504</b>	<b>975,163</b>	<b>930,831</b>
<b>Transfers</b>	<b>300,000</b>	<b>300,000</b>	<b>(300,000)</b>	<b>(300,000)</b>
<b>Increase (decrease) in net position</b>	<b>\$ (199,594)</b>	<b>\$ 13,912</b>	<b>\$ (334,625)</b>	<b>\$ (256,357)</b>
Beginning net position	1,014,588	1,000,676	1,646,914	1,881,486
Overstatement of Account Payables Balance	-	-	-	21,785
<b>Restated net position</b>	<b>\$ 814,994</b>	<b>\$ 1,014,588</b>	<b>\$ 1,312,289</b>	<b>\$ 1,646,914</b>

- Tax revenues consist predominantly of sales and property taxes and are approximately 26% of total revenues. Tax revenues have decreased slightly by \$10,593 or 2%.
- Charges for services revenues are approximately 55% of total revenues. Charges for services revenues have decreased by \$45,337 or 5%. The decrease is primarily due to the decrease in collection of fines and forfeitures.
- Expenses overall increased by \$204,010 or 10%, primarily as a result of increased salaries and benefits.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2018

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds reported a combined fund balance of \$853,397, consisting of \$150,864 in the general fund and \$702,533 in the special revenue fund. The \$150,864 in the general fund is unassigned and available for spending. The \$702,533 in the special revenue fund is reserved in order to maintain streets and sidewalks.

**General Fund Budgetary Highlights**

Over the course of the year, the Board of Alderman revised the Town budget. These budget amendments resulted from:

- Decreased fines revenue
- Increased grant revenue
- Increased capital outlay

Under the revised budget, the general fund also budgeted for additional capital asset expenditures for the purchase of a police vehicle.

**CAPITAL ASSETS**

At the end of September 30, 2018, the Town had invested approximately \$3.2 million in a broad range of capital assets, including police and fire equipment, buildings, vehicles, streets, and water and sewer systems. See Table A-3. This amount represents a net decrease (including additions and deductions) of approximately \$317,200 or 9.1 percent over prior year.

**Table A-3**  
**Town's Capital Assets**  
(net of depreciation)

	<b>Governmental Activities</b>		<b>Business Activities</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Land	\$ 26,000	\$ 26,000	\$ 18,300	\$ 18,300
Buildings	118,854	128,094	7,388	9,447
Other Improvements	329,998	413,619	2,391,866	2,559,850
Equipment	254,688	302,218	20,077	26,837
<b>Total</b>	<b>\$ 729,540</b>	<b>\$ 869,931</b>	<b>\$ 2,437,631</b>	<b>\$ 2,614,434</b>

This year's major capital asset additions included:

- Purchase of a police vehicle for \$25,305 during 2018.
- Additional water well costs during fiscal year 2018 which were capitalized in the current year totaled \$47,944.

**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SEPTEMBER 30, 2018**

**LONG-TERM LIABILITIES**

The Town's long-term liabilities consist of bonds payable, notes payable, and the liability for compensated absences. See Table A-4 below.

**Table A-4  
Town's Long-Term Liabilities**

	<b>Governmental Activities</b>		<b>Business Activities</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Bonds Payable	\$ -	\$ -	\$ 539,249	\$ 547,722
Notes Payable	-	-	108,520	108,520
Compensated Absences	15,662	10,783	9,648	9,803
<b>Total</b>	<b>\$ 15,662</b>	<b>\$ 10,783</b>	<b>\$ 657,417</b>	<b>\$ 666,045</b>

- In 2018, the Town drew down proceeds of \$10,527 to assist with the completion of the Well Water Project and made scheduled debt payments of \$19,000. As of September 30, 2018, the bonds payable had a remaining balance of \$539,249.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's major sources of revenue for the general fund consists of property taxes, sales tax, utility franchise fees, licenses and permits, and fines. Gas revenue fluctuates according to the Town's cost. Other expenses of the utility fund are not expected to increase substantially.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's mayor, Charles Coleman, 1610 Charter Street, Jackson, LA 70748, (225) 634-7777.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 93,344	\$ 996	\$ 94,340
Certificates of deposit	48,626	358,026	406,652
Property tax receivable, net	4,203	-	4,203
Accounts receivable, net	-	105,711	105,711
Due from other governmental agencies	71,225	-	71,225
Accrued interest receivable	43	319	362
Other receivables	24,699	-	24,699
Restricted assets:			
Cash and cash equivalents	-	104,349	104,349
Certificates of deposit	-	73,297	73,297
Capital assets:			
Land	26,000	18,300	44,300
Other capital assets, net of depreciation	703,540	2,419,331	3,122,871
<b>TOTAL ASSETS</b>	<u>971,680</u>	<u>3,080,329</u>	<u>4,052,009</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension related	269,217	159,551	428,768
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>269,217</u>	<u>159,551</u>	<u>428,768</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	26,486	-	26,486
Accrued liabilities	1,257	283	1,540
Cash overdraft	5,299	-	5,299
Internal balances	(644,299)	644,299	-
Accrued interest payable	-	7,704	7,704
Customer service meter deposits	-	90,933	90,933
Long-term liabilities:			
Due within one year	-	21,000	21,000
Due beyond one year	15,662	636,417	652,079
Net pension liability	952,120	487,643	1,439,763
<b>TOTAL LIABILITIES</b>	<u>356,525</u>	<u>1,888,279</u>	<u>2,244,804</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension related	69,378	39,312	108,690
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>69,378</u>	<u>39,312</u>	<u>108,690</u>
<b><u>NET POSITION</u></b>			
Net invested in capital assets	729,540	1,803,158	2,532,698
<b>Restricted for:</b>			
Streets and sidewalks	702,533	-	702,533
Debt service	-	46,048	46,048
Customer deposits	-	40,665	40,665
Unrestricted	(617,079)	(577,582)	(1,194,661)
<b>TOTAL NET POSITION</b>	<u>\$ 814,994</u>	<u>\$ 1,312,289</u>	<u>\$ 2,127,283</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental:</b>						
General government	\$ 701,302	\$ -	\$ -	\$ (701,302)	\$ -	\$ (701,302)
Public safety	571,657	49,345	35,000	(487,312)	-	(487,312)
Recreation	1,223	-	-	(1,223)	-	(1,223)
Total governmental activities	<u>1,274,182</u>	<u>49,345</u>	<u>35,000</u>	<u>(1,189,837)</u>	<u>-</u>	<u>(1,189,837)</u>
<b>Business-type:</b>						
Utilities - Gas	274,896	231,637	-	-	(43,259)	(43,259)
Utilities - Water	398,211	372,945	4,512	-	(20,754)	(20,754)
Utilities - Sewer	302,056	330,347	-	-	28,291	28,291
Total business-type activities	<u>975,163</u>	<u>934,929</u>	<u>4,512</u>	<u>-</u>	<u>(35,722)</u>	<u>(35,722)</u>
<b>Total Town of Jackson</b>	<u>\$ 2,249,345</u>	<u>\$ 984,274</u>	<u>\$ 39,512</u>	<u>\$ (1,189,837)</u>	<u>\$ (35,722)</u>	<u>\$ (1,225,559)</u>
General Revenues:						
Taxes				445,981	-	445,981
Licenses and permits				75,331	-	75,331
Intergovernmental				4,260	-	4,260
Interest				71	1,097	1,168
Transfers (to)/from other funds				300,000	(300,000)	-
Other				164,600	-	164,600
Total general revenues				<u>990,243</u>	<u>(298,903)</u>	<u>691,340</u>
Change in net position				(199,594)	(334,625)	(534,219)
Net Position - September 30, 2017, as restated				1,014,588	1,646,914	2,661,502
Net Position - September 30, 2018				<u>\$ 814,994</u>	<u>\$ 1,312,289</u>	<u>\$ 2,127,283</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	General Fund	Special Revenue Fund	Total
<b><u>ASSETS</u></b>			
Cash	\$ -	\$ 93,344	\$ 93,344
Certificates of deposit	5,803	42,823	48,626
Property taxes receivable, net	4,203	-	4,203
Other accounts receivable	24,699	-	24,699
Due from other governmental agencies	28,577	42,648	71,225
Due from other funds	644,299	524,021	1,168,320
Accrued interest receivable	12	31	43
	<b>\$ 707,593</b>	<b>\$ 702,867</b>	<b>\$ 1,410,460</b>
 <b><u>LIABILITIES</u></b>			
Accounts payable	\$ 26,486	\$ -	\$ 26,486
Accrued liabilities	923	334	1,257
Cash overdraft	5,299	-	5,299
Due to other funds	524,021	-	524,021
	<b>556,729</b>	<b>334</b>	<b>557,063</b>
 <b><u>FUND BALANCES</u></b>			
Restricted for			
Streets and sidewalks	-	702,533	702,533
Unassigned, reported in General fund	150,864	-	150,864
	<b>150,864</b>	<b>702,533</b>	<b>853,397</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 707,593</b>	<b>\$ 702,867</b>	<b>\$ 1,410,460</b>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

Total fund balances - Governmental Funds		\$ 853,397
Cost of capital assets at September 30, 2018	\$ 3,260,117	
Less: accumulated depreciation as of September 30, 2018	<u>(2,530,577)</u>	729,540
Deferred outflows - pension related		269,217
Deferred inflows - pension related		(69,378)
Long-term liabilities at September 30, 2018:		
Compensated absences payable	\$ (15,662)	
Net pension liability	(952,120)	
		<u>(967,782)</u>
Total net position at September 30, 2018 - Governmental Activities		<u>\$ 814,994</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<b><u>REVENUES</u></b>			
Taxes	\$ 198,651	\$ 247,330	\$ 445,981
Licenses and permits	75,331	-	75,331
Intergovernmental revenues	4,260	-	4,260
Fines and forfeitures	49,345	-	49,345
Interest	17	54	71
Grants - other	35,000	-	35,000
Other revenue	151,575	13,025	164,600
Total revenues	<u>514,179</u>	<u>260,409</u>	<u>774,588</u>
<b><u>EXPENDITURES</u></b>			
General government	195,015	275,479	470,494
Public safety	569,964	-	569,964
Recreation	1,223	-	1,223
Total expenditures	<u>766,202</u>	<u>275,479</u>	<u>1,041,681</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES</u></b>			
	(252,023)	(15,070)	(267,093)
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers in	300,000	-	300,000
Total other financing sources	<u>300,000</u>	<u>-</u>	<u>300,000</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>			
	47,977	(15,070)	32,907
<b><u>FUND BALANCES</u></b>			
Beginning of year	102,887	717,603	820,490
End of year	<u>\$ 150,864</u>	<u>\$ 702,533</u>	<u>\$ 853,397</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Net change in fund balances - governmental funds	\$	32,907
The change in net position reported for governmental activities in the statement of activities is different because:		
Capital outlay capitalized		25,305
Depreciation expense for the year ended September 30, 2018		(165,696)
Change in compensated absences		(4,879)
Net change in pension liability and deferred inflows/outflows of resources		<u>(87,231)</u>
Change in net position of governmental activities	\$	<u><u>(199,594)</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**BALANCE SHEET**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2018**

**CURRENT ASSETS**

Cash and cash equivalents	\$	996
Certificates of deposit		358,026
Accounts receivable, net		105,711
Accrued interest receivable		319
<b>Total current assets</b>		465,052

**RESTRICTED ASSETS**

Cash and cash equivalents		104,349
Certificates of deposit		73,297
<b>Total restricted assets</b>		177,646

**PROPERTY, PLANT, AND EQUIPMENT**

Land		18,300
Buildings		81,409
Improvements and infrastructure		6,594,208
Equipment		102,190
		6,796,107
Less: allowance for depreciation		(4,358,476)
Net property, plant, and equipment		2,437,631
<b>Total Assets</b>		3,080,329

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related		159,551
<b>Total deferred outflows of resources</b>		159,551

**CURRENT LIABILITIES**

Accrued interest payable		7,704
Accrued liabilities		283
Customers' service meter deposits		90,933
Bonds payable - current portion		21,000
Due to other funds		644,299
<b>Total current liabilities</b>		764,219

**LONG-TERM LIABILITIES**

Bonds payable		518,249
Notes payable		108,520
Compensated absences		9,648
Net pension liability		487,643
<b>Total long-term liabilities</b>		1,124,060
<b>Total Liabilities</b>		1,888,279

**DEFERRED INFLOWS OF RESOURCES**

Pension related		39,312
<b>Total deferred inflows of resources</b>		39,312

**NET POSITION**

Net investment in capital assets		1,803,158
Restricted - debt service		46,048
Restricted - customer deposits		40,665
Unrestricted		(577,582)
<b>Total Net Position</b>		\$ 1,312,289

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**OPERATING REVENUES**

Gas sales	\$ 216,279
Water sales	357,587
Sewerage sales	314,989
Penalties and service charges	46,074
Total operating revenues	<u>934,929</u>

**OPERATING EXPENSES**

Salaries	161,089
Wages	70,229
Audit and accounting	23,800
Depreciation	224,747
Electricity	20,666
Employees' retirement expense	48,084
Engineering fees	300
Gas purchases	78,342
Insurance	109,975
Legal	2,400
Maintenance, repairs, and supplies	74,054
Miscellaneous	15,223
Printing, stationery, and supplies	29,963
Water fees	10,100
Truck expense	19,615
Utilities	11,041
Bad debt expense	59,200
Total operating expenses	<u>958,828</u>

**INCOME (LOSS) FROM OPERATIONS** (23,899)

**NON-OPERATING REVENUES (EXPENSES)**

Interest revenues	1,097
Interest expense	(16,335)
Grant revenue	4,512
Total non-operating revenues (expenses)	<u>(10,726)</u>

**INCOME (LOSS) BEFORE TRANSFERS** (34,625)

Operating transfers out	<u>(300,000)</u>
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**CHANGE IN NET POSITION** (334,625)

Net position - beginning of year, as restated	<u>1,646,914</u>
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Net position - end of year	<u>\$ 1,312,289</u>
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The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 939,855
Cash paid to suppliers for goods and services	(552,323)
Cash paid to employees for services	(238,792)
<b>Net cash provided by operating activities</b>	<b><u>148,740</u></b>

**CASH FLOWS FROM NON-CAPITAL  
FINANCING ACTIVITIES**

Operating transfers out	<u>(300,000)</u>
<b>Net cash used in non-capital financing activities</b>	<b><u>(300,000)</u></b>

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(47,944)
Proceeds from revenue bonds	10,527
Principal payment on debt	(19,000)
Interest paid on debt	(14,906)
Proceeds from capital grant	4,512
<b>Net cash used in capital and related financing activities</b>	<b><u>(66,811)</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of certificates of deposit	(417)
Interest earned on investments	1,097
<b>Net cash provided by investing activities</b>	<b><u>680</u></b>

Net decrease in cash and cash equivalents (217,391)

Cash and cash equivalents - beginning of year 322,736

Cash and cash equivalents - end of year \$ 105,345

Cash and cash equivalents as shown on balance sheet under:

Current assets	\$ 996
Restricted assets	<u>104,349</u>

**\$ 105,345**

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS**  
**TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Income (loss) from operations	\$ (23,899)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:	
Depreciation	224,747
Bad debts	59,200
Net change in assets and liabilities:	
Accounts receivable	(54,927)
Deferred outflows of resources	(53,790)
Accounts payable	(32,126)
Accrued liabilities	283
Customer service meter deposits	653
Compensated absences	(155)
Net pension liability	58,475
Deferred inflows of resources	(12,004)
Due to other funds	(17,717)
Total adjustments	<u>172,639</u>
Net cash provided by operating activities	<u>\$ 148,740</u>

The accompanying notes are an integral part of this statement.

## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### **1. Summary of Significant Accounting Policies**

The Town of Jackson, Louisiana (the Town) was incorporated on April 2, 1832, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, recreation, public improvements, and general administrative services.

The Town's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The entity-wide financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

#### Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 61, Section 2100, *Defining the Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town 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, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 61, fiscally independent means that the Town 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. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 61 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

The following is a summary of certain significant accounting policies and practices:

#### Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities display information about the Town of Jackson as a whole entity. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions, while business-type activities are financed in whole or in part by fees charged to external parties.

**TOWN OF JACKSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies** (continued)

Basis of Presentation (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Special Revenue Fund - This fund accounts for the collection and expenditure of the sales tax received from the East Feliciana Police Jury whose use is restricted to streets and sidewalks within the Town.

The Town reports the following major enterprise fund:

Public Utilities Fund – As a proprietary fund, the public utility fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered 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 purposes.

Measurement Focus, Basis of Accounting

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and employ the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### **1. Summary of Significant Accounting Policies (continued)**

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

#### Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, special revenue, and proprietary funds are adopted on bases consistent with accounting principles generally accepted in the United States of America.
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts included in the financial statements include the original adopted budget, and the final amended budget.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Capital Assets**

Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Sewerage system	25 years
Gas plant and structures	25 years
Office equipment	5-10 years
Automotive equipment	3-7 years
Street improvements	10 years
Buildings	40 years
Heavy machinery	10-15 years

All capital assets are stated at historical cost.

The Town maintains a \$5,000 threshold level for capitalizing assets.

**Cash and Cash Equivalents**

Cash and cash equivalents, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**Accounts Receivable**

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for bad debts account at the time information becomes available which indicates the collectability of the particular receivable.

**Restricted Assets**

Based upon certain bond covenants, the Town is required to establish and maintain prescribed amounts of resources (consisting of cash and cash equivalents and certificates of deposits) in special funds that can be used only to service outstanding debt. These assets are classified as restricted assets on the statement of net position because their use is limited. Also included in restricted assets are customer deposits that were paid during the initial account opening.

## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 1. Summary of Significant Accounting Policies (continued)

##### Transfers In and Out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases, where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

##### Statements of Cash Flows

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

##### Encumbrances

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

##### Operating vs. Non-Operating Revenue

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Non-operating revenues, such as grant subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

##### Compensated Absences

Employees earn vacation leave at various rates depending upon the length of their employment. Amounts of vested or accumulated vacation leave are expected to be liquidated with expendable available financial resources of the general fund and are reported as an expenditure and liability of the fund as the benefits accrue to employees. Vested or accumulated vacation leave of business-type funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 and expenses during the reporting period. Actual results could differ from those estimates.

**TOWN OF JACKSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies** (continued)

Pension Plans

The Town of Jackson is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 8. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

Equity Classifications

*Government-wide Statements:* In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – 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 those assets.
- b. Restricted net position – Consists of net position 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 position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund Financial Statements:* In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balance of the governmental fund is classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Town, which is the highest level of decision-making authority.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies** (continued)

Equity Classifications (continued)

- e. Unassigned – all other spendable amounts.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Town reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, the Town reduces committed amounts first, followed by assigned amounts, and finally unassigned amounts, as needed, unless the Town has provided otherwise in its committed or assignment actions.

**2. Capital Assets**

Capital assets and depreciation activity as of and for the year ended September 30, 2018, are as follows:

Governmental Activities:

	<u>Land</u>	<u>Buildings</u>	<u>Streets, Sidewalks and Park Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of capital assets at September 30, 2017	\$ 26,000	\$ 450,498	\$ 1,194,092	\$ 1,601,220	\$3,271,810
Additions	-	-	-	25,305	25,305
Deletions	-	-	-	(36,998)	(36,998)
Cost of capital assets at September 30, 2018	<u>26,000</u>	<u>450,498</u>	<u>1,194,092</u>	<u>1,589,527</u>	<u>3,260,117</u>
Accumulated depreciation September 30, 2017	-	322,404	780,473	1,299,002	2,401,879
Additions	-	9,240	83,621	72,835	165,696
Deletions	-	-	-	(36,998)	(36,998)
Accumulated depreciation September 30, 2018	<u>-</u>	<u>331,644</u>	<u>864,094</u>	<u>1,334,839</u>	<u>2,530,577</u>
Capital assets, net of accumulated depreciation at September 30, 2018	<u>\$ 26,000</u>	<u>\$ 118,854</u>	<u>\$ 329,998</u>	<u>\$ 254,688</u>	<u>\$ 729,540</u>

Depreciation expense of \$165,696 was charged to the general government function in the government-wide financial statements.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**2. Capital Assets (continued)**

Business-type Activities:

	<u>Land</u>	<u>Buildings</u>	<u>Improvements &amp; Infrastructure</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets September 30, 2017	\$ 18,300	\$ 81,409	\$ 6,546,264	\$ 102,190	\$ 6,748,163
Additions	-		47,944	-	47,944
Deletions	-	-	-	-	-
Cost of Capital Assets September 30, 2018	<u>18,300</u>	<u>81,409</u>	<u>6,594,208</u>	<u>102,190</u>	<u>6,796,107</u>
Accumulated Depreciation September 30, 2017	-	71,962	3,986,414	75,353	4,133,729
Additions	-	2,059	215,928	6,760	224,747
Deletions	-	-	-	-	-
Accumulated Depreciation September 30, 2018	<u>-</u>	<u>74,021</u>	<u>4,202,342</u>	<u>82,113</u>	<u>4,358,476</u>
Capital assets, net of accumulated depreciation at September 30, 2018	<u>\$ 18,300</u>	<u>\$ 7,388</u>	<u>\$ 2,391,866</u>	<u>\$ 20,077</u>	<u>\$ 2,437,631</u>

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**3. Governmental Activities Long-term liabilities**

Long-term liabilities activity of governmental activities for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Compensated Absences	\$ 10,783	\$ 4,879	\$ -	\$ 15,662

**4. Business-Type Activities Long-term liabilities**

**A. Activities**

Long-term liabilities activity of business-type activities for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bonds Payable	\$ 547,722	\$ 10,527	\$ (19,000)	\$ 539,249
Notes Payable	108,520	-	-	108,520
Compensated Absences	9,803	-	(155)	9,648
	<u>\$ 666,045</u>	<u>\$ 10,527</u>	<u>\$ (19,155)</u>	<u>\$ 657,417</u>

**B. Bonds and Notes Payable**

In February 2015, the Town's Board of Alderman authorized the issuance of Utilities Revenue Bonds to finance the costs of constructing and acquiring improvements to the drinking water portion of the Town's combined utilities systems. The combined revenues of the Town's drinking water, sewerage treatment, and natural gas supply system are pledged in an amount sufficient for the payment of principal and interest as they become due and payable.

Thirty percent of the Series 2016 bonds advance to the Town was forgiven as a debt upon advancement.

Pursuant to that authorization, the Town entered into an agreement with the Louisiana Department of Health and Hospitals (the Department) as part of the Build America Bonds Program whereby the Department purchased up to \$800,000 of debt issued by the Town to fund improvements to the water system. The indebtedness to the Town was evidenced through the 2016 Series Utility Revenue Bonds in the amount of \$800,000.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

4. **Business-Type Activities Long-term obligations** (continued)

B. **Bonds and Notes Payable** (continued)

Based on an agreement with the Louisiana Department of Transportation and Development (La DOTD) executed in 1987, and pursuant to the provisions of La RS 48:381 (C), the Town owed \$108,520 for its share of a sewer line relocation project. The total project costs were paid by the La DOTD, but the Town was responsible for \$108,520 of the project. As of September 30, 2018, the La DOTD has not requested payment of the balance due.

Bonds and Notes outstanding were as follows at September 30, 2018:

	<u>Date of Issue</u>	<u>Original/Notional Balance</u>	<u>Ending Balance</u>
Utility Revenue Bonds, Series 2016, 2.95%	3/15/2016	\$ 800,000	\$ 539,249
Utility Relation Agreement	1987	108,520	108,520
		<u>\$ 908,520</u>	<u>\$ 647,769</u>

The amortization schedule for the utility revenue bond is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 21,000	\$ 18,548	\$ 39,548
2020	21,000	17,880	38,880
2021	22,000	17,155	39,155
2022	23,000	16,396	39,396
2023	24,000	15,603	39,603
2024 and thereafter	428,249	118,939	547,188
	<u>\$ 539,249</u>	<u>\$ 204,521</u>	<u>\$ 743,770</u>

A schedule of debt service requirements for the Utility Relocation Agreement payables has not been established as there is no agreement that provides for scheduled payments.

5. **Ad valorem taxes**

Ad valorem taxes attach as enforceable liens on all applicable property on February 28<sup>th</sup> of each year. Taxes are levied and are actually billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 2<sup>nd</sup> of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of East Feliciana Parish. During the year ended September 30, 2018, taxes of 6.19 mills were levied on property with assessed valuations totaling \$7,442,756 and were dedicated for general purposes.

Ad valorem taxes collected during the year ended September 30, 2018 totaled \$46,071. Of this amount, \$9,768 remained uncollected at September 30, 2018. The Town has a reserve for delinquent property taxes in the amount of \$5,565, therefore the net property tax receivable at September 30, 2018 totaled \$4,203.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**6. Interfund Receivables and Payables**

Interfund receivables and payables at September 30, 2018, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 644,299	\$ 524,021
Proprietary fund	-	644,299
Special Revenue fund	524,021	-
	<u>\$ 1,168,320</u>	<u>\$ 1,168,320</u>

**7. Interfund Transfers**

Transfers between funds occur to provide reimbursement of certain operating costs and are not expected to be repaid. Transfers between funds during the year ended September 30, 2018, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 300,000	\$ -
Proprietary fund	-	300,000
	<u>\$ 300,000</u>	<u>\$ 300,000</u>

## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### **8. Pension and Retirement Plans**

The Town of Jackson (the Town) is a participating employer in several cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS) and the Municipal Police Employees' Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

MERS:  
7937 Office Park Boulevard  
Baton Rouge, Louisiana 70809  
(225) 925-4810  
[www.mersla.com](http://www.mersla.com)

MPERS:  
7722 Office Park Boulevard, Suite 200.  
Baton Rouge, LA 70809  
(225) 929-7411  
[www.lampers.org](http://www.lampers.org)

The Town implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the Town to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

#### **Plan Descriptions:**

##### **Municipal Employees' Retirement System of Louisiana (MERS)**

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2018, there were 86 contributing municipalities in Plan A and 69 in Plan B. The Town of Jackson is a participant in Plan A only.

The following is a description of the plan and its benefits and is provided for general information purposes only.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. Pension and Retirement Plans** (continued)

**Plan Descriptions:** (continued)

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

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

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

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.

Eligibility for Retirement for Plan A and Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused side leave.

However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. Pension and Retirement Plans** (continued)

**Plan Descriptions:** (continued)

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes. Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits. Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. Pension and Retirement Plans (continued)**

**Plan Descriptions:** (continued)

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service; in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

**Municipal Police Employees' Retirement System (MPERS)**

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer 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. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233.

The following is a brief description of the plan and its benefits and is provided for general information purposes only.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. Pension and Retirement Plans** (continued)

**Plan Descriptions:** (continued)

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, 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. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. Pension and Retirement Plans** (continued)

Initial Benefit Option Plan in 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

**Funding Policy**

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended September 30, 2018, for the Town and covered employees were as follows:

	<u>Town of Jackson</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan A		
Members hired prior to 01/01/2013	26.00%	9.50%
Members hired after 01/01/2013	26.00%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	32.25%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	32.25%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	34.25%	7.50%

The contributions made to the Systems for the past four fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Municipal Employees' Retirement System Plan A	102,734	85,180	84,929	81,456
Municipal Police Employees' Retirement System	38,872	44,531	34,797	32,348

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. Pension and Retirement Plans** (continued)

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

The following schedule lists the Town's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2018 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of September 30, 2018 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2018 along with the change compared to the June 30, 2017 rate. The Town's proportion of the Net Pension Liability was based on the Town's contributions relative to the contributions of all participating employers, for the measuring period.

	<u>Net Pension Liability at June 30, 2018</u>	<u>Rate at June 30, 2018</u>	<u>Increase (Decrease) on June 30, 2017 Rate</u>
Municipal Employees' Retirement System Plan A	\$ 1,057,107	0.2553%	0.0542%
Municipal Police Employees' Retirement System	<u>382,656</u>	0.0453%	0.0002%
	<u>\$ 1,439,763</u>		

The following schedule list each pension plan's recognized pension expense of the Town for the year ended September 30, 2018:

	<u>Total</u>
Municipal Employees' Retirement System Plan A	\$ 180,506
Municipal Police Employees' Retirement System	<u>65,869</u>
	<u>\$ 246,375</u>

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. Pension and Retirement Plans** (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (continued)

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,725	\$ (57,139)
Changes of assumptions	56,828	-
Net difference between projected and actual earnings on pension plan investments	180,337	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	151,167	(51,551)
Employer contributions subsequent to the measurement date	38,711	-
Total	\$ 428,768	\$ (108,690)

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System Plan A	\$ 345,872	\$ (85,219)
Municipal Police Employees' Retirement System	82,896	(23,471)
	\$ 428,768	\$ (108,690)

The Town reported a total of \$38,711 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the year ended September 30, 2019. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan A	\$ 29,336
Municipal Police Employees' Retirement System	9,375
	\$ 38,711

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. Pension and Retirement Plans** (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	MERS	MPERS	Total
2019	\$ 108,037	\$ 32,457	\$ 140,494
2020	104,362	26,996	131,358
2021	14,288	(10,069)	4,219
2022	4,630	666	5,296
2023	-	-	-
	\$ 231,317	\$ 50,050	\$ 281,367

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2018 are as follows:

	MERS	MPERS
<b>Valuation Date</b>	June 30, 2018	June 30, 2018
<b>Actuarial Cost Method</b>	Entry Age Normal Cost	Entry Age Normal Cost
<b>Actuarial Assumptions:</b>		
<b>Expected Remaining Service Lives</b>	3 years	4 years
<b>Investment Rate of Return</b>	7.275%	7.20% net of investment expenses
<b>Inflation Rate</b>	2.60%	2.60%
<b>Mortality</b>	For annuitant and beneficiary mortality tables used were RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA. For employees, the RP-2000 Employees Sex Distinct Table set back 2 years for both males and females. For disable Annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 4 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. Pension and Retirement Plans** (continued)

**Actuarial Assumptions** (continued)

<b>Salary Increases</b>	5.00%	<b>Years of Service</b>	<b>Salary Growth Rate</b>
		1 - 2	9.75%
		3 - 23	4.75%
		23 & Over	4.25%

**Cost of Living Adjustments**

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. Pension and Retirement Plans (continued)**

**Actuarial Assumptions (continued)**

The following schedule list the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

MERS	MPERS
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.70% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.00% for the year ended June 30, 2018.</p>	<p>The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 8.03% for the year ended June 30, 2018.</p>

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2018:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	50.0%	-	2.20%	-
Equity	-	52.0%	-	3.58%
Public fixed income	35.0%	-	1.50%	-
Fixed Income	-	22.0%	-	0.46%
Alternatives	15.0%	20.0%	0.60%	1.07%
Other	-	6.0%	-	0.17%
Total	100.0%	100.0%	4.30%	5.28%
Inflation			2.70%	2.75%
Expected Arithmetic Nominal Return			7.00%	8.03%

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. Pension and Retirement Plans (continued)**

**Discount Rate**

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan'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. The discount rate used to measure the total pension liability for MERS and MPERS was 7.275% and 7.20%, respectively for the year ended June 30, 2018.

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

The following table presents the Town's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>		<u>Current Discount Rate</u>		<u>1.0% Increase</u>
MERS					
Rates	6.275%		7.275%		8.275%
Town of Jackson Share of NPL	\$ 1,357,950		\$ 1,057,107		\$ 800,326
MPERS					
Rates	6.20%		7.20%		8.20%
Town of Jackson Share of NPL	\$ 537,738		\$ 382,656		\$ 252,549

**Payables to the Pension Plan**

The Town recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2018 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. There are no accrued liabilities owed to MERS or MPERS at June 30, 2018.

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**9. Segments of Enterprise Activities**

Gas, water, and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended September 30, 2018, for these three services are as follows:

	<b>Gas</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
Operating revenues	\$ 216,279	\$ 357,587	\$ 314,989	\$ 888,855
Operating expenses	274,896	381,876	302,056	958,828
Depreciation	985	85,945	137,817	224,747
Income (loss) before transfers	(42,680)	(20,241)	28,296	(34,625)
Change in net position	(42,680)	(20,241)	(271,704)	(334,625)
Property, plant and equipment additions	-	47,944	-	47,944

**10. Accounts Receivables and Due from other Governments**

Accounts receivable and due from other governments consists of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends, period aging and prior write-offs of similar accounts receivable, receivables balances, property tax, sales tax, and franchise tax collections. Accounts receivable and due from other governments for the Town at September 30, 2018 were as follows:

Governmental Activities:

	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Other</u>	<u>Total</u>
General	\$ 4,203	\$ 28,577	\$ 24,699	\$ 57,479
Special Revenue	-	42,648	-	42,648
<b>Total</b>	<b>\$ 4,203</b>	<b>\$ 71,225</b>	<b>\$ 24,699</b>	<b>\$ 100,127</b>

Business-type Activities:

	<u>Proprietary Fund</u>
Accounts Receivable	\$ 135,715
Allowance for uncollectible accounts	(30,004)
<b>Total</b>	<b>\$ 105,711</b>

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**11. Sales Taxes**

Streets and sidewalks

The Town receives 14.6863% of a one cent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are restricted to the construction and general maintenance of streets and sidewalks in the Town of Jackson. The Town recognized \$247,330 of sales tax revenue during the year ended September 30, 2018. This tax expires December 31, 2024.

General fund

The Town receives 9.06% of a one cent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are available for any lawful purpose of operating a municipality. The Town recognized \$152,580 of sales tax revenue during the year ended September 30, 2018. The tax expires December 31, 2024.

**12. Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of a financial institution, a government will be unable to recover its deposits. The Town does not have a deposit policy for custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The Town's bank balances (as opposed to the carrying amount below) totaled \$719,978. Of the bank balance, \$250,000 was secured by federal depository insurance for all time and savings accounts and \$250,000 for all interest bearing and noninterest bearing accounts, while \$219,978 was collateralized by securities held by the bank's agent in the Town's name. Therefore, the Town did not have any deposits that were exposed to custodial credit risk.

At September 30, 2018, the carrying amounts of the Town's bank deposits totaled \$673,339.

**13. Disaggregation of Accounts Payable and Accrued Liabilities**

Accounts and other payables as of September 30, 2018 were as follows:

	<u>Governmental Activities</u>	<u>Business - type Activities</u>
Vendors	\$ 26,486	\$ -
Payroll liabilities	1,257	283
Cash overdraft	5,299	-
Accrued interest	-	7,704
Customers' service meter deposits	-	90,933
Total fund encumbrances	<u>\$ 33,042</u>	<u>\$ 98,290</u>

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**14. Prior Period Adjustment**

**a. Restatement of Net Position**

The Business Type Activities Net Position was restated for September 30, 2017 for an adjustment to correct the over-accrual of prior year accounts payable. The net effect to the Business Type Activities Net Position is as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Total Net Position, September 30, 2017	\$ 1,014,588	\$ 1,625,129	\$ 2,639,717
Over-accrual of prior year accounts payable	-	21,785	21,785
Total Net Position, September 30, 2017, Restated	<u>\$ 1,014,588</u>	<u>\$ 1,646,914</u>	<u>\$ 2,661,502</u>

**b. Restatement of Proprietary Fund Financial Statement**

Total Net Position, September 30, 2017	\$ 1,625,129
Over-accrual of prior year accounts payable	<u>21,785</u>
Total Net Position, September 30, 2017, Restated	<u>\$ 1,646,914</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Ad valorem taxes	\$ 50,000	\$ 50,000	\$ 46,071	\$ (3,929)
Sales tax	140,000	130,000	152,580	22,580
Licenses and permits	80,000	75,000	75,331	331
Intergovernmental revenues:				
Beer taxes	2,160	2,160	4,260	2,100
State revenue sharing	-	12,000	-	(12,000)
Fines and forfeitures	70,000	55,000	49,345	(5,655)
Other	157,000	180,000	186,592	6,592
Total revenues	<u>499,160</u>	<u>504,160</u>	<u>514,179</u>	<u>10,019</u>
<b><u>EXPENDITURES</u></b>				
Current operating expenditures:				
General government	266,597	265,547	195,015	70,532
Public safety	518,134	558,134	569,964	(11,830)
Recreation	2,000	2,000	1,223	777
Total expenditures	<u>786,731</u>	<u>825,681</u>	<u>766,202</u>	<u>59,479</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	(287,571)	(321,521)	(252,023)	69,498
<b><u>OTHER FINANCING SOURCES</u></b>				
Operating transfers in	300,000	300,000	300,000	-
Total other financing sources	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	12,429	(21,521)	47,977	69,498
<b><u>FUND BALANCES</u></b>				
Beginning of year	20,279	102,887	102,887	-
End of year	<u>\$ 32,708</u>	<u>\$ 81,366</u>	<u>\$ 150,864</u>	<u>\$ 69,498</u>

**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>				
Taxes	\$ 225,000	\$ 225,000	\$ 247,330	\$ 22,330
Interest revenue	700	700	54	(646)
Other revenue	5,800	5,800	13,025	7,225
Total revenues	<u>231,500</u>	<u>231,500</u>	<u>260,409</u>	<u>28,909</u>
<b><u>EXPENDITURES</u></b>				
Current operating expenditures:				
General government	203,000	237,000	275,479	(38,479)
Total expenditures	<u>203,000</u>	<u>237,000</u>	<u>275,479</u>	<u>(38,479)</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>28,500</u>	<u>(5,500)</u>	<u>(15,070)</u>	<u>(9,570)</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>				
	28,500	(5,500)	(15,070)	(9,570)
<b><u>FUND BALANCES</u></b>				
Beginning of year	<u>717,603</u>	<u>717,603</u>	<u>717,603</u>	<u>-</u>
End of year	<u>\$ 746,103</u>	<u>\$ 712,103</u>	<u>\$ 702,533</u>	<u>\$ (9,570)</u>

**Town of Jackson**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Cost Sharing Plans Only**  
**For the Year Ended September 30, 2018 (\*)**

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<b>Municipal Employees' Retirement System of Louisiana</b>						
	2018	0.2553%	\$ 1,057,107	\$ 391,941	269.7107%	63.94%
	2017	0.2011%	841,340	365,291	230.3205%	62.49%
	2016	0.2345%	961,025	418,542	229.6126%	62.11%
	2015	0.2390%	853,753	407,919	209.2947%	66.18%
<b>Municipal Police Employees' Retirement System</b>						
	2018	0.0453%	382,656	133,565	286.4942%	71.89%
	2017	0.0451%	393,550	135,073	291.3610%	70.08%
	2016	0.3790%	355,370	106,207	334.6013%	66.04%
	2015	0.0400%	313,343	106,994	292.8603%	70.73%

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

(\*) The amounts presented have a measurement date of June 30th for the year listed

**Town of Jackson**  
**Schedule of Contributions to Each Retirement System**  
**Cost Sharing Plans Only**  
**For the Year Ended September 30, 2018**

Pension Plan:	Year	Contractually Required Contribution <sup>1</sup>	Contributions in Relation to Contractually Required Contribution <sup>2</sup>	Contribution Deficiency (Excess)	Employer's Covered Payroll <sup>3</sup>	Contributions as a % of Covered Payroll
<b>Municipal Employees' Retirement System of Louisiana</b>						
	2018	\$ 102,734	\$ 102,734	-	\$ 409,387	25.09%
	2017	85,180	85,180	-	366,032	23.27%
	2016	84,929	84,929	-	415,659	20.43%
	2015	81,456	81,456	-	411,288	19.81%
<b>Municipal Police Employees' Retirement System</b>						
	2018	38,872	38,872	-	124,996	31.10%
	2017	44,531	44,531	-	141,441	31.48%
	2016	34,797	34,797	-	115,383	30.16%
	2015	32,348	32,348	-	104,275	31.02%

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

**For reference only:**

<sup>1</sup> Employer contribution rate multiplied by employer's covered employee payroll

<sup>2</sup> Actual employer contributions remitted to Retirement Systems

<sup>3</sup> Employer's covered employee payroll amount for each of the fiscal year ended September 30

**TOWN OF JACKSON, LOUISIANA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

*Changes in benefit terms:*

There were no changes in benefit terms for the two pension plans listed above for the years presented.

*Changes in assumptions:*

The plans had the following changes in actuarial assumptions for each year as follows:

Discount Rate:

Year (*)	MERS		MPERS	
	Rate	Change	Rate	Change
2018	7.275%	-0.125%	7.200%	-0.125%
2017	7.400%	-0.100%	7.325%	-0.175%
2016	7.500%	0.000%	7.500%	0.000%
2015	7.500%		7.500%	

Inflation Rate:

Year (*)	MERS		MPERS	
	Rate	Change	Rate	Change
2018	2.600%	-0.175%	2.600%	-0.100%
2017	2.775%	-0.100%	2.700%	-0.175%
2016	2.875%	0.000%	2.875%	0.000%
2015	2.875%		2.875%	

Salary Increases:

Year (*)	MERS		MPERS	
	Rate	Change	Rate	Change
2018	5.000%	0.000%	4.25% to 9.75%	0.000%
2017	5.000%	0.000%	4.25% to 9.75%	0.000%
2016	5.000%	0.000%	4.25% to 9.75%	0.000%
2015	5.000%		4.25% to 9.75%	

(\*) The amounts presented have a measurement date of the previous fiscal year end.

**SUPPLEMENTARY INFORMATION**

**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF REVENUES AND EXPENSES BY ACTIVITY - BUDGET (GAAP BASIS) AND ACTUAL**  
**ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Gas	Water	Sewerage	Actual Total	Budget Total	Variance Favorable (Unfavorable)
<b><u>OPERATING REVENUES</u></b>						
Sales	\$ 216,279	\$ 357,587	\$ 314,989	\$ 888,855	\$ 840,000	\$ 48,855
Penalties and service charges	15,358	15,358	15,358	46,074	20,000	26,074
Total operating revenues	<u>231,637</u>	<u>372,945</u>	<u>330,347</u>	<u>934,929</u>	<u>860,000</u>	<u>74,929</u>
<b><u>OPERATING EXPENSES</u></b>						
Salaries	79,273	40,908	40,908	161,089	167,280	6,191
Wages	4,897	21,653	43,679	70,229	73,542	3,313
Audit and accounting	23,800	-	-	23,800	24,000	200
Depreciation	985	85,945	137,817	224,747	200,000	(24,747)
Electricity	-	20,666	-	20,666	30,000	9,334
Employees' retirement	3,725	3,725	40,634	48,084	50,000	1,916
Engineering fees	-	300	-	300	-	(300)
Gas purchases	78,342	-	-	78,342	80,000	1,658
Insurance	26,539	70,675	12,761	109,975	100,000	(9,975)
Legal	800	800	800	2,400	2,000	(400)
Maintenance, repairs, supplies	7,289	56,345	10,420	74,054	95,000	20,946
Miscellaneous	9,869	10,640	(5,286)	15,223	25,700	10,477
Printing, stationery, supplies	-	29,963	-	29,963	25,000	(4,963)
Water fees	-	10,100	-	10,100	-	(10,100)
Truck expense	19,241	187	187	19,615	18,000	(1,615)
Utilities	403	10,235	403	11,041	1,500	(9,541)
Bad debt expense	19,733	19,734	19,733	59,200	-	(59,200)
Total operating expenses	<u>274,896</u>	<u>381,876</u>	<u>302,056</u>	<u>958,828</u>	<u>892,022</u>	<u>(66,806)</u>
<b><u>INCOME (LOSS)</u></b>						
<b><u>FROM OPERATIONS</u></b>	<u>(43,259)</u>	<u>(8,931)</u>	<u>28,291</u>	<u>(23,899)</u>	<u>(32,022)</u>	<u>8,123</u>
<b><u>NON-OPERATING</u></b>						
<b><u>REVENUES (EXPENSES)</u></b>						
Interest revenues	579	513	5	1,097	7,500	(6,403)
Interest expense	-	(16,335)	-	(16,335)	(14,000)	(2,335)
Grant revenue	-	4,512	-	4,512	30,040	(25,528)
Total non-operating	<u>579</u>	<u>(11,310)</u>	<u>5</u>	<u>(10,726)</u>	<u>23,540</u>	<u>(34,266)</u>
Income (loss) before transfers	<u>(42,680)</u>	<u>(20,241)</u>	<u>28,296</u>	<u>(34,625)</u>	<u>(8,482)</u>	<u>(26,143)</u>
Operating transfers out	-	-	(300,000)	(300,000)	(300,000)	-
<b><u>CHANGE IN NET POSITION</u></b>	<u>\$ (42,680)</u>	<u>\$ (20,241)</u>	<u>\$ (271,704)</u>	<u>\$ (334,625)</u>	<u>\$ (308,482)</u>	<u>\$ (26,143)</u>

**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES**  
**YEAR ENDED SEPTEMBER 30, 2018**

**Mayor:**

Charles Coleman	\$ 14,400
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**Aldermen:**

Michael Harrell	3,600
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Donald Havard	4,800
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James Foreman	3,600
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Jim Mack Parker	3,600
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Rafe Stewart	<u>3,600</u>
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	<u>\$ 33,600</u>
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TOWN OF JACKSON, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
SEPTEMBER 30, 2018

Agency Head Name/Title: Charles E. Coleman/Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 14,400
Benefits - cell phone	1,024
	<u>\$ 15,424</u>

STATISTICAL DATA

TOWN OF JACKSON, LOUISIANA

INSURANCE-IN-FORCE  
SEPTEMBER 30, 2018  
(Without audit)

<u>Policy</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Fire and Extended Coverage Building and Contents	Employers' Mutual	02-01-2019	\$ 405,056
Public Official Bond	Dart Insurance Agency	08-30-2019	65,000
Automobile Liability	Louisiana Risk Management	02-01-2019	500,000
General Liability	Louisiana Risk Management	02-01-2019	500,000
Police Professional Liability	Louisiana Risk Management	02-01-2019	500,000
Public Officials Errors and Omissions	Louisiana Risk Management	02-01-2019	500,000
Worker's Compensation	Louisiana Risk Management	01-01-2019	Statutory
Auto Physical Damage	ESSEX	02-01-2019	299,790
Equipment	Employers Mutual	02-01-2019	216,715

TOWN OF JACKSON, LOUISIANA

PUBLIC UTILITY SYSTEM OPERATIONS

SEPTEMBER 30, 2018

(Without Audit)

Statistics on System Operations

- (a) As of September 30, 2018, there were 350 and 769 metered customers for the gas and water systems, respectively. There were no unmetered customers for either the gas or water systems at September 30, 2018.
- (b) The following rate schedules were in effect during the fiscal year for gas and water:

1. Gas:	Rate per 1,000 <u>Cubic Feet</u>
Minimum charge	\$ 12.00
First 1,000 cubic feet or less	15.00 + amount above \$5.00 MCF
Over 1,000 cubic feet	10.00 + amount above \$5.00 MCF

2. Water:	Rate per <u>1,000 Gallons</u>
First 2,000 gallons or less	\$ 12.50 flat rate
Next 13,000 gallons/Mgal	4.25

- (c) Average monthly billing per customer was:

Residential	
1. Gas	<u>\$ 38.09</u>
2. Water	<u>\$ 31.55</u>
Commercial	
1. Gas	<u>\$ 167.83</u>
2. Water	<u>\$ 119.13</u>

**TOWN OF JACKSON, LOUISIANA**  
**PUBLIC UTILITY SYSTEM OPERATIONS**  
**SEPTEMBER 30, 2018**  
**(Without Audit)**

Variance Between Gas Purchased and Sold

<u>Year Ended</u>	<u>Gas Purchased MCF's</u>	<u>Gas Billed MCF's</u>	<u>Leakage Variance MCF's</u>	<u>Percent of Gas Purchased</u>
09/30/18	19,009	13,792	5,217	27.4
09/30/17	16,241	11,005	5,236	32.2
09/30/16	17,522	14,938	2,584	14.7
09/30/15	21,357	18,086	3,271	15.3
09/30/14	22,401	20,570	1,831	8.2
09/30/13	20,891	18,441	2,450	11.7
09/30/12	17,215	15,822	1,393	8.1
09/30/11	21,755	19,284	2,471	11.4
09/30/10	25,512	22,443	3,069	12.0
09/30/09	20,666	19,730	936	4.5
09/30/08	21,453	18,983	2,470	11.5
09/30/07	23,835	20,538	3,297	13.8
09/30/06	22,418	20,748	1,670	7.4
09/30/05	21,248	21,000	248	1.2
09/30/04	24,449	24,762	-	0.0
09/30/03	28,184	26,562	1,622	5.8
09/30/02	26,944	24,219	2,725	10.1
09/30/01	31,101	31,502	-	0.0
09/30/00	25,608	28,220	-	0.0

**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**September 30, 2018**

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditors' report issued:	Unmodified	
Internal Control over Financial Reporting:		
▪ Material weakness(es) identified?	<u>  x  </u> yes	<u>      </u> no
▪ Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u>  x  </u> yes	<u>      </u> none reported
Noncompliance material to financial statements noted?	<u>  x  </u> yes	<u>      </u> no

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

2018-001 Oversight of Citation Books

*Criteria:* Louisiana Revised Statute 32:398.1(B) requires strict oversight of citation books that includes procedures for issuance and tracking of all citations.

*Condition:* The Town's Police Department does not have procedures in place that would constitute strict oversight of citation books.

*Effect:* The absence of strict oversight of citation books is a violation of Louisiana Revised Statute 32:398.1(B).

*Cause:* There is no monitoring of the numerical sequence of citations or accounting for citations that are missing.

*Recommendation:* The Town's Police Department should adopt procedures to maintain strict oversight of citation books, including issuance and tracking of all citations. Procedures should also be adopted for citations that are spoiled, and also citations that are turned over to the Parish Police Department in order to maintain proper tracking of all citations.

*Repeat Finding:* Yes.

*View of Responsible Official:*

*We concur with the findings and will adopt specific procedures that will allow us to have strict oversight of the citation books, issuance and tracking of all citations. Ticket books will be logged in upon issuance to each officer and tickets will be tracked by numerical sequence, whether issued or voided.*

**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**September 30, 2018**

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT** (continued)

2018-002 Internal Control over Financial Reporting

*Criteria:* Internal controls over financial reporting consists of policies and procedures related to an entity's ability to initiate, record, process, and report financial data consistent with the assertions embodied in the financial statements and in accordance with generally accepted accounting principles (GAAP).

*Condition:* General ledger accounts were not accurately reconciled to the subsidiary records.

*Effect:* Significant adjustments were made to reconcile the general ledger to supporting schedules.

*Cause:* The Town does not have a documented policy to ensure that accurate closing procedures take place.

*Recommendation:* The Town should establish procedures to ensure that the general ledger is closed accurately at year end.

*Repeat Finding:* Yes.

*View of Responsible Official:*

*Managements concurs with the audit findings and will began working on documenting year-end closing procedures. These procedures will list all areas to be addressed to ensure an accurate and timely closeout.*

2018-003 Enhancement of Policies and Procedures and Internal Controls

*Criteria:* A system of internal controls should be established to ensure accurate financial reporting and to safeguard assets. Features of internal controls should include fully documented policies and procedures, adequate segregation of duties, oversight, and monthly reporting. Internal controls must be monitored and updated periodically to ensure they are current and relevant.

*Condition:* The Town has established a system of internal controls. However, in performing the Statewide Agreed-Upon Procedures in connection with our audit as required and enumerated by the Louisiana Legislative Auditor, we noted certain aspects of the internal control system could be enhanced. Areas that could benefit from enhancement include the updating of written policies and procedures and other updates to otherwise strengthen internal controls.

*Effect:* Internal controls are not as strong as they could be.

*Cause:* Processes, policies and procedures should be revisited periodically.

**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**September 30, 2018**

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT** (continued)

2018-003 Enhancement of Policies and Procedures and Internal Controls (continued)

*Recommendation:* We recommend the following enhancements for certain operational and financial areas that were addressed in performing the procedures:

Policies and procedures:

- Budgeting – including, amending the budget.
- Purchasing – including, how vendors are added to the vendor list.
- Receipts – including receiving, recording, and preparing deposits
- Payroll – including payroll processing, and reviewing and approving time and attendance records, including leave and overtime worked
- Travel and expense reimbursement – dollar thresholds by category of expense
- Ethics violations - clarifying the prohibitions as defined in Louisiana Revised Statute (42:1111-1121)
- Debt Service – including EMMA requirements, debt service payment requirements, and debt service reserve requirements.

Internal Reporting:

- Monthly financial reporting – Include the general fund and other major funds' revenues and expenditures (compared to budget) in the reporting process to the Board.

*Repeat Finding:* Yes.

*View of Responsible Official:*

*Managements concurs with the audit findings and will implement the above recommendations.*

2018-004 Budget Law Violation

*Criteria:* Louisiana Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more or when actual revenues plus expected revenues will fall short of budgeted amounts by 5% or more.

*Condition:* The Special Revenue Fund's actual expenses exceeded budgeted expenses by 16.2% and the budget was not amended to comply with Louisiana law.

*Effect:* The Town is non-compliant with Louisiana budget law.

*Cause:* The Town did not properly monitor the budget closely throughout the fiscal period and prepare and approve amendments to the budget as required by statute.

**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**September 30, 2018**

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT** (continued)

2018-004 Budget Law Violation (continued)

*Recommendation:* The Town should monitor the budget closely throughout the fiscal period and prepare and approve amendments to the budget as required by statute.

*Repeat Finding:* No.

*View of Responsible Official:*

*Management will continuously monitor the actual revenue and expenditures of funds throughout the year to comply with the State Budget Law.*

2018-005 Noncompliance with Bond Covenants

*Criteria:* The Town ordinances authorizing the issuance of the 2016 Utility Revenue Bonds require that certain debt covenants be followed.

*Condition:* The Town is not in full compliance with its bond resolution requiring the establishment and funding of certain accounts for the 2016 Series Utility Revenue Bonds. The bond resolution requires the Town to establish separate bank accounts labeled the Utilities Revenue Bond Reserve Fund and the Utilities Revenue Bond Depreciation and Contingencies Fund.

*Effect:* The Town is not in compliance with its bonds covenants as specified in the bond ordinances.

*Cause:* The Town may not be fully aware of the requirements of the ordinances.

*Recommendation:* The Town should fully comply with all of the bond covenants set forth in the bond ordinances by establishing all restricted accounts and monitoring their balances to ensure compliance with the bond resolution.

*Repeat Finding:* No.

*View of Responsible Official:*

*The Town plans to address non-compliance with the bond covenants during the 2019 fiscal period.*

**TOWN OF JACKSON, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**September 30, 2018**

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

2017-001 Oversight of Citation Books

- Criteria: The Town's Police Department does not have procedures in place that would constitute strict oversight of citation books.
- Condition: Louisiana Revised Statute 32:398.1(B) requires strict oversight of citation books that includes procedures for issuance and tracking of all citations.
- Effect: The absence of strict oversight of citation books is a violation of Louisiana Revised Statute 32:398.1(B).
- Cause: There is no monitoring of the numerical sequence of citations or accounting for citations that are missing.
- Recommendation: The Town's Police Department should adopt procedures to maintain strict oversight of citation books, including issuance and tracking of all citations. Procedures should also be adopted for citations that are spoiled, and also citations that are turned over to the Parish Police Department in order to maintain proper tracking of all citations.

*View of Responsible Official:*

*We concur with the findings and will adopt specific procedures that will allow us to have strict oversight of the citation books, issuance and tracking of all citations. Ticket books will be logged in upon issuance to each officer and tickets will be tracked by numerical sequence, whether issued or voided.*

*Current Status: The finding has not been resolved and it is repeated in the current year's schedule of findings and recommendations. See finding 2018-001.*

2017-002 Internal Control over Financial Reporting

- Criteria: Internal controls over financial reporting consists of policies and procedures related to an entity's ability to initiate, record, process, and report financial data consistent with the assertions embodied in the financial statements and in accordance with generally accepted accounting principles (GAAP).
- Condition: General ledger accounts were not accurately reconciled to the subsidiary records.
- Effect: Significant adjustments were made to reconcile the general ledger to supporting schedules.

**TOWN OF JACKSON, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**September 30, 2018**

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT** (continued)

2017-002 Internal Control over Financial Reporting (continued)

Cause: The Town does not have a documented policy to ensure that accurate closing procedures take place.

Recommendation: The Town should establish procedures to ensure that the general ledger is closed accurately at year end.

*View of Responsible Official:*

*Managements concurs with the audit findings and will began working on documenting year-end closing procedures. These procedures will list all areas to be addressed to ensure an accurate and timely closeout.*

*Current Status: The finding has not been resolved and it is repeated in the current year's schedule of findings and recommendations. See finding 2018-002.*

2017-003 Interfund Receivables and Payables

Criteria: The Town should review the balance of the interfund receivables and payables on an annual basis to determine if repayment can be expected. Governmental accounting standards stipulate that if repayment is not expected within a reasonable time period, the interfund balances should be reduced and the amount that is not expected to be repaid should be reported as a transfer from the fund that made the loan to the fund that received the loan.

Condition: When a particular fund borrows funds from another fund, an interfund payable results in the fund that borrowed the funds and an interfund receivable results in the fund that paid out the funds. Over time, these interfund receivables and payables can grow. The Town has not addressed the issue of paying down these interfund payables. The Town has a \$629,004 interfund payable recorded in the General Fund that was borrowed from the Special Revenue Fund that may be a violation of the resolution passing the tax.

Effect: Significant interfund balances has accumulated over the years.

Cause: The Town does not have procedures in place to address the interfund receivables and payables in certain funds.

**TOWN OF JACKSON, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**September 30, 2018**

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT** (continued)

2017-003 Interfund Receivables and Payables (continued)

*Recommendation:* The Town should address the repayment of interfund receivables and payables. Interfund receivables and payables balances in each fund, should be reviewed by management on a monthly basis to determine if repayment is expected in a reasonable time period. If repayment cannot be expected, the interfund balances should be reduced and the amount that is not expected to be repaid should be reported as a transfer from the fund that made the loan to the fund that received the loan.

*View of Responsible Official:*

*The Town is aware of the intercompany borrowings between funds as the borrowings were necessary to operate certain funds. The Town concurs with the finding and will develop procedures to address the repayment of interfund receivables and payables.*

*Current Status:*

*The Town has established a procedure to reduce the interfund balances. The interfund payable recorded in the General Fund that was borrowed from the Special Revenue Fund decreased from \$629,004 to \$524,021 in the current period. Thus, the finding is considered resolved.*

2017-004 Review and Approval of Pay Changes

*Criteria:* An effective system of internal control should include procedures for a review of all changes in employees' pay information entered in the payroll system.

*Condition:* The Town Treasurer enters all approved pay changes in the payroll records and there is no subsequent review performed to verify that the changes are entered correctly.

*Effect:* There could be errors made in the entering of pay changes made in the payroll system.

*Cause:* There is no established procedure for the review of pay changes made to the payroll records.

*Recommendation:* The Town should perform a review of all employee pay rates to determine that employees are being paid at the approved rate. Additionally, the Town should establish procedures for the review of payroll changes by someone not responsible for the function. Employees' pay files should contain documentation for all approved pay increases.

*View of Responsible Official:*

*Managements concurs with the audit findings and will implement the above recommendation.*

**TOWN OF JACKSON, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**September 30, 2018**

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT** (continued)

2017-004 Review and Approval of Pay Changes (continued)

*Current Status:*      *The Town has implemented the preceding recommendation. Thus, the finding is considered resolved.*

2017-005 Enhancement of Policies and Procedures and Internal Controls

*Criteria:*              A system of internal controls should be established to ensure accurate financial reporting and to safeguard assets. Features of internal controls should include fully documented policies and procedures, adequate segregation of duties, oversight, and monthly reporting. Internal controls must be monitored and updated periodically to ensure they are current and relevant.

*Condition:*            The Town has established a system of internal controls. However, in performing the Statewide Agreed-Upon Procedures in connection with our audit as required and enumerated by the Louisiana Legislative Auditor, we noted certain aspects of the internal control system could be enhanced. Areas that could benefit from enhancement include the updating of written policies and procedures and other updates to otherwise strengthen internal controls.

*Effect:*                 Internal controls are not as strong as they could be.

*Cause:*                 Processes, policies and procedures should be revisited periodically.

**TOWN OF JACKSON, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**September 30, 2018**

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT** (continued)

2017-005 Enhancement of Policies and Procedures and Internal Controls (continued)

*Recommendation:* We recommend the following enhancements for certain operational and financial areas that were addressed in performing the procedures:

Policies and procedures:

- Budgeting – including preparing, adopting, monitoring, and amending the budget
- 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 or state purchasing rules and regulations; and (5) documentation required to be maintained for all bids and price quotes.
- Disbursements – including processing, reviewing, and approving
- Receipts – including receiving, recording, and preparing deposits
- Contracting – establishing the types of goods\services that require written contracts, when legal review is required, the level of approval, and a more formal monitoring process
- Payroll – including payroll processing, and reviewing and approving time and attendance records, including leave and overtime worked
- Credit Cards – including how cards are controlled, allowable business uses, documentation requirements, required approvers, and monitoring card usage
- Travel and expense reimbursement – including allowable expenses, dollar thresholds by category of expense, documentation requirements, and required approvers
- Ethics violations - clarifying the prohibitions as defined in Louisiana Revised Statute (42:1111-1121)
- Debt Service – including EMMA requirements, debt service payment requirements, and debt service reserve requirements.

Internal Reporting:

- Monthly financial reporting – Include the general fund and other major funds' revenues and expenditures (compared to budget) in the reporting process to the Board.

*View of Responsible Official:*

*Managements concurs with the audit findings and will implement the above recommendations.*

*Current Status:*

*The Town made marginal progress implementing the recommendation. Thus, the finding has not been resolved and it is repeated in the current year's schedule of findings and recommendations. See finding 2018-003.*

## CORRECTIVE ACTION PLAN

March 29, 2019

Town of Jackson, Louisiana respectfully submits the following corrective action plan for the year ended September 30, 2018.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC  
8550 United Plaza Blvd.  
Suite 1001  
Baton Rouge, LA 70809

Audit Period: October 1, 2017 to September 30, 2018

The findings from the schedule of findings and recommendations are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and recommendations.

### **FINDINGS – SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

#### 2018-001 Oversight of Citation Books

*Recommendation:* The Town's Police Department should adopt procedures to maintain strict oversight of citation books, including issuance and tracking of all citations. Procedures should also be adopted for citations that are spoiled, and also citations that are turned over to the Parish Police Department in order to maintain proper tracking of all citations.

*Planned Corrective Action:*

We concur with the findings and will adopt specific procedures that will allow us to have strict oversight of the citation books, issuance and tracking of all citations. Ticket books will be logged in upon issuance to each officer and tickets will be tracked by numerical sequence, whether issued or voided.

Anticipated Completion Date: September 30, 2019

Responsible Contact Person: John Mark Dousay, Police Chief

2018-002 Internal Control over Financial Reporting

*Recommendation:* The Town should establish procedures to ensure that the general ledger is closed accurately at year end.

*Planned Corrective Action:*

Managements concurs with the audit finding and will began working on documenting year-end closing procedures. These procedures will list all areas to be addressed to ensure an accurate and timely closeout.

Anticipated Completion Date: September 30, 2019

Responsible Contact Person: Holli Gilmore, Secretary/Treasurer

2018-003 Enhancement of Policies and Procedures and Internal Controls

*Recommendation:* We recommend the following enhancements for certain operational and financial areas that were addressed in performing the procedures:

Policies and procedures:

- Budgeting – including, amending the budget.
- Purchasing – including, how vendors are added to the vendor list.
- Receipts – including receiving, recording, and preparing deposits
- Payroll – including payroll processing, and reviewing and approving time and attendance records, including leave and overtime worked
- Travel and expense reimbursement – dollar thresholds by category of expense
- Ethics violations - clarifying the prohibitions as defined in Louisiana Revised Statute (42:1111-1121)
- Debt Service – including EMMA requirements, debt service payment requirements, and debt service reserve requirements.

Internal Reporting:

- Monthly financial reporting – Include the general fund and other major funds' revenues and expenditures (compared to budget) in the reporting process to the Board.

*Corrective Action:*

Managements concurs with the audit findings and will implement the above recommendations.

Anticipated Completion Date: September 30, 2018

Responsible Contact Person: Holli Gilmore, Secretary/Treasurer

2018-004 Budget Law Violation

*Recommendation:* The Town should monitor the budget closely throughout the fiscal period and prepare and approve amendments to the budget as required by statute.

*Planned Corrective Action:*

Management will continuously monitor the actual revenue and expenditures of funds throughout the year to comply with the State Budget Law.

Anticipated Completion Date: September 30, 2019

Responsible Contact Person: Charles Coleman, Mayor

2018-005 Noncompliance with Bond Covenants

*Recommendation:* The Town should fully comply with all of the bond covenants set forth in the bond ordinances by establishing all restricted accounts and monitoring their balances to ensure compliance with the bond resolution.

*Planned Corrective Action:*

The Town plans to address non-compliance with the bond covenants during the 2019 fiscal period.

Anticipated Completion Date: September 30, 2019

Responsible Contact Person: Holli Gilmore, Secretary/Treasurer

If there are questions regarding this plan, please call Holli Gilmore at (225) 634-7777.

Sincerely,

Hollie E Gilmore 3-29-19  
Hollie Gilmore,  
Secretary/Treasurer

**TOWN OF JACKSON, LOUISIANA**  
**REPORT TO MANAGEMENT**

**SEPTEMBER 30, 2018**



Postlethwaite & Netterville

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TOWN OF JACKSON, LOUISIANA

REPORT TO MANAGEMENT

SEPTEMBER 30, 2018

March 29, 2019

To the Honorable Mayor and Members  
of the Board of Aldermen  
Town of Jackson, Louisiana

In planning and performing our audit of the financial statements of the Town of Jackson, Louisiana (the Town) for the year ended September 30, 2018, we considered the Town's internal controls and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that are opportunities for improving financial reporting, refining policies and procedures and enhancing compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated March 29, 2019 on the financial statements of the Town.

**2018-1**

**Documentation of Process Reviews**

**Condition:**

Town management has communicated to us that there are controls in place for the review of journal entries. We corroborated that the controls were in place during our audit procedures. However, we noted that this review is not evidenced by the signing or initialing the documents or utilizing any form of documentation of review.

**Recommendation:**

We recommend that the review of journal entries be evidenced on the document itself or the use of an end of month/quarter checklist indicating the date of the review and the person that performed the review.

*Management's  
Response:*

*We concur with the recommendation above.*

**2018-2**

**Cash Outstanding Items**

**Condition:**

During our audit procedures, we noted three bank accounts had reconciling items that had been outstanding in excess of six months.

**Recommendation:**

We recommend that management investigate and resolve these outstanding reconciling items.

*Management's  
Response:*

*Management agrees with the recommendation and will investigate the matter and will resolve the outstanding items.*

**2018-3**

**Budgeting**

Condition:

LA R.S. 39:1301 – 1315, as amended through Act 966 of the 2010 Legislative session, requires the Town to cause budgets to be prepared and adopted in a prescribed format. That format requires, among other things, presentation of revenues, expenditures, and beginning and ending fund balances of general and special revenue funds. Act 966 requires presentation of the current year's budget and actual information, the budgeted year's information and the percentage change from the current year to the next year's budget.

The Town's 2018-2019 budget does not contain all of the required components.

Recommendation:

The Town and its administration should amend its 2018-2019 budget to conform with the format prescribed by the aforementioned statute.

Management's

Response:

*The Town will implement the above recommendation as prescribed above.*

We have discussed these comments and suggestions with management, and we would be pleased to discuss them in further detail at your convenience. We would welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank the Town staff for their cooperation with us during the performance of the audit.

This letter is intended solely for the information and use of the Town of Jackson, Louisiana, management of the Town of Jackson, Louisiana, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Postlethwaite & Netterville*

## STATUS OF PRIOR YEAR REPORT TO MANAGEMENT

### 2017-1

#### Capitalization Threshold

Condition: During our audit, we noted the Town's policy for the capitalization of property and equipment purchases begins with any asset purchases over \$500.

Recommendation: The State of Louisiana recommends that government agencies use a capitalization threshold of \$5,000. We recommend that the Town increase its capitalization threshold to this recommended amount to decrease the cost and effort of tracking insignificant asset purchase items.

*Management's Response:* *The Town will implement the recommendation above in the September 30, 2018 period.*

Current Status: *The recommendation was implemented during the 2018 period. Thus, the matter is considered resolved.*

### 2017-2

#### Documentation of Process Reviews

Condition: Town management has communicated to us that there are controls in place for the review of journal entries. We corroborated that the controls were in place during our audit procedures. However, we noted that this review is not evidenced by the signing or initialing the documents or utilizing any form of documentation of review.

Recommendation: We recommend that the review of journal entries be evidenced on the document itself or the use of an end of month/quarter checklist indicating the date of the review and the person that performed the review.

*Management's Response:* *We concur with the recommendation above.*

Current Status: *The matter has not been resolved. Thus, the matter is repeated in the current year report to management as 2018-1.*

### 2017-3

#### Cash Outstanding Items

Condition: During our audit procedures, we noted several bank accounts had reconciling items that had been outstanding in excess of six months.

Recommendation: We recommend that management investigate and resolve these outstanding reconciling items.

*Management's Response:* *Management agrees with the recommendation and will investigate the matter and will resolve the outstanding items.*

Current Status: *The matter has not been resolved. Thus, the matter is repeated in the current year report to management as 2018-2.*

---

**TOWN OF JACKSON, LOUISIANA**

**REPORT ON STATEWIDE**  
**AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL**  
**AREAS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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Postlethwaite & Netterville

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Independent Accountant's Report  
On Applying Agreed-Upon Procedures

To Town of Jackson, Louisiana and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Jackson, Louisiana (Entity) and the Louisiana Legislative Auditor (LLA) (the specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

---

***Written Policies and Procedures***

---

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

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

*The Entity does have a written policy over budgeting; however, it does not address amending the budget.*

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 Entity does have a written policy over purchasing which addresses; however, it does not address how vendors are added to the vendor list.*

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

*No exceptions noted.*

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

*The Entity does not have a written policy over receipts.*

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

*The Entity does not have a written policy over payroll/personnel.*

- 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.

*No exceptions noted.*

- 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)

*No exceptions noted.*

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

*(2) There is no dollar thresholds by category of expense included in the travel and expense reimbursement policy.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*The Entity does not have a written policy over Ethics.*

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

*The Entity does not have a written policy regarding debt service.*

### ***Board or Finance Committee***

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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:
- 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.

*No exceptions noted.*

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

*There were six months of minutes during the fiscal year that did not reference budget-to-actual comparisons on the general and major special revenue funds.*

- For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

*No exceptions noted.*

### ***Bank Reconciliations***

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

*A listing of bank accounts was provided and included a total of 8 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending July 31, 2018, resulting in 5 bank reconciliations obtained and subjected to the below procedures.*

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

*No exceptions noted.*

- 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

*No exceptions noted.*

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

*Of the 5 bank accounts selected, 1 bank reconciliation had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.*

#### ***Collections***

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

*A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 1 collection location. No exceptions were noted as a result of performing this procedure.*

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

*A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 1 collection location. No exceptions were noted as a result of performing this procedure.*

*From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

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

*For the 1 location selected for our procedures, the employees responsible for cash collections share cash drawers/registers.*

- 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.

*For the 1 location selected for our procedures, 2 of the 3 employees responsible for collecting cash prepares/makes the bank deposit and reconciles collection documentation to the deposit.*

- 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.

*For the 1 location selected for our procedures, 1 of the 3 employees responsible for collecting cash posts collection entries to the general ledger and reconciles ledger postings to each other and the deposit.*

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

*For the 1 location selected for our procedures, 1 of the 3 employees responsible for collecting cash is also responsible for reconciling cash.*

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

*The Entity stated that all employees who have access to cash are bonded and/or covered under the Entity's insurance policy.*

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 in procedure #3. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

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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).

*The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected 1 location (as there is only 1) and performed the procedures below.*

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:

*The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.*

*Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

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

*The Entity does not use purchase orders. As such, there is not at least two people who are involved in initiating a purchase request.*

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

*No exceptions noted.*

- 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.

*The person processing payments was not prohibited from adding / modifying vendor files. There is also no periodic review of vendor files.*

- 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.

*No exceptions noted.*

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:

*A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.*

*From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.*

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

*No exceptions noted.*

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

*As noted above, the Entity does not use purchase orders. Also as noted above, the payment processor is able to add and modify vendor files.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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

*A listing of cards was provided. No exceptions were noted as a result of performing this procedure.*

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:

*From the listing provided, there were 5 cards (4 credit cards and 1 fuel card). All 4 credit cards were selected for testing. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.*

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

*No exceptions noted.*

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

*No exceptions noted.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*(1) 1 out of 15 transactions selected for testing did not have an original itemized receipt.*

*(2) 6 out of 15 transactions selected for testing did not have written documentation of the business/public purpose.*

*(3) The above procedure was not applicable for the 15 transactions selected.*

#### Travel and Travel-Related Expense Reimbursements (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:

*Not applicable as the Entity had no travel and travel-related expense reimbursements during the fiscal year.*

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

*Not applicable as the Entity had no travel and travel-related expense reimbursements during the fiscal year.*

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

*Not applicable as the Entity had no travel and travel-related expense reimbursements during the fiscal year.*

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

*Not applicable as the Entity had no travel and travel-related expense reimbursements during the fiscal year.*

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

*Not applicable as the Entity had no travel and travel-related expense reimbursements during the fiscal year.*

### **Contracts**

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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:

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

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

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

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

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

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

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

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

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

### ***Payroll and Personnel***

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

*A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 employees/officials and performed the following procedures.*

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

*We randomly selected one pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.*

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No employees/official terminated during the fiscal period. As such, this procedure is not applicable.*

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

*No exceptions noted.*

### ***Ethics***

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

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

*No exceptions noted.*

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

*For all 5 employees/officials selected for our procedures, signature verification evidencing that the employee/official had read the Entity's ethics policy during the fiscal period could not be obtained.*

### ***Debt Service***

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

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

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.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

***Other***

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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.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

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

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

***Corrective Action***

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25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

*See attached Corrective Action Plan.*

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

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

Sincerely,

*Postlethwaite & Netterville*

March 29, 2019

**TOWN OF JACKSON**

P.O. BOX 1130  
1510 CHARTER STREET  
JACKSON, LOUISIANA 70748  
(225) 634-7777  
FAX (225) 634-2233

**CORRECTIVE ACTION PLAN  
STATE LEGISLATIVE AUDITOR AGREED UPON  
PROCEDURES**

March 29, 2019

Town of Jackson, Louisiana respectfully submits the following corrective action plan for the year ended September 30, 2018.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC  
8550 United Plaza Blvd.  
Suite 1001  
Baton Rouge, LA 70809

Period: October 1, 2017 to September 30, 2018

**Written Policies and Procedures**

The Town of Jackson, Louisiana (Town) will establish written policies and procedures as recommended in the Schedule of Findings and Recommendations in the September 30, 2018 Financial Report for budgeting, purchasing, receipts, payroll, contracting, travel and expense reimbursement, ethics, and debt service.

**Board**

The Town will include the general fund and other major funds' revenue and expenditures (compared to budget) in the reporting process to the Board.

**Bank Reconciliations**

The Town will prepare Bank reconciliation for all bank accounts monthly, review of the reconciliations will be evidenced by signature or initial, and will investigate any outstanding items older than 6 months.

**Cash Collections**

*This institution is an equal opportunity provider.*  
The Town will establish mitigating controls for collection processes that are not able to be segregated. The Town will also establish written procedures to establish that documentation be maintained for the research of reconciling items that have been outstanding for more than 12 months.

**Disbursements**

The Town will establish mitigating controls for non-payroll

disbursements that are not able to be segregated.

**Credit Cards**

The Town will establish policies and procedures to ensure that original itemized receipts are required for support of credit card transactions and that the business/public purpose of the transactions are adequately documented.

**Ethics**

The Town will establish policies and procedure to ensure that signature verification is obtained in support that employee/official have read the ethics policy during the fiscal period.

If there are questions regarding this plan, please call Holli Gilmore at (225) 634-7777.

Sincerely,

*Hollie Gilmore*  
Hollie Gilmore,  
Secretary/Treasurer

## TOWN OF JACKSON

P.O. BOX 1150  
1610 CHARTER STREET  
JACKSON, LOUISIANA 70748  
(225) 634-7777  
FAX (225) 634-2233

### **CORRECTIVE ACTION PLAN STATE LEGISLATIVE AUDITOR AGREED UPON PROCEDURES**

March 29, 2019

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If there are questions regarding this plan, please call Holli Gilmore at (225) 634-7777.

Sincerely,

*Hollie E Gilmore*  
Hollie Gilmore,  
Secretary/Treasurer