

FINANCIAL HIGHLIGHTS

Town Of
Jackson

9 – 30 – 16

TOWN OF JACKSON, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 2016



A Professional Accounting Corporation

www.pncpa.com

TOWN OF JACKSON, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
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 <i>Government Auditing Standards</i>	3 - 4
<u>Required Supplementary Information (Part I)</u>	
Management's Discussion and Analysis	5 - 11
<u>Basic Financial Statements:</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS):	
Statement of Net Position	12
Statement of Activities	13
FUND FINANCIAL STATEMENTS (FFS):	
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund Types	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Balance Sheet – Proprietary Fund	18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	19
Statement of Cash Flows – Proprietary Fund	20 - 21
<u>Notes to Financial Statements</u>	22 - 47
<u>Required Supplementary Information (Part II)</u>	
Budgetary Comparison Schedule – General Fund	48
Budgetary Comparison Schedule – Special Revenue Fund	49
Schedule of the Proportionate Share of the Net Pension Liability	50
Schedule of Contributions to Each Retirement System	51
Notes to Required Supplementary Information	52
<u>Supplementary Information</u>	
Schedule of Revenues and Expenses by Activity – Budget (GAAP Basis) and Actual - Enterprise Funds – Public Utility Revenue Fund	53
Schedule of Principal Officials and Salaries	54
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	55

TABLE OF CONTENTS

	<u>Page</u>
<u>Statistical Data (unaudited)</u>	
Insurance-in-Force	56
Public Utility System Operations	57 - 58
<u>Other Reports Required by GOVERNMENT AUDITING STANDARDS</u>	
Schedule of Findings and Responses	59
Summary Schedule of Prior Audit Findings	60 - 62
Corrective Action Plan	63

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, 2016, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Jackson, Louisiana, as of September 30, 2016, 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 Town's proportionate share of net position liability on page 50, the schedule of the Town's contributions 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, the Schedule of Principal Officials and Salaries, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer 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, 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 31, 2017 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 31, 2017

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, 2016, 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 31, 2017.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2016-001.

Town of Jackson, Louisiana's Response to Findings

The Town of Jackson, Louisiana's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. 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 31, 2017

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2016

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, 2016. 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 2017 by \$2,847,202. Of this net position, \$1,025,157 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 \$1,112,124.
- Expenses exceeded revenues by \$262,947 on the accrual basis for the 2016 fiscal year, representing an increase 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, 2016

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

	Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
<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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows
<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, 2016

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, 2016

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

	Table A-1			
	Town's Net Position			
	Governmental Activities		Business-Type Activities	
	2016	Restated 2015	2016	Restated 2015
Assets				
Current and other assets	\$ 292,566	\$ 439,151	\$ 1,082,151	\$ 844,797
Capital assets	926,798	977,935	2,520,512	2,065,581
Total assets	1,219,364	1,417,086	3,602,663	2,910,378
Deferred outflows of resources				
Pension related	237,180	164,633	132,931	93,752
Total assets and deferred outflows of resources	1,456,544	1,581,719	3,735,594	3,004,130
Liabilities				
Current liabilities	(462,005)	(306,932)	898,461	425,322
Long term liabilities	876,248	815,499	971,694	484,607
Total liabilities	414,243	508,567	1,870,155	909,929
Deferred inflows of resources				
Pension related	41,625	39,408	18,913	17,796
Total liabilities and deferred inflows of resources	455,868	547,975	1,889,068	927,725
Net position				
Net investment in capital assets	926,798	977,935	2,007,371	1,957,061
Restricted funds	671,838	705,624	353,319	39,242
Unrestricted (deficit)	(597,960)	(649,815)	(514,164)	80,102
Total net position	\$ 1,000,676	\$ 1,033,744	\$ 1,846,526	\$ 2,076,405

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2016

Changes in net position. The Town's total change in net position was (\$262,947); (\$33,068) from governmental activities and (\$229,879) 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**

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Revenues				
Program revenues				
Charges for services	\$ 41,282	\$ 25,405	\$ 802,022	\$ 840,290
Operating grants	50,000	81,416	161,486	-
General revenues				
Taxes	385,322	415,323	-	-
Licenses and permits	84,028	81,674	-	-
Miscellaneous	182,045	183,025	994	1,551
Total revenues	742,677	786,843	964,502	841,841
Expenses				
General government	591,483	590,933	-	-
Public safety	542,933	510,938	-	-
Recreation	1,329	1,803	-	-
Services – Utilities	-	-	834,381	780,216
Total expenses	1,135,745	1,103,674	834,381	780,216
Transfers	360,000	200,000	(360,000)	(200,000)
Increase (decrease) in net position	\$ (33,068)	\$ (116,831)	\$ (229,879)	\$ (138,375)
Beginning net position	1,033,744	1,207,700	2,076,405	2,246,884
Correct net position liability measurement date	-	(57,125)	-	(32,104)
Restated net position	\$ 1,000,676	\$ 1,033,744	\$ 1,846,526	\$ 2,076,405

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2016

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$754,571, consisting of \$82,733 in the general fund and \$671,838 in the special revenue fund. The \$82,733 in the general fund is unassigned and available for spending. The \$671,838 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 sales tax revenues
- Increased grant revenue

Under the revised budget, the general fund also budgeted for additional purchases of vehicles within public safety.

CAPITAL ASSETS

At the end of September 30, 2016, the Town had invested approximately \$3.4 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 increase (including additions and deductions) of \$403,794 or 13.3 percent over last year.

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

	Governmental Activities		Business Activities	
	2016	2015	2016	2015
Land	\$ 26,000	\$ 26,000	\$ 18,300	\$ 18,300
Buildings	102,218	113,552	12,276	15,105
Other Improvements	476,758	559,529	1,885,273	2,011,692
Equipment	321,822	278,854	31,513	20,484
Construction in Progress	-	-	573,150	-
Total	\$926,798	\$ 977,935	\$ 2,520,512	\$ 2,065,581

This year's major capital asset additions included:

- The purchase of (2) Chevrolet Tahoes for Police costing approximately \$44,000 and the water well project in progress as of year-end costing 573,150 during 2016.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2016

LONG-TERM LIABILITIES

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

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

	Governmental Activities		Business Activities	
	2016	2015	2016	2015
Bonds Payable	\$ -	\$ -	\$ 401,974	\$ -
Notes Payable	-	-	108,520	108,520
Compensated Absences	8,844	16,968	12,209	7,522
Net Pension Liability	867,404	798,531	448,991	368,565
Total	\$ 876,248	\$ 815,499	\$ 971,694	\$ 484,607

- In 2015, the Town issued \$800,000 of Utility Revenue Bonds to finance the costs of constructing and acquiring improvements to the Town's water system. In 2016, the Town began drawing down on the debt to fund the Well Water Project. As of September 30, 2016, the Town had a remaining balance of \$401,974.

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. Expenses of the utility fund are not expected to increase substantially, except for the costs of gas, which may continue an increasing trend from the past several years.

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, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 203,023	\$ 178,911	\$ 381,934
Certificates of deposit	-	357,228	357,228
Property tax receivable	3,035	-	3,035
Accounts receivable (net)	-	103,067	103,067
Due from other governmental agencies	59,529	-	59,529
Accrued interest receivable	43	319	362
Other receivables	26,936	-	26,936
Restricted assets:			
Cash and cash equivalents	-	369,621	369,621
Certificates of deposit	-	73,005	73,005
Capital assets:			
Land	26,000	18,300	44,300
Other capital assets, net of depreciation	900,798	2,502,212	3,403,010
TOTAL ASSETS	<u>1,219,364</u>	<u>3,602,663</u>	<u>4,822,027</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	237,180	132,931	370,111
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>237,180</u>	<u>132,931</u>	<u>370,111</u>
<u>LIABILITIES</u>			
Accounts payable	37,563	306,939	344,502
Accrued liabilities	-	-	-
Internal balances	(499,568)	499,568	-
Accrued interest payable	-	2,647	2,647
Customer service meter deposits	-	89,307	89,307
Long-term liabilities:			
Due beyond one year	8,844	522,703	531,547
Net pension liability	867,404	448,991	1,316,395
TOTAL LIABILITIES	<u>414,243</u>	<u>1,870,155</u>	<u>2,284,398</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	41,625	18,913	60,538
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>41,625</u>	<u>18,913</u>	<u>60,538</u>
<u>NET POSITION</u>			
Net invested in capital assets	926,798	2,007,371	2,934,169
Restricted for:			
Streets and sidewalks	671,838	-	671,838
Capital improvements	-	258,095	258,095
Debt service	-	55,697	55,697
Customer deposits	-	39,527	39,527
Unrestricted	<u>(597,960)</u>	<u>(514,164)</u>	<u>(1,112,124)</u>
TOTAL NET POSITION	<u>\$ 1,000,676</u>	<u>\$ 1,846,526</u>	<u>\$ 2,847,202</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental:						
General government	\$ 591,483	\$ -	\$ -	\$ (591,483)	\$ -	\$ (591,483)
Public safety	542,933	41,282	50,000	(451,651)	-	(451,651)
Recreation	1,329	-	-	(1,329)	-	(1,329)
Total governmental activities	1,135,745	41,282	50,000	(1,044,463)	-	(1,044,463)
Business-type:						
Utilities - Gas	185,201	214,381	-	-	29,180	29,180
Utilities - Water	314,175	256,615	122,332	-	64,772	64,772
Utilities - Sewer	335,005	331,026	39,154	-	35,175	35,175
Total business-type activities	834,381	802,022	161,486	-	129,127	129,127
Total Town of Jackson	\$ 1,970,126	\$ 843,304	\$ 211,486	\$ (1,044,463)	\$ 129,127	\$ (915,336)
General Revenues:						
Taxes				385,322	-	385,322
Licenses and permits				84,028	-	84,028
Intergovernmental				5,158	-	5,158
Interest				130	994	1,124
Transfers (to)/from other funds				360,000	(360,000)	-
Other				176,757	-	176,757
Total general revenues				1,011,395	(359,006)	652,389
Change in net position				(33,068)	(229,879)	(262,947)
Net Position - September 30, 2015, as restated				1,033,744	2,076,405	3,110,149
Net Position - September 30, 2016				\$ 1,000,676	\$ 1,846,526	\$ 2,847,202

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 94,827	\$ 59,770	\$ 154,597
Certificates of deposit	5,774	42,652	48,426
Property taxes receivable	3,035	-	3,035
Other accounts receivable	26,936	-	26,936
Due from other governmental agencies	24,114	35,415	59,529
Due from other funds	518,331	535,661	1,053,992
Accrued interest receivable	12	31	43
TOTAL ASSETS	<u>\$ 673,029</u>	<u>\$ 673,529</u>	<u>\$ 1,346,558</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 35,872	\$ 1,691	\$ 37,563
Due to other funds	554,424	-	554,424
	<u>590,296</u>	<u>1,691</u>	<u>591,987</u>
<u>FUND BALANCES</u>			
Restricted for			
Streets and sidewalks	-	671,838	671,838
Unassigned, reported in			
General fund	82,733	-	82,733
	<u>82,733</u>	<u>671,838</u>	<u>754,571</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 673,029</u>	<u>\$ 673,529</u>	<u>\$ 1,346,558</u>

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, 2016

Total fund balances - Governmental Funds		\$ 754,571
Cost of capital assets at September 30, 2016	\$ 3,352,652	
Less: accumulated depreciation as of September 30, 2016	<u>(2,425,854)</u>	926,798
Deferred outflows - pension related		237,180
Long-term liabilities at September 30, 2016:		
Compensated absences payable	\$ (8,844)	
Net pension liability	(867,404)	
Deferred inflows - pension related	<u>(41,625)</u>	
		<u>(917,873)</u>
Total net position at September 30, 2016 - Governmental Activities		<u>\$ 1,000,676</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, 2016

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>REVENUES</u>			
Taxes	\$ 178,941	\$ 206,381	\$ 385,322
Licenses and permits	84,028	-	84,028
Intergovernmental revenues	5,158	-	5,158
Fines and forfeitures	41,282	-	41,282
Interest	11	119	130
Grants - other	50,000	-	50,000
Other revenue	170,957	5,800	176,757
Total revenues	<u>530,377</u>	<u>212,300</u>	<u>742,677</u>
<u>EXPENDITURES</u>			
General government	308,429	246,086	554,515
Public safety	538,345	-	538,345
Recreation	1,329	-	1,329
Total expenditures	<u>848,103</u>	<u>246,086</u>	<u>1,094,189</u>
<u>DEFICIENCY OF REVENUES UNDER EXPENDITURES</u>			
	(317,726)	(33,786)	(351,512)
<u>OTHER FINANCING SOURCES</u>			
Transfers in	360,000	-	360,000
Total other financing sources	<u>360,000</u>	<u>-</u>	<u>360,000</u>
<u>NET CHANGE IN FUND BALANCES</u>			
	42,274	(33,786)	8,488
<u>FUND BALANCES</u>			
Beginning of year	40,459	705,624	746,083
End of year	<u>\$ 82,733</u>	<u>\$ 671,838</u>	<u>\$ 754,571</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
SEPTEMBER 30, 2016

Net change in fund balances - governmental funds	\$	8,488
The change in net position reported for governmental activities in the statement of activities is different because:		
Capital outlay capitalized		127,124
Depreciation expense for the year ended September 30, 2016		(175,827)
Excess of compensated absences earned over amounts used		8,124
Net change in pension liability and deferred inflows/outflows of resources		<u>(977)</u>
Change in net position of governmental activities	\$	<u><u>(33,068)</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
BALANCE SHEET
PROPRIETARY FUND
SEPTEMBER 30, 2016

CURRENT ASSETS

Cash and cash equivalents	\$	178,911
Certificates of deposit		357,228
Accounts receivable (net)		103,067
Accrued interest receivable		319
Total current assets		639,525

RESTRICTED ASSETS

Cash and cash equivalents		369,621
Certificates of deposit		73,005
Total restricted assets		442,626

PROPERTY, PLANT, AND EQUIPMENT

Land		18,300
Buildings		81,409
Improvements and infrastructure		5,688,662
Equipment		138,837
Construction in progress		573,150
		6,500,358
Less: allowance for depreciation		(3,979,846)
Net property, plant, and equipment		2,520,512
Total Assets		3,602,663

DEFERRED OUTFLOWS OF RESOURCES

Pension related		132,931
Total deferred outflows of resources		132,931

CURRENT LIABILITIES

Accounts payable		306,939
Accrued interest payable		2,647
Customers' service meter deposits		89,307
Due to other funds		499,568
Total current liabilities		898,461

LONG-TERM LIABILITIES

Bonds payable		401,974
Notes payable		108,520
Compensated absences		12,209
Net pension liability		448,991
Total long-term liabilities		971,694
Total Liabilities		1,870,155

DEFERRED INFLOWS OF RESOURCES

Pension related		18,913
Total deferred inflows of resources		18,913

NET POSITION

Net investment in capital assets		2,007,371
Restricted - capital improvements		258,095
Restricted - debt service		55,697
Restricted - customer deposits		39,527
Unrestricted		(514,164)
Total Net Position	\$	1,846,526

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, 2016

OPERATING REVENUES

Gas sales	\$	207,175
Water sales		249,409
Sewerage sales		323,820
Penalties and service charges		21,618
Total operating revenues		802,022

OPERATING EXPENSES

Salaries		159,435
Wages		74,359
Audit and accounting		9,767
Depreciation		191,094
Electricity		26,203
Employees' retirement expense		88,680
Engineering fees		3,281
Gas purchases		42,724
Insurance		101,041
Legal		2,400
Maintenance, repairs, and supplies		72,247
Miscellaneous		18,706
Printing, stationery, and supplies		22,936
Water pumpage charge		390
Truck expense		12,555
Utilities		5,916
Total operating expenses		831,734

INCOME FROM OPERATIONS

(29,712)

NON-OPERATING REVENUES (EXPENSES)

Interest revenues		994
Interest expense		(2,647)
State grant revenue		161,486
Total non-operating revenues (expenses)		159,833

INCOME BEFORE TRANSFERS AND CONTRIBUTIONS

130,121

Operating transfers out		(360,000)
-------------------------	--	-----------

CHANGE IN NET POSITION

(229,879)

Net position - beginning of year, as restated		2,076,405
---	--	-----------

Net position - end of year		\$ 1,846,526
----------------------------	--	--------------

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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 805,129
Cash paid to suppliers for goods and services	64,336
Cash paid to employees for services	<u>(190,456)</u>
Net cash provided by operating activities	<u>679,009</u>

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

Operating transfers out	<u>(360,000)</u>
Net cash used for non-capital financing activities	<u>(360,000)</u>

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

Acquisition and construction of capital assets	(646,025)
Proceeds from revenue bonds	401,974
Proceeds from capital grant	<u>161,486</u>
Net cash used in capital and related financing activities	<u>(82,565)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of certificates of deposit	44,013
Interest earned on investments	<u>994</u>
Net cash provided by investing activities	<u>45,007</u>

Net increase in cash and cash equivalents	281,451
Cash and cash equivalents - beginning of year	<u>267,081</u>
Cash and cash equivalents - end of year	<u>\$ 548,532</u>
Cash and cash equivalents as shown on balance sheet under:	
Current assets	\$ 178,911
Restricted assets	<u>369,621</u>
	<u>\$ 548,532</u>

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, 2016

RECONCILIATION OF INCOME FROM OPERATIONS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Income from operations	\$	(29,712)
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation		191,094
Net change in assets and liabilities:		
Accounts receivable		84
Deferred outflows of resources		(96,773)
Accounts payable		306,939
Customer service meter deposits		3,023
Accrued payroll		(3,713)
Compensated absences		4,687
Pension (net pension liability less amount to restate equity)		161,762
Deferred inflows of resources		(22,625)
Due to other funds		164,243
Total adjustments		<u>708,721</u>
 Net cash provided by operating activities	 \$	 <u>679,009</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)

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.

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, 2016, 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, 2015	\$ 26,000	\$ 418,367	\$ 1,182,525	\$ 1,700,744	\$3,327,636
Additions	-	-	-	127,124	127,124
Deletions	-	-	(7,925)	(94,183)	(102,108)
Cost of capital assets at September 30, 2016	<u>26,000</u>	<u>418,367</u>	<u>1,174,600</u>	<u>1,733,685</u>	<u>3,352,652</u>
Accumulated depreciation September 30, 2015	-	304,815	622,996	1,421,890	2,349,701
Additions	-	11,334	82,771	81,722	175,827
Deletions	-	-	(7,925)	(91,749)	(99,674)
Accumulated depreciation September 30, 2016	<u>-</u>	<u>316,149</u>	<u>697,842</u>	<u>1,411,863</u>	<u>2,425,854</u>
Capital assets, net of accumulated depreciation at September 30, 2016	<u>\$ 26,000</u>	<u>\$ 102,218</u>	<u>\$ 476,758</u>	<u>\$ 321,822</u>	<u>\$ 926,798</u>

Depreciation expense of \$175,827 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 & Infrastructure</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Cost of Capital Assets						
September 30, 2015	\$ 18,300	\$ 81,409	\$ 5,894,953	\$ 121,165	\$ -	\$ 6,115,827
Additions	-		58,228	17,672	573,150	649,050
Deletions	-	-	(264,519)	-	-	(264,519)
Cost of Capital Assets						
September 30, 2016	<u>18,300</u>	<u>81,409</u>	<u>5,688,662</u>	<u>138,837</u>	<u>573,150</u>	<u>6,500,358</u>
Accumulated Depreciation						
September 30, 2015	-	66,304	3,883,261	100,681	-	4,050,246
Additions	-	2,829	181,622	6,643	-	191,094
Deletions	-	-	(261,494)	-	-	(261,494)
Accumulated Depreciation						
September 30, 2016	<u>-</u>	<u>69,133</u>	<u>3,803,389</u>	<u>107,324</u>	<u>-</u>	<u>3,979,846</u>
Capital assets, net of accumulated depreciation at						
September 30, 2016	<u>\$ 18,300</u>	<u>\$ 12,276</u>	<u>\$ 1,885,273</u>	<u>\$ 31,513</u>	<u>\$ 573,150</u>	<u>\$ 2,520,512</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Governmental Activities Long-term obligations

Long-term liability activity of governmental activities for the year ended September 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Net Pension Liability	\$ 798,531	\$ 68,873	\$ -	\$ 867,404
Compensated Absences	16,968	-	(8,124)	8,844
	<u>\$ 815,499</u>	<u>\$ 68,873</u>	<u>\$ (8,124)</u>	<u>\$ 876,248</u>

4. Business-Type Activities Long-term obligations

A. Activities

Long-term liability activity of business-type activities for the year ended September 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bonds Payable	\$ -	\$ 401,974	\$ -	\$ 401,974
Notes Payable	108,520	-	-	108,520
Compensated Absences	7,522	4,687	-	12,209
Net Pension Liability	368,565	80,426	-	448,991
	<u>\$ 484,607</u>	<u>\$ 487,087</u>	<u>\$ -</u>	<u>\$ 971,694</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, 2016, the La DOTD has not requested payment of the balance due.

Bonds and Notes outstanding were as follows at September 30, 2016:

	<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	\$ 401,974
Utility Relation Agreement	1987	108,520	108,520
		<u>\$ 908,520</u>	<u>\$ 510,494</u>

A schedule of annual debt service requirements for the Series 2016 bonds has not been established since advances on the bonds are still occurring and therefore the total debt to be repaid has not been determined.

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 28th 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 2nd 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, 2016, taxes of 6.19 mills were levied on property with assessed valuations totaling \$7,326,126 and were dedicated for general purposes.

Ad valorem taxes collected during the year ended September 30, 2016 totaled approximately \$45,349. Of this amount, \$9,839 remained uncollected at September 30, 2016. The Town has a reserve for delinquent property taxes in the amount of \$6,804, therefore the net property tax receivable at September 30, 2016 totaled \$3,035.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Interfund Receivables and Payables

Interfund receivables and payables at September 30, 2016, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 518,331	\$ 554,424
Proprietary fund	-	499,568
Special Revenue fund	535,661	-
	<u>\$ 1,053,992</u>	<u>\$ 1,053,992</u>

7. Interfund Transfers

Transfers between funds occur to provide reimbursement of certain operating costs and are not expected to be repaid. Transfers between during the year ended September 30, 2016, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 360,000	\$ -
Proprietary fund	-	360,000
	<u>\$ 360,000</u>	<u>\$ 360,000</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

MPERS:
7722 Office Park Boulevard, Suite 200.
Baton Rouge, LA 70809
(225) 929-7411
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, 2016, there were 85 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)

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)

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)

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)

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, 2016, for the Town and covered employees were as follows:

	Town	Employees
Municipal Employees' Retirement System Plan A		
Members hired prior to 01/01/2013	22.75%	9.50%
Members hired after 01/01/2013	22.75%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 1/01/2013	31.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.75%	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 three fiscal years, which equaled the required contributions for each of these years, were as follows:

	2016	2015	2014
Municipal Employees' Retirement System Plan A	\$ 84,929	\$ 81,456	\$ 75,864
Municipal Police Employees' Retirement System	\$ 34,797	\$ 32,348	\$ 32,965

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, 2016 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of September 30, 2016 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2016 along with the change compared to the June 30, 2015 rate. The Town's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2016	Rate at June 30, 2016	Increase (Decrease) on June 30, 2016 Rate
Municipal Employees' Retirement System Plan A	\$ 961,025	0.2345%	-0.0045%
Municipal Police Employees' Retirement System	355,370	0.0379%	0.0021%
	<u>\$ 1,316,395</u>		

The following schedule list each pension plan's recognized pension expense of the Town for the year ended September 30, 2016:

	Pension Expense	Amortization	Total
Municipal Employees' Retirement System Plan A	\$ 126,572	\$ (858)	\$ 125,714
Municipal Police Employees' Retirement System	47,230	(3,645)	43,585
	<u>\$ 173,802</u>	<u>\$ (4,503)</u>	<u>\$ 169,299</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (36,032)
Changes of assumptions	52,262	(21)
Net difference between projected and actual earnings on pension plan investments	274,153	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,249	(24,485)
Employer contributions subsequent to the measurement date	31,447	-
Total	<u>\$ 370,111</u>	<u>\$ (60,538)</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System Plan A	\$ 284,528	\$ (40,482)
Municipal Police Employees' Retirement System	85,583	(20,056)
	<u>\$ 370,111</u>	<u>\$ (60,538)</u>

The Town reported a total of \$31,447 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in Net Pension Liability in the year ended September 30, 2017. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
Municipal Employees' Retirement System Plan A	\$ 21,519
Municipal Police Employees' Retirement System	9,928
	<u>\$ 31,447</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (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
2017	\$ 75,559	\$ 12,966	\$ 88,525
2018	41,809	10,896	52,705
2019	71,114	17,846	88,960
2020	34,045	13,891	47,936
	<u>\$ 222,527</u>	<u>\$ 55,599</u>	<u>\$ 278,126</u>

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, 2016 are as follows:

Valuation Date	MERS	MPERS								
	June 30, 2016	June 30, 2016								
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal cost								
Actuarial Assumptions:										
Expected Remaining										
Service Lives	3 years	4 years								
Investment Rate of Return	7.50%	7.50% net of investment expenses								
Inflation Rate	2.875%	2.75%								
Mortality	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 Disabled Lives Mortality Table set back 2 years for both males and females. For disable Annuitants, RP-2000 Disable 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 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.								
Salary Increases	5.00%	<table border="1"> <thead> <tr> <th><u>Years of Service</u></th> <th><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td>1 - 2</td> <td>9.75%</td> </tr> <tr> <td>3 - 23</td> <td>4.75%</td> </tr> <tr> <td>23 & Over</td> <td>4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1 - 2	9.75%	3 - 23	4.75%	23 & Over	4.25%
<u>Years of Service</u>	<u>Salary Growth Rate</u>									
1 - 2	9.75%									
3 - 23	4.75%									
23 & Over	4.25%									

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

	<u>MERS</u>	<u>MPERS</u>
Cost of Living Adjustments	<p>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 an additional cost of living increase 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.</p>	<p>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.</p> <p>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.</p> <p>Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.</p>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (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 2.50% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.60% for the year ended June 30, 2016.</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 8.25% for the year ended June 30, 2016.</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, 2016:

Asset class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	50.0%	-	2.60%	-
Equity	-	53.0%	-	3.69%
Public fixed income	35.0%	-	1.80%	-
Fixed income	-	21.0%	-	49%
Alternatives	15.0%	20.0%	80%	1.11%
Other	-	6.0%	-	21%
Total	100.0%	100.0%	5.20%	5.50%
Inflation			2.50%	2.75%
Expected arithmetic nominal return			7.70%	8.25%

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 7.50% and 7.50%, respectively for the year ended June 30, 2016.

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	6.50%	7.50%	8.50%
Town Jackson's Share of NPL	\$ 1,221,641	\$ 961,025	\$ 738,639
MPERS			
Rates	6.50%	7.50%	8.50%
Town of Jackson's Share of NPL	\$ 473,739	\$ 355,370	\$ 255,989

Payables to the Pension Plan

The Town recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2016 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, 2016.

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, 2016, for these three services are as follows:

	<u>Gas</u>		<u>Water</u>		<u>Sewer</u>		<u>Total</u>
Operating revenues	\$ 214,381	\$	256,615	\$	331,026	\$	802,022
Operating expenses	185,201		311,528		335,005		831,734
Depreciation	859		50,671		139,564		191,094
Income (loss) before transfers and contributions	29,930		64,997		35,194		130,121
Change in net position	29,930		64,997		(324,806)		(229,879)
Property, plant and equipment additions	576		591,747		56,727		649,050

10. Accounts Receivable 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, 2016 were as follows:

Governmental Activities:

	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Other</u>	<u>Total</u>
General	\$ 3,035	\$ 24,114	\$ 26,936	\$ 54,085
Special Revenue	-	35,415	-	35,415
Total	<u>\$ 3,035</u>	<u>\$ 59,529</u>	<u>\$ 26,936</u>	<u>\$ 89,500</u>

Business-type Activities:

	<u>Proprietary Fund</u>
Accounts receivable	\$ 119,571
Allowance for uncollectible accounts	(16,504)
Total	<u>\$ 103,067</u>

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 general maintenance and repairs of streets and sidewalks in the Town of Jackson. The Town recognized \$206,381 of sales tax revenue during the year ended September 30, 2016. 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 \$127,318 of sales tax revenue during the year ended September 30, 2016.

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 \$1,236,131. 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 \$763,131 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, 2016, the carrying amounts of the Town's bank deposits totaled \$1,181,788.

13. Prior Period Adjustment

a. Restatement of Net Position

The Governmental Activities Net Position and Business Type Activities were restated for June 30, 2015 for an adjustment to correct the measurement date used to record the net pension liability. The net effect to the Governmental Activities Net Position and 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, 2015	\$ 1,090,869	\$ 2,108,509	\$ 3,199,378
Correct Net Pension Liability Measurement Date	<u>(57,125)</u>	<u>(32,104)</u>	<u>(89,229)</u>
Total Net Position, September 30, 2015, Restated	<u>\$ 1,033,744</u>	<u>\$ 2,076,405</u>	<u>\$ 3,110,149</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

13. Prior Period Adjustment (continued)

b. Restatement of Fund Financial Statements

	<u>Proprietary Fund</u>
Total Net Position, September 30, 2015	\$ 2,108,509
Correct Net Pension Liability Measurement Date	<u>(32,104)</u>
Total Net Position, September 30, 2015, Restated	<u>\$ 2,076,405</u>

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Ad valorem taxes	\$ 45,000	\$ 45,000	\$ 51,623	\$ 6,623
Sales tax	160,000	140,000	127,318	(12,682)
Licenses and permits	80,000	80,000	84,028	4,028
Intergovernmental revenues:				
Beer taxes	-	2,500	5,158	2,658
State revenue sharing	4,500	-	-	-
Fines and forfeitures	25,000	35,000	41,282	6,282
Other	140,000	190,000	220,968	30,968
Total revenues	<u>454,500</u>	<u>492,500</u>	<u>530,377</u>	<u>37,877</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	260,061	268,061	308,429	(40,368)
Public safety	522,865	584,265	538,345	45,920
Recreation	6,500	2,000	1,329	671
Total expenditures	<u>789,426</u>	<u>854,326</u>	<u>848,103</u>	<u>6,223</u>
<u>DEFICIENCY OF REVENUES</u>				
<u>UNDER EXPENDITURES</u>	(334,926)	(361,826)	(317,726)	44,100
<u>OTHER FINANCING SOURCES</u>				
Operating transfers in	350,000	350,000	360,000	10,000
Total other financing sources	<u>350,000</u>	<u>350,000</u>	<u>360,000</u>	<u>10,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	15,074	(11,826)	42,274	54,100
<u>FUND BALANCES</u>				
Beginning of year	<u>40,459</u>	<u>40,459</u>	<u>40,459</u>	<u>-</u>
End of year	<u>\$ 55,533</u>	<u>\$ 28,633</u>	<u>\$ 82,733</u>	<u>\$ 54,100</u>

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 225,000	\$ 225,000	\$ 206,381	\$ (18,619)
Interest revenue	700	700	119	(581)
Miscellaneous revenue	5,800	5,800	5,800	-
Grant proceeds	-	-	-	-
Total revenues	<u>231,500</u>	<u>231,500</u>	<u>212,300</u>	<u>(19,200)</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	<u>203,000</u>	<u>284,500</u>	<u>246,086</u>	<u>38,414</u>
Total expenditures	<u>203,000</u>	<u>284,500</u>	<u>246,086</u>	<u>38,414</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER(UNDER) EXPENDITURES</u>				
	<u>28,500</u>	<u>(53,000)</u>	<u>(33,786)</u>	<u>19,214</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	<u>28,500</u>	<u>(53,000)</u>	<u>(33,786)</u>	<u>19,214</u>
<u>FUND BALANCES</u>				
Beginning of year	<u>705,624</u>	<u>705,624</u>	<u>705,624</u>	<u>-</u>
End of year	<u>\$ 734,124</u>	<u>\$ 652,624</u>	<u>\$ 671,838</u>	<u>\$ 19,214</u>

Town of Jackson
Schedule of the Proportionate Share of the Net Pension Liability
Cost Sharing Plans Only
For the Year Ended September 30, 2016 (*)

<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-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Employees' Retirement System of Louisiana						
	2016	0.2345%	\$ 961,025	\$ 418,542	229.6126%	62.11%
	2015	0.2390%	853,753	407,919	209.2947%	66.18%
	2014	0.2303%	590,980	403,456	146.4794%	73.99%
Municipal Police Employees' Retirement System						
	2016	0.0379%	355,370	106,207	334.6013%	66.04%
	2015	0.0400%	313,343	106,994	292.8603%	70.73%
	2014	0.4064%	254,272	106,682	238.3457%	75.10%

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 the June 30th for year listed

Town of Jackson
Schedule of Contributions to Each Retirement System
Cost Sharing Plans Only
For the Year Ended September 30, 2016

<u>Pension Plan:</u>	<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll³</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Municipal Employees' Retirement System of Louisiana						
	2016	\$ 84,929	\$ 84,929	\$ -	\$ 415,659	20.43%
	2015	81,456	81,456	-	411,288	19.81%
	2014	75,864	75,864	-	403,658	18.79%
Municipal Police Employees' Retirement System						
	2016	34,797	34,797	-	115,383	30.16%
	2015	32,348	32,348	-	104,275	31.02%
	2014	32,965	32,965	-	106,032	31.09%

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

For reference only:

¹ *Employer contribution rate multiplied by employer's covered employee payroll*

² *Actual employer contributions remitted to Retirement Systems*

³ *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, 2016

Changes of Benefit Terms include:

Municipal Employee's Retirement System

- No Changes

Municipal Police Employee's Retirement System

- No Changes

Changes of Assumptions:

Municipal Employee's Retirement System

- Investment rate of return decreased 0.25% to 7.5%
- Projected salary increases decreased 0.75% to 5.0% (2.875 Inflation, 2.125% Merit)
- Discount rate decreased 0.25% to 7.5%

Municipal Police Employee's Retirement System

- Inflation rate decreased 0.125% to 2.875%

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, 2016

	Gas	Water	Sewerage	Actual Total	Budget Total	Variance Favorable (Unfavorable)
<u>OPERATING REVENUES</u>						
Sales	\$ 207,175	\$ 249,409	\$ 323,820	\$ 780,404	\$ 800,000	\$ (19,596)
Penalties and service charges	7,206	7,206	7,206	21,618	20,000	1,618
Total operating revenues	<u>214,381</u>	<u>256,615</u>	<u>331,026</u>	<u>802,022</u>	<u>820,000</u>	<u>(17,978)</u>
<u>OPERATING EXPENSES</u>						
Salaries	80,018	39,892	39,525	159,435	160,140	705
Wages	2,770	21,512	50,077	74,359	70,000	(4,359)
Audit and accounting	9,767	-	-	9,767	13,000	3,233
Depreciation	859	50,671	139,564	191,094	200,000	8,906
Electricity	-	25,786	417	26,203	30,000	3,797
Employees' retirement	8,024	6,830	73,826	88,680	35,000	(53,680)
Engineering fees	-	2,756	525	3,281	12,000	8,719
Gas purchases	42,724	-	-	42,724	50,000	7,276
Insurance	11,054	81,270	8,717	101,041	90,000	(11,041)
Legal	800	800	800	2,400	2,000	(400)
Maintenance, repairs, supplies	4,188	49,957	18,102	72,247	70,000	(2,247)
Miscellaneous	11,784	4,218	2,704	18,706	69,730	51,024
Printing, stationery, supplies	-	22,936	-	22,936	25,000	2,064
Water pumpage charge	-	390	-	390	-	(390)
Truck expense	12,495	30	30	12,555	15,000	2,445
Utilities	718	4,480	718	5,916	8,500	2,584
Total operating expenses	<u>185,201</u>	<u>311,528</u>	<u>335,005</u>	<u>831,734</u>	<u>850,370</u>	<u>18,636</u>
<u>INCOME (LOSS)</u>						
<u>FROM OPERATIONS</u>	<u>29,180</u>	<u>(54,913)</u>	<u>(3,979)</u>	<u>(29,712)</u>	<u>(30,370)</u>	<u>658</u>
<u>NON-OPERATING</u>						
<u>REVENUES (EXPENSES)</u>						
Interest revenues	750	225	19	994	7,500	(6,506)
Interest expense	-	(2,647)	-	(2,647)	(14,000)	11,353
State grant	-	-	39,154	39,154	-	39,154
Water well grant	-	122,332	-	122,332	595,096	(472,764)
Water well expense	-	-	-	-	(595,096)	595,096
Total non-operating	<u>750</u>	<u>119,910</u>	<u>39,173</u>	<u>159,833</u>	<u>(6,500)</u>	<u>166,333</u>
Income (loss) before transfers and contributions	29,930	64,997	35,194	130,121	(36,870)	166,991
Operating transfers out	-	-	(360,000)	(360,000)	(350,000)	(10,000)
<u>CHANGE IN NET POSITION</u>	<u>\$ 29,930</u>	<u>\$ 64,997</u>	<u>\$ (324,806)</u>	<u>\$ (229,879)</u>	<u>\$ (386,870)</u>	<u>\$ 156,991</u>

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED SEPTEMBER 30, 2016

Mayor:

Charles Coleman	\$ 14,400
-----------------	-----------

Aldermen:

Michael Harrell	3,600
-----------------	-------

Donald Havard	4,800
---------------	-------

James Foreman	900
---------------	-----

Jim Mack Parker	3,600
-----------------	-------

Rafe Stewart	3,600
--------------	-------

John Travis	<u>2,100</u>
-------------	--------------

	<u><u>\$ 33,000</u></u>
--	-------------------------

TOWN OF JACKSON, LOUISIANA

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
SEPTEMBER 30, 2016**

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

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 14,400
Benefits - cell phone	971
	<u>15,371</u>

STATISTICAL DATA

TOWN OF JACKSON, LOUISIANA

INSURANCE-IN-FORCE
SEPTEMBER 30, 20166
(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	02-01-2017	\$ 405,056
Public Official Bond	Dart Insurance Agency	08-30-2017	65,000
Automobile Liability	Louisiana Risk Management	02-01-2017	500,000
General Liability	Louisiana Risk Management	02-01-2017	500,000
Police Professional Liability	Louisiana Risk Management	02-01-2017	500,000
Public Officials Errors and Omissions	Louisiana Risk Management	02-01-2017	500,000
Worker's Compensation	Louisiana Risk Management	01-01-2017	Statutory
Auto Physical Damage	ESSEX	02-01-2017	299,790
Equipment	Employers Mutual	02-01-2017	216,715

TOWN OF JACKSON, LOUISIANA

PUBLIC UTILITY SYSTEM OPERATIONS

SEPTEMBER 30, 2016

(Without Audit)

Statistics on System Operations

- (a) As of September 30, 2016, there were 359 and 806 metered customers for the gas and water systems, respectively. There were no unmetered customers for either the gas or water systems at September 30, 2016.
- (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	\$ 11.50 flat rate
Next 13,000 gallons/Mgal	3.30
Next 35,000 gallons/Mgal	2.15
Over 50,000 gallons/Mgal	2.00

- (c) Average monthly billing per customer was:

Residential

1. Gas	<u>\$ 34.62</u>
2. Water	<u>\$ 22.60</u>

Commercial

1. Gas	<u>\$ 154.61</u>
2. Water	<u>\$ 53.29</u>

TOWN OF JACKSON, LOUISIANA

PUBLIC UTILITY SYSTEM OPERATIONS

SEPTEMBER 30, 2016

(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>
09/30/16	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 RESPONSES
September 30, 2016

A. SUMMARY OF AUDIT RESULTS

Financial Statements

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

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

COMPLIANCE WITH STATE LAWS AND REGULATIONS

2016-001 Oversight of Citation Books (Repeat Finding)

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 and 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.

TOWN OF JACKSON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
September 30, 2016

SIGNIFICANT DEFICIENCIES

2015-001 Segregation of Duties

Criteria: Segregation of duties should be adequate within the Town's accounting department to provide effective internal control.

Condition: There is inadequate segregation of duties within the Town's accounting department. As a result of this weakness, the following has occurred:

- ◆ Utility software is not restricted by user, and is not protected by password login
- ◆ Traffic ticket software is not restricted by user, and administrative rights to the program are not limited to one employee.

Effect: The segregation of duties is inadequate to provide effective internal control.

Cause - The Town's software used for its utility services was purchased many years ago. The software cannot be updated to allow for user login and passwords, as a result, access has no limitation. The Town's traffic ticket software also has limitations that restrict the Town's ability to establish effective internal controls. Cost effectiveness certainly needs to be considered in both instances.

Recommendation: We recommend that management consider the following:

- ◆ If cost effective, management should consider the purchase of more current utility software that provides safeguards such as user login and passwords. If not cost effective, management should consider implementing mitigating controls to secure the billing and collection process for its utility services.
- ◆ The Town should establish controls that exist over an employee's ability to make adjustments to tickets issued for fines. The controls should consist of approvals by the Mayor or town clerk of any and all adjustments.

View of Responsible Official and Planned Corrective Action:

The Town purchased a new utility program which will provide the appropriate safeguards such as logins, passwords, and user restrictions. The Police Software has been changed so that only one person has administrative rights to make any changes to the software. All other employees that have access to the program have individual logins to the software and are restricted from making changes. An adjustments report showing activity by user will also be generated on a monthly basis and reviewed and approved by appropriate management.

Current Status: The Town has implemented the correct action plan during 2016. Thus, the finding is considered resolved.

TOWN OF JACKSON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
September 30, 2016

COMPLIANCE WITH STATE LAWS AND REGULATIONS

2015-002 Louisiana Bid Law

Criteria: Louisiana Revised Statute 38:2212.1 requires that purchases of any materials and supplies of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations.

Condition: A purchase of supplies for police vehicles between ten and thirty thousand dollars was made and three quotes were not obtained.

Effect: The failure to obtain at least three quotes for this purchase is a violation of Louisiana Revised Statute 38:2212.1.

Cause: The Town did not obtain quotes for the purchase of supplies for police vehicle between ten and thirty thousand dollars.

Recommendation: The Town shall obtain at least three telephone or facsimile quotations for any purchases of materials and supplies of ten thousand dollars or more, but less than thirty thousand dollars.

View of Responsible Official and Planned Corrective Action:

The Town will obtain not less than three telephone or facsimile quotations for purchases between ten and thirty thousand dollars.

Current Status: There was no bid law violations noted during the current year's audit. Thus, the finding is considered resolved.

2015-003 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.

TOWN OF JACKSON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
September 30, 2016

2015-003 Oversight of Citation Books (continued)

View of Responsible Official and 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.

Current Status: There was no bid law violations noted during the current year's audit. Thus, the finding is considered resolved.

2015-004 Advancement of funds to employees

Criteria: Town funds shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Condition: State Constitution of 1974, Article VII, Section 14, states that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Effect: Any funds loaned, pledged or donated to or for any person, association, or corporation, public or private is a violation of State Constitution of 1974, Article VII, Section 14

Cause: The Town advanced funds to an employee in the amount of \$810.

Recommendation: The Town shall establish procedures to ensure Town funds are not loaned, pledged, or donated to or for any person, association, or corporation, public or private, to ensure compliance with State Constitution of 1974, Article VII, Section 14.

View of Responsible Official and Planned Corrective Action:

The Town has established procedures to ensure the Town funds are not loaned, pledged, or donated to or for any person, association, or corporation, public or private, to ensure compliance with State Constitution of 1974, Article VII, Section 14.

Current Status: All advanced funds were repaid by employee during the year. Thus, the finding is considered resolved.

CHARLES E. COLEMAN
MAYOR

MRS. HOLLI E. GILMORE
SECRETARY-TREASURER


TOWN OF JACKSON

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

March 31, 2017

To Whom It May Concern:

The Town of Jackson concurs with finding 2016-1. We will adopt specific procedures, a monthly log 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, or sent to district court.


Holli E. Gilmore
Secretary/Treasurer

"This institution is an equal opportunity provider."