
TOWN OF JACKSON, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 2020

TOWN OF JACKSON, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jackson, Louisiana, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Jackson's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Jackson, Louisiana, as of September 30, 2020, 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 49 through 50, schedule of the proportionate share of net pension liability on page 51, the schedule of contributions to each retirement system on page 52, and the notes to required supplementary information on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jackson, Louisiana's basic financial statements. The Schedule of Revenues and Expenses by Activity – Budget (GAAP Basis) and Actual – Enterprise Funds – Public Utility Revenue Fund, the Schedule of Principal Officials and Salaries, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, the Insurance-in-Force, and Public Utility System Operations schedules on page 54, page 55, page 56, page 57, and page 58 through 59, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, 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

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, 2020, 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 June 30, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jackson, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Jackson, Louisiana's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations to be a material weakness, noted as item 2020-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and recommendations to be significant deficiencies, noted as items 2020-002 and 2020-003.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 2020-002 and 2020-004.

Town of Jackson, Louisiana's Response to Findings

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

Purpose of this Report

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 30, 2021

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

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, 2020. 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 2020 by \$1,621,494. Of this net position, \$2,460,562 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 \$839,068.
- Expenses exceeded revenues by \$18,436 on the accrual basis for the 2020 fiscal year, representing a decrease in the overall financial condition of the Town.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

TOWN OF JACKSON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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, 2020

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, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

	Table A-1			
	Town's Net Position			
	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Assets				
Current and other assets	\$ 432,772	\$ 134,096	\$ 598,399	\$ 607,869
Capital assets	492,028	610,398	2,067,434	2,269,451
Total assets	924,800	744,494	2,665,833	2,877,320
Deferred outflows of resources	134,551	192,647	58,421	80,045
Total assets and deferred outflows of resources	1,059,351	937,141	2,724,254	2,957,365
Liabilities				
Current liabilities	41,356	68,377	104,552	99,318
Internal balances	(727,741)	(876,995)	727,741	876,995
Long-term liabilities	10,700	15,218	609,216	636,722
Net pension liability	866,647	896,242	409,760	366,355
Total liabilities	190,962	102,842	1,851,269	1,979,390
Deferred inflows of resources	100,880	141,054	19,000	31,290
Total liabilities and deferred inflows of resources	291,842	243,896	1,870,269	2,010,680
Net position				
Net investment in capital assets	492,028	610,398	1,455,553	1,655,977
Restricted funds	508,726	699,753	4,255	43,654
Unrestricted (deficit)	(233,245)	(616,906)	(605,823)	(752,946)
Total net position	\$ 767,509	\$ 693,245	\$ 853,985	\$ 946,685

- Current and other assets account for 29% and 20% of the total assets of the Town as of September 30, 2020 and 2019, respectively. The increase from the prior year is primarily due to the timing of cash payments in governmental activities.
- Capital Assets (reported net of accumulated depreciation), which account for 71% of total assets of the Town, decreased primarily due to the recording of current year depreciation expense of \$361,800.
- Net pension liability increased by \$13,810, or 1% as a result of changes in the valuation by the actuary.
- Total Net position at September 30, 2020 shows a balance of \$1,621,494.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

Changes in net position. The Town's total change in net position was (\$18,436); 74,264 from governmental activities and (\$92,700) 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	
	2020	2019	2020	2019
Revenues				
Program revenues				
Charges for services	\$ 23,282	\$ 45,010	\$ 1,060,707	\$ 946,078
Operating and capital grants	220,126	35,000	17,000	-
General revenues				
Taxes	488,418	500,223	-	-
Licenses and permits	90,146	80,997	-	-
Franchise fees	79,211	79,572	-	-
Miscellaneous	63,958	90,838	2,083	836
Total revenues	965,141	831,640	1,079,790	946,914
Expenses				
General government	604,397	707,120	-	-
Public safety	479,995	501,219	-	-
Recreation	580	1,319	-	-
Services – Utilities	-	-	978,395	1,056,249
Total expenses	1,084,972	1,209,658	978,395	1,056,249
Transfers	194,095	256,269	(194,095)	(256,269)
Increase (decrease) in net position	\$ 74,264	\$ (121,749)	\$ (92,700)	\$ (365,604)
Beginning net position	693,245	814,994	946,685	1,312,289
Ending net position	\$ 767,509	\$ 693,245	\$ 853,985	\$ 946,685

- Tax revenues consist predominantly of sales and property taxes and are approximately 24% of total revenues. Tax revenues have decreased slightly by \$11,805 or 2%.
- Charges for services revenues are approximately 53% of total revenues. Charges for services revenues have increased slightly by \$92,901 or 9%.
- In November 2020, the Town was awarded \$180,126 in Coronavirus Aid, Relief, and Economic Security ("CARES") Act funding, a reimbursement grant.
- Expenses overall decreased by \$202,540 or less than 9%.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$1,119,157, consisting of \$610,431 in the general fund and \$508,726 in the special revenue fund. The \$610,431 in the general fund is unassigned and available for spending. The \$508,726 in the special revenue fund is reserved in order to maintain streets and sidewalks.

General Fund Budgetary Highlights

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

- Decreased fines and forfeits revenue
- Increased property tax revenue
- Increased grant revenue
- Decreased sales tax revenue
- Decreased police salaries

CAPITAL ASSETS

At the end of September 30, 2020, the Town had invested approximately \$2.6 million in a broad range of capital assets, including police and fire equipment, buildings, vehicles, streets, and water and sewer systems. See Table A-3. This amount represents a net decrease (including additions and deductions) of \$320,387 or 11% over prior year.

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

	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 26,000	\$ 26,000	\$ 18,300	\$ 18,300
Buildings	101,019	109,937	5,828	6,608
Other Improvements	167,280	247,047	2,034,896	2,230,616
Equipment	197,729	227,414	8,410	13,927
Total	\$ 492,028	\$ 610,398	\$ 2,067,434	\$ 2,269,451

This year's major capital asset additions included:

- Purchase of a police vehicle for \$37,626 during 2020.
- Purchase of oxidation pond equipment totaling \$15,900 during 2020.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

LONG-TERM LIABILITIES

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

Table A-4
Town's Long-Term Liabilities

	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Bonds Payable	\$ -	\$ -	\$ 497,249	\$ 518,249
Notes Payable	-	-	108,520	108,520
Compensated Absences	10,700	15,218	3,447	9,953
Total	\$ 10,700	\$ 15,218	\$ 609,216	\$ 636,722

- In 2020, the Town made scheduled debt payments of \$21,000 on the utility revenue bond for the water well. As of September 30, 2020, the bonds payable had a remaining balance of \$497,249.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF JACKSON, LOUISIANA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 136,747	\$ 24,575	\$ 161,322
Certificates of deposit	5,858	297,221	303,079
Property tax receivable, net	5,085	-	5,085
Accounts receivable, net	-	129,208	129,208
Due from other governmental agencies	259,825	-	259,825
Accrued interest receivable	43	522	565
Other receivables	25,214	-	25,214
Restricted assets:			
Cash and cash equivalents	-	72,877	72,877
Certificates of deposit	-	73,996	73,996
Capital assets:			
Land	26,000	18,300	44,300
Other capital assets, net of depreciation	466,028	2,049,134	2,515,162
TOTAL ASSETS	<u>924,800</u>	<u>2,665,833</u>	<u>3,590,633</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	134,551	58,421	192,972
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>134,551</u>	<u>58,421</u>	<u>192,972</u>
<u>LIABILITIES</u>			
Accounts payable	32,250	-	32,250
Accrued liabilities	7,109	1,869	8,978
Cash overdraft	1,997	-	1,997
Internal balances	(727,741)	727,741	-
Accrued interest payable	-	6,112	6,112
Customer service meter deposits	-	96,571	96,571
Long-term liabilities:			
Due within one year	-	22,000	22,000
Due beyond one year	10,700	587,216	597,916
Net pension liability	866,647	409,760	1,276,407
TOTAL LIABILITIES	<u>190,962</u>	<u>1,851,269</u>	<u>2,042,231</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	100,880	19,000	119,880
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>100,880</u>	<u>19,000</u>	<u>119,880</u>
<u>NET POSITION</u>			
Net invested in capital assets	492,028	1,455,553	1,947,581
Restricted for:			
Streets and sidewalks	508,726	-	508,726
Debt service	-	4,255	4,255
Unrestricted	(233,245)	(605,823)	(839,068)
TOTAL NET POSITION	<u>\$ 767,509</u>	<u>\$ 853,985</u>	<u>\$ 1,621,494</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental:							
General government	\$ 604,397	\$ -	\$ -	\$ -	\$ (604,397)	\$ -	\$ (604,397)
Public safety	479,995	23,282	180,126	40,000	(236,587)	-	(236,587)
Recreation	580	-	-	-	(580)	-	(580)
Total governmental activities	1,084,972	23,282	180,126	40,000	(841,564)	-	(841,564)
Business-type:							
Utilities - Gas	181,663	317,223	-	-	-	135,560	135,560
Utilities - Water	424,202	375,178	-	17,000	-	(32,024)	(32,024)
Utilities - Sewer	372,530	368,306	-	-	-	(4,224)	(4,224)
Total business-type activities	978,395	1,060,707	-	17,000	-	99,312	99,312
Total Town of Jackson	\$ 2,063,367	\$ 1,083,989	\$ 180,126	\$ 57,000	(841,564)	99,312	(742,252)
General Revenues:							
Taxes					488,418	-	488,418
Licenses and permits					90,146	-	90,146
Intergovernmental					3,942	-	3,942
Franchise fees					79,211	-	79,211
Interest					73	2,083	2,156
Transfers (to)/from other funds					194,095	(194,095)	-
Other					59,943	-	59,943
Total general revenues					915,828	(192,012)	723,816
Change in net position					74,264	(92,700)	(18,436)
Net Position - September 30, 2019					693,245	946,685	1,639,930
Net Position - September 30, 2020					\$ 767,509	\$ 853,985	\$ 1,621,494

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ -	\$ 136,747	\$ 136,747
Certificates of deposit	5,858	-	5,858
Property taxes receivable, net	5,085	-	5,085
Other accounts receivable	25,214	-	25,214
Due from other governmental agencies	210,534	49,291	259,825
Due from other funds	727,741	324,362	1,052,103
Accrued interest receivable	12	31	43
	<u>974,444</u>	<u>510,431</u>	<u>1,484,875</u>
TOTAL ASSETS	\$ 974,444	\$ 510,431	\$ 1,484,875
<u>LIABILITIES</u>			
Accounts payable	\$ 32,250	\$ -	\$ 32,250
Accrued liabilities	5,404	1,705	7,109
Cash overdraft	1,997	-	1,997
Due to other funds	324,362	-	324,362
	<u>364,013</u>	<u>1,705</u>	<u>365,718</u>
<u>FUND BALANCES</u>			
Restricted for			
Streets and sidewalks	-	508,726	508,726
Unassigned, reported in			
General fund	610,431	-	610,431
	<u>610,431</u>	<u>508,726</u>	<u>1,119,157</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 974,444	\$ 510,431	\$ 1,484,875

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, 2020

Total fund balances - Governmental Funds		\$ 1,119,157
Cost of capital assets at September 30, 2020	\$ 3,216,662	
Less: accumulated depreciation as of September 30, 2020	<u>(2,724,634)</u>	492,028
Deferred outflows - pension related		134,551
Deferred inflows - pension related		(100,880)
Long-term liabilities at September 30, 2020:		
Compensated absences payable	\$ (10,700)	
Net pension liability	<u>(866,647)</u>	
		<u>(877,347)</u>
Total net position at September 30, 2020 - Governmental Activities		<u>\$ 767,509</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, 2020

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>REVENUES</u>			
Taxes	\$ 214,703	\$ 273,715	\$ 488,418
Licenses and permits	90,146	-	90,146
Intergovernmental revenues	3,942	-	3,942
Fines and forfeitures	23,282	-	23,282
Utility franchise fees	79,211	-	79,211
Interest	55	18	73
Grants - other	220,126	-	220,126
Other revenue	54,143	5,800	59,943
Total revenues	<u>685,608</u>	<u>279,533</u>	<u>965,141</u>
<u>EXPENDITURES</u>			
General government	211,709	254,171	465,880
Public safety	516,333	-	516,333
Recreation	580	-	580
Total expenditures	<u>728,622</u>	<u>254,171</u>	<u>982,793</u>
<u>EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES</u>			
	(43,014)	25,362	(17,652)
<u>OTHER FINANCING SOURCES</u>			
Transfers out	-	(42,905)	(42,905)
Transfers in	237,000	-	237,000
Total other financing sources	<u>237,000</u>	<u>(42,905)</u>	<u>194,095</u>
<u>NET CHANGE IN FUND BALANCES</u>	193,986	(17,543)	176,443
<u>FUND BALANCES</u>			
Beginning of year, restated	416,445	526,269	942,714
End of year	<u>\$ 610,431</u>	<u>\$ 508,726</u>	<u>\$ 1,119,157</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - governmental funds	\$	176,443
The change in net position reported for governmental activities in the statement of activities is different because:		
Capital outlay capitalized		37,626
Depreciation expense for the year ended September 30, 2020		(147,140)
Loss on disposal of capital assets		(8,856)
Change in compensated absences		4,518
Net change in pension liability and deferred inflows/outflows of resources		11,673
Change in net position of governmental activities	\$	74,264

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
BALANCE SHEET
PROPRIETARY FUND
SEPTEMBER 30, 2020

CURRENT ASSETS

Cash and cash equivalents	\$ 24,575
Certificates of deposit	297,221
Accounts receivable, net	129,208
Accrued interest receivable	522
Total current assets	451,526

RESTRICTED ASSETS

Cash and cash equivalents	72,877
Certificates of deposit	73,996
Total restricted assets	146,873

PROPERTY, PLANT, AND EQUIPMENT

Land	18,300
Buildings	81,409
Improvements and infrastructure	6,659,384
Equipment	100,514
	6,859,607
Less: allowance for depreciation	(4,792,173)
Net property, plant, and equipment	2,067,434
Total Assets	2,665,833

DEFERRED OUTFLOWS OF RESOURCES

Pension related	58,421
Asset retirement obligation	-
Total deferred outflows of resources	58,421

CURRENT LIABILITIES

Accrued interest payable	6,112
Accrued liabilities	1,869
Customers' service meter deposits	96,571
Bonds payable - current portion	22,000
Due to other funds	727,741
Total current liabilities	854,293

LONG-TERM LIABILITIES

Bonds payable	475,249
Notes payable	108,520
Compensated absences	3,447
Net pension liability	409,760
Total long-term liabilities	996,976
Total Liabilities	1,851,269

DEFERRED INFLOWS OF RESOURCES

Pension related	19,000
Total deferred inflows of resources	19,000

NET POSITION

Net investment in capital assets	1,455,553
Restricted - debt service	4,255
Unrestricted	(605,823)
Total Net Position	\$ 853,985

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, 2020

OPERATING REVENUES

Gas sales	\$	306,748
Water sales		364,750
Sewerage sales		342,446
Penalties and service charges		31,286
Other revenue		15,477
Total operating revenues		1,060,707

OPERATING EXPENSES

Salaries		147,457
Wages		73,300
Audit and accounting		25,417
Depreciation		214,660
Electricity		19,579
Employees' retirement expense		107,830
Gas purchases		59,061
Insurance		113,178
Legal		2,199
Maintenance, repairs, and supplies		92,253
Miscellaneous		21,400
Printing, stationery, and supplies		23,088
Water fees		10,907
Truck expense		14,122
Utilities		22,045
Bad debt expense		10,808
Total operating expenses		957,304

INCOME FROM OPERATIONS

103,403

NON-OPERATING REVENUES (EXPENSES)

Interest revenues		2,083
Interest expense		(21,091)
Grant revenue		17,000
Total non-operating revenues (expenses)		(2,008)

INCOME (LOSS) BEFORE TRANSFERS

101,395

Operating transfers in		42,905
Operating transfers out		(237,000)

CHANGE IN NET POSITION

(92,700)

Net position - beginning of year		946,685
Net position - end of year	\$	853,985

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 1,061,085
Cash paid to suppliers for goods and services	(559,943)
Cash paid to employees for services	<u>(280,731)</u>
Net cash provided by operating activities	<u>220,411</u>

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

Operating transfers in	42,905
Operating transfers out	<u>(237,000)</u>
Net cash used in non-capital financing activities	<u>(194,095)</u>

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

Acquisition and construction of capital assets	(15,900)
Principal payment on debt	(21,000)
Interest paid on debt	(22,684)
Proceeds from capital grant	<u>17,000</u>
Net cash used in capital and related financing activities	<u>(42,584)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of certificates of deposit	(1,068)
Interest earned on investments	<u>1,880</u>
Net cash provided by investing activities	<u>812</u>

Net decrease in cash and cash equivalents (15,456)

Cash and cash equivalents - beginning of year 112,908

Cash and cash equivalents - end of year \$ 97,452

Cash and cash equivalents as shown on balance sheet under:

Current assets	\$ 24,575
Restricted assets	<u>72,877</u>

\$ 97,452

(Continued)

TOWN OF JACKSON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

Income from operations	\$ 103,403
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:	
Depreciation	214,660
Bad debts	10,808
Loss on disposition of assets	3,257
Net change in assets and liabilities:	
Accounts receivable	(15,523)
Deferred outflows of resources - Pension related	21,624
Accrued liabilities	111
Customer service meter deposits	5,093
Accrued payroll	1,623
Compensated absences	(6,506)
Net pension liability	43,405
Deferred inflows of resources - Pension related	(12,290)
Due to other funds	(149,254)
Total adjustments	117,008
Net cash provided by operating activities	\$ 220,411

(Concluded)

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 61, Section 2100, *Defining the Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 61, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 61 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

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

Basis of Presentation

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

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

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

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

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise fund:

Public Utilities Fund – As a proprietary fund, the public utility fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting

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

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

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

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

Budgets and Budgetary Accounting

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

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

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

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Capital Assets

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

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

All capital assets are stated at historical cost.

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

Cash and Cash Equivalents

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

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

Accounts Receivable

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

Restricted Assets

Based upon certain bond covenants, the Town is required to establish and maintain prescribed amounts of resources (consisting of cash and cash equivalents and certificates of deposits) in dedicated accounts 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, 2020, 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, 2019	\$ 26,000	\$ 450,498	\$ 1,194,092	\$ 1,620,069	\$3,290,659
Additions	-	-	-	37,626	37,626
Deletions	-	-	-	(111,623)	(111,623)
Cost of capital assets					
at September 30, 2020	<u>26,000</u>	<u>450,498</u>	<u>1,194,092</u>	<u>1,546,072</u>	<u>3,216,662</u>
Accumulated depreciation					
September 30, 2019	-	340,561	947,045	1,392,655	2,680,261
Additions	-	8,918	79,767	58,455	147,140
Deletions	-	-	-	(102,767)	(102,767)
Accumulated depreciation					
September 30, 2020	<u>-</u>	<u>349,479</u>	<u>1,026,812</u>	<u>1,348,343</u>	<u>2,724,634</u>
Capital assets, net of accumulated depreciation					
at September 30, 2020	<u>\$ 26,000</u>	<u>\$ 101,019</u>	<u>\$ 167,280</u>	<u>\$ 197,729</u>	<u>\$ 492,028</u>

Depreciation expense of \$147,140 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>Total</u>
Cost of Capital Assets September 30, 2019	\$ 18,300	\$ 81,409	\$ 6,649,656	\$ 100,514	\$6,849,879
Additions	-		15,900	-	15,900
Deletions	-	-	(6,172)	-	(6,172)
Cost of Capital Assets September 30, 2020	<u>18,300</u>	<u>81,409</u>	<u>6,659,384</u>	<u>100,514</u>	<u>6,859,607</u>
Accumulated Depreciation September 30, 2019	-	74,801	4,419,040	86,587	4,580,428
Additions	-	780	208,363	5,517	214,660
Deletions	-	-	(2,915)	-	(2,915)
Accumulated Depreciation September 30, 2020	<u>-</u>	<u>75,581</u>	<u>4,624,488</u>	<u>92,104</u>	<u>4,792,173</u>
Capital assets, net of accumulated depreciation at September 30, 2020	<u>\$ 18,300</u>	<u>\$ 5,828</u>	<u>\$ 2,034,896</u>	<u>\$ 8,410</u>	<u>\$2,067,434</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Governmental Activities Long-term liabilities

Long-term liabilities activity of governmental activities for the year ended September 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Compensated Absences	\$ 15,218	\$ -	\$ (4,518)	\$ 10,700

4. Business-Type Activities Long-term liabilities

A. Activities

Long-term liabilities activity of business-type activities for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond Payable from Direct Placement	\$ 518,249	\$ -	\$ (21,000)	\$ 497,249
Notes Payable	108,520	-	-	108,520
Compensated Absences	9,953	-	(6,506)	3,447
	<u>\$ 636,722</u>	<u>\$ -</u>	<u>\$ (27,506)</u>	<u>\$ 609,216</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 of 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, 2020, the La DOTD has not requested payment of the balance due.

Bonds and Notes outstanding were as follows at September 30, 2020:

	<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	\$ 497,249
Utility Relation Agreement	1987	108,520	108,520
		<u>\$ 908,520</u>	<u>\$ 605,769</u>

The utility revenue bonds is a direct placement bond that is subject to the following events of default, termination events, and acceleration clauses:

- *Events of default with finance-related consequences* – These bonds will be in default for failure of payment of principal and interest when due, payment of the administrative fee when due, non-performance or observance of covenants, agreements, or supplemental resolution continuing for more than 30 days after written notice of non-performance or observance, and filing petition or seeking relief under Federal or State bankruptcy law.
- *Termination events with finance related consequences* – Events that will result in finance related consequences include bonds being callable early. The Town is obligated to annually budget a sufficient amount to pay principal and interest to meet annual debt service requirements.
- *Subjective acceleration clauses* – The Town may refund early with refunding certificates or bonds, and the Town may defease bonds.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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

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

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 22,000	\$ 16,776	\$ 38,776
2022	23,000	15,999	38,999
2023	24,000	15,189	39,189
2024	24,000	14,361	38,361
2025	25,000	13,515	38,515
2026 - 2030	140,000	53,691	193,691
2031 - 2035	165,000	27,385	192,385
2036 - 2037	74,249	2,600	76,849
Total	<u>\$ 497,249</u>	<u>\$ 159,516</u>	<u>\$ 656,765</u>

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

5. **Ad valorem taxes**

Ad valorem taxes attach as enforceable liens on all applicable property on February 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, 2020, taxes of 6.19 mills were levied on property with assessed valuations totaling \$7,888,556 and were dedicated for general purposes.

Ad valorem taxes billed during the year ended September 30, 2020, totaled \$48,829. Of this amount, \$10,650 remained uncollected at September 30, 2020. The Town has a reserve for delinquent property taxes in the amount of \$5,565, therefore the net property tax receivable at September 30, 2020 totaled \$5,085.

6. **Interfund Receivables and Payables**

Interfund receivables and payables at September 30, 2020, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 727,741	\$ 324,362
Proprietary fund	-	727,741
Special Revenue fund	324,362	-
	<u>\$ 1,052,103</u>	<u>\$ 1,052,103</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Interfund Transfers

Transfers between funds occur to provide reimbursement of certain operating costs and are not expected to be repaid. Transfers between funds during the year ended September 30, 2020, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 237,000	\$ -
Proprietary fund	42,905	237,000
Special Revenue fund	-	42,905
	<u>\$ 279,905</u>	<u>\$ 279,905</u>

8. Pension and Retirement Plans

The Town of Jackson (the Town) is a participating employer in two 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

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

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, 2020, there were 87 contributing municipalities in Plan A and 68 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.

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.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

Plan Descriptions: (continued)

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.

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.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

Plan Descriptions: (continued)

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.

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 per month, whichever is greater.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

Plan Descriptions: (continued)

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

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

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

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

Funding Policy

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended September 30, 2020, for the Town and covered employees were as follows:

	<u>Town of Jackson</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan A		
Members hired prior to 01/01/2013	27.75%	9.50%
Members hired after 01/01/2013	27.75%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	32.50%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	32.50%	8.00%
Employees receiving compensation below poverty		
Guidelines of US Department of Health	34.25%	7.50%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Municipal Employees' Retirement System Plan A	\$115,869	\$113,217	\$102,734
Municipal Police Employees' Retirement System	32,188	32,458	38,872

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 based on the June 30, 2020 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of September 30, 2020 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2020 along with the change compared to the June 30, 2020 rate. The Town's proportion of the Net Pension Liability was based on the Town's contributions relative to the contributions of all participating employers, for the measuring period.

	Net Pension Liability at 6/30/2020	Rate at 6/30/2020	Increase (Decrease) on June 30, 2019 Rate
Municipal Employees' Retirement System Plan A	\$ 986,420	0.2282%	0.0005%
Municipal Policy Employees' Retirement System	289,987	0.0314%	0.0003%
	<u>\$ 1,276,407</u>		
Governmental Activities:			
Municipal Employees' Retirement System Plan A	\$ 576,661		
Municipal Police Employees' Retirement System	289,987		
	<u>866,648</u>		
Business-Type Activities:			
Municipal Employees' Retirement System Plan A	\$ 409,759		
	<u>\$ 1,276,407</u>		

The following schedule list each pension plan's recognized pension expense of the Town for the year ended September 30, 2020:

	<u>Total</u>
Municipal Employees' Retirement System Plan A	\$ 156,261
Municipal Policy Employees' Retirement System	46,659
	<u>\$ 202,920</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

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

At June 30, 2020, 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	\$ 457	\$ (17,014)
Changes of assumptions	23,486	(7,156)
Net difference between projected and actual earnings on pension plan investment	133,223	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,012	(94,213)
Contribution Deficiency	-	(1,497)
Employer contributions subsequent to the measurement date	34,794	-
Total	<u>\$ 192,972</u>	<u>\$ (119,880)</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	\$ 140,637	\$ (45,739)
Municipal Policy Employees' Retirement System	52,335	(74,141)
	<u>\$ 192,972</u>	<u>\$ (119,880)</u>

The Town reported a total of \$34,794 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in Net Pension Liability in the year ended September 30, 2021. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contribution</u>
Municipal Employees' Retirement System Plan A	\$ 25,152
Municipal Policy Employees' Retirement System	9,642
	<u>\$ 34,794</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

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

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
2021	\$ 8,169	\$ (25,711)	\$ (17,542)
2022	24,783	(18,378)	6,405
2023	22,366	6,035	28,401
2024	14,428	6,606	21,034
	<u>\$ 69,746</u>	<u>\$ (31,448)</u>	<u>\$ 38,298</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, 2020 are as follows:

	MERS	MPERS
Valuation Date	June 30, 2020	June 30, 2020
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	6.950%	6.950% net of investment expenses
Inflation Rate	2.50%	2.50%
Mortality		
	For annuitant and beneficiary mortality tables used were PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For employees, PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For disable Annuitants, PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

Actuarial Assumptions (continued)

Salary Increases	Years of Service	Salary Growth Rate	Years of Service	Salary Growth Rate
	1-4	6.40%	1-2	12.30%
	4 & Over	4.50%	Above 2	4.70%

**Cost of
Living
Adjustments**

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

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

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

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

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

Actuarial Assumptions (continued)

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

MERS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended June 30, 2020.

MPERS

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 2.55% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 7.19% for the year ended June 30, 2020.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

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, 2020:

Asset Class	Target Allocation		Long-Term Expected Real	
	MERS	MPERS	MERS	MPERS
Public equity	53.0%	-	2.33%	-
Equity	-	48.5%	-	3.08%
Public fixed income	38.0%	-	1.67%	-
Fixed Income	-	33.5%	-	0.54%
Alternatives	9.0%	18.0%	0.40%	1.02%
Other	-	-	-	-
Total	100.0%	100.0%	4.40%	4.64%
Inflation			2.60%	2.55%
Expected Arithmetic Nominal Return			7.00%	7.19%

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 6.95% respectively for the year ended June 30, 2020.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Pension and Retirement Plans (continued)

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	5.950%	6.950%	7.950%
Town of Jackson Share of			
NPL	\$ 1,283,225	\$ 986,420	\$ 735,460
MPERS			
Rates	5.950%	6.950%	7.950%
Town of Jackson Share of			
NPL	\$ 407,401	\$ 289,987	\$ 191,834

Payables to the Pension Plan

There are no accrued liabilities owed to MERS or MPERS as of September 30, 2020.

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, 2020, for these three services are as follows:

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 317,223	\$ 375,178	\$ 368,306	\$ 1,060,707
Operating expenses	181,663	403,111	372,530	957,304
Depreciation	470	90,792	123,398	214,660
Income (loss) before transfers	136,844	(31,226)	(4,223)	101,395
Change in net position	136,844	(31,226)	(198,318)	(92,700)
Capital asset additions	-	15,900	-	15,900

10. Accounts Receivables and Due from other Governments

Accounts receivable and due from other governments consists of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends, period aging and prior write-offs of similar accounts receivable, receivables balances, property tax, sales tax, and franchise tax collections. Accounts receivable and due from other governments for the Town at September 30, 2020 were as follows:

Governmental Activities:

	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Other</u>	<u>Total</u>
General	\$ 5,085	\$ 30,408	\$ 205,340	\$ 240,833
Special Revenue	-	49,291	-	49,291
Total	<u>\$ 5,085</u>	<u>\$ 79,699</u>	<u>\$ 205,340</u>	<u>\$ 290,124</u>

Business-type Activities:

	<u>Proprietary Fund</u>
Accounts Receivable	\$ 135,094
Allowance for uncollectible accounts	(5,886)
Total	<u>\$ 129,208</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 construction and general maintenance of streets and sidewalks in the Town of Jackson. The Town recognized \$273,715 of sales tax revenue during the year ended September 30, 2020. 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 \$164,894 of sales tax revenue during the year ended September 30, 2020. The tax expires December 31, 2024.

12. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a financial institution, a government will be unable to recover its deposits. The Town does not have a deposit policy for custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The Town's bank balances (as opposed to the carrying amount below) totaled \$680,624. 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 \$180,624 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, 2020, the carrying amounts of the Town's bank deposits totaled \$609,277.

13. Disaggregation of Accounts Payable and Accrued Liabilities

Accounts and other payables as of September 30, 2020 were as follows:

	<u>Governmental Activities</u>	<u>Business - type Activities</u>
Vendors	\$ 32,250	\$ -
Payroll liabilities	7,109	1,869
Accrued interest	-	6,112
Customers' service meter deposits	-	96,571
Total fund encumbrances	<u>\$ 39,359</u>	<u>\$ 104,552</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

14. Current Accounting Standards Scheduled to be Implemented

GASB Statement 87, *Leases*: This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for all leases including those previously reported as operating leases. All leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The Town will include the requirements of this standard, as applicable, in its September 30, 2022 financial statement. All of the Town lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the Town is unknown at this time.

15. Prior Period Adjustment

a. Restatement of Governmental Fund Financial Statements

The General Fund and Special Revenue Fund was restated for September 30, 2019 for an adjustment to interfund balances due to an over accrual of these balances in past years. The net effect to the Governmental Fund Balances is as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Total Fund Balances, September 30, 2019	\$ 242,961	\$ 699,753	\$ 942,714
Over-accrual of interfund balances	173,484	(173,484)	-
Total Fund Balances, September 30, 2019, Restated	<u>\$ 416,445</u>	<u>\$ 526,269</u>	<u>\$ 942,714</u>

16. Contingency

In March, 2020, the World Health Organization declared the coronavirus (COVID-19) a global pandemic. The spread of the virus has adversely affected global business activities and has resulted in significant uncertainty in the global economy. The impact of the COVID-19 continues to evolve and has been marked by rapid changes and developments. The impact of the outbreak may be short-term or may last for an extended period of time. The extent to which the COVID-19 pandemic may directly or indirectly impact the Town's financial condition or results of operations cannot be reasonably estimated at this time.

17. CARES Act Funding

In November 2020, the Town was awarded \$180,126 in Coronavirus Aid, Relief, and Economic Security ("CARES") Act funding, a reimbursement grant.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Ad valorem taxes	\$ 45,000	\$ 50,000	\$ 49,809	\$ (191)
Sales tax	173,000	160,000	164,894	4,894
Licenses and permits	82,000	90,000	90,146	146
Intergovernmental revenues:				
Beer taxes	4,000	4,000	3,942	(58)
State revenue sharing	-	-	-	-
Utility franchise fees	80,000	80,000	79,211	(789)
Fines and forfeitures	45,000	23,000	23,282	282
Other	40,000	80,000	274,324	194,324
Total revenues	<u>469,000</u>	<u>487,000</u>	<u>685,608</u>	<u>198,608</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	188,915	185,815	211,709	(25,894)
Public safety	501,687	521,687	516,333	5,354
Recreation	2,000	-	580	(580)
Total expenditures	<u>692,602</u>	<u>707,502</u>	<u>728,622</u>	<u>(21,120)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(223,602)	(220,502)	(43,014)	177,488
<u>OTHER FINANCING SOURCES</u>				
Operating transfers in	200,000	240,000	237,000	(3,000)
Total other financing sources	<u>200,000</u>	<u>240,000</u>	<u>237,000</u>	<u>(3,000)</u>
<u>NET CHANGE IN FUND BALANCES</u>	(23,602)	19,498	193,986	174,488
<u>FUND BALANCES</u>				
Beginning of year, restated	242,961	242,961	416,445	173,484
End of year	<u>\$ 219,359</u>	<u>\$ 262,459</u>	<u>\$ 610,431</u>	<u>\$ 347,972</u>

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Taxes	\$ 234,996	\$ 235,000	\$ 273,715
Interest revenue	700	1,000	18
Other revenue	5,800	6,000	5,800
Total revenues	<u>241,496</u>	<u>242,000</u>	<u>279,533</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	246,500	246,500	254,171
Total expenditures	<u>246,500</u>	<u>246,500</u>	<u>254,171</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>			
	<u>(5,004)</u>	<u>(4,500)</u>	<u>25,362</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	-	-	(42,905)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(42,905)</u>
<u>NET CHANGE IN FUND BALANCES</u>			
	(5,004)	(4,500)	(17,543)
<u>FUND BALANCES</u>			
Beginning of year, restated	<u>699,753</u>	<u>699,753</u>	<u>526,269</u>
End of year	<u>\$ 694,749</u>	<u>\$ 695,253</u>	<u>\$ 508,726</u>

Town of Jackson
Schedule of the Proportionate Share of the Net Pension Liability
Cost Sharing Plans Only
For the Year Ended September 30, 2020 (*)

<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>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Employees' Retirement System of Louisiana						
	2020	0.2282%	\$ 986,420	\$ 436,083	226.2001%	64.52%
	2019	0.2332%	974,607	431,758	225.7299%	64.68%
	2018	0.2553%	1,057,107	391,941	269.7107%	63.94%
	2017	0.2011%	841,340	365,291	230.3205%	62.49%
	2016	0.2345%	961,025	418,542	229.6126%	62.11%
	2015	0.2390%	853,753	407,919	209.2947%	66.18%
Municipal Police Employees' Retirement System						
	2020	0.0314%	\$ 289,987	\$ 100,057	289.8218%	70.94%
	2019	0.0317%	287,990	99,030	290.8109%	71.01%
	2018	0.0453%	382,656	133,565	286.4942%	71.89%
	2017	0.0451%	393,550	135,073	291.3610%	70.08%
	2016	0.0379%	355,370	105,207	337.7817%	66.04%
	2015	0.0400%	313,343	106,994	292.8603%	70.73%

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

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

Town of Jackson
Schedule of Contributions to Each Retirement System
Cost Sharing Plans Only
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<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>Covered Payroll³</u>	<u>Contributions as a % of Covered Payroll</u>
Municipal Employees' Retirement System of Louisiana						
	2020	\$ 115,869	\$ 115,869	-	\$ 414,235	27.97%
	2019	113,217	113,217	-	428,101	26.45%
	2018	102,734	102,734	-	409,387	25.09%
	2017	85,180	85,180	-	366,032	23.27%
	2016	84,929	84,929	-	415,659	20.43%
	2015	81,456	81,456	-	411,288	19.81%
Municipal Police Employees' Retirement System						
	2020	\$ 32,188	\$ 32,188	-	\$ 97,941	32.86%
	2019	32,458	32,458	-	100,646	32.25%
	2018	38,872	38,872	-	124,996	31.10%
	2017	44,531	44,531	-	141,441	31.48%
	2016	34,797	34,797	-	115,383	30.16%
	2015	32,348	32,348	-	104,275	31.02%

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

For reference only:

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, 2020

Changes in benefit terms:

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

Changes in assumptions:

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

Discount Rate:

Year (*)	MERS		MPERS	
	Rate	Change	Rate	Change
2020	6.950%	-0.050%	6.950%	-0.175%
2019	7.000%	-0.275%	7.125%	-0.075%
2018	7.275%	-0.125%	7.200%	-0.125%
2017	7.400%	-0.100%	7.325%	-0.175%
2016	7.500%	0.000%	7.500%	0.000%
2015	7.500%		7.500%	

Inflation Rate:

Year (*)	MERS		MPERS	
	Rate	Change	Rate	Change
2020	2.500%	0.000%	2.500%	0.000%
2019	2.500%	0.100%	2.500%	0.100%
2018	2.600%	-0.175%	2.600%	-0.100%
2017	2.775%	-0.100%	2.700%	-0.175%
2016	2.875%	0.000%	2.875%	0.000%
2015	2.875%		2.875%	

Salary Increases:

Year (*)	MERS		MPERS	
	Rate	Change	Rate	Change
2020	4.50% to 6.40%	0.000%	4.70% to 12.30%	0.45% - 2.55%
2019	4.50% to 6.40%	-0.50% to 1.40%	4.25% to 9.75%	0.000%
2018	5.000%	0.000%	4.25% to 9.75%	0.000%
2017	5.000%	0.000%	4.25% to 9.75%	0.000%
2016	5.000%	0.000%	4.25% to 9.75%	0.000%
2015	5.000%		4.25% to 9.75%	

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

SUPPLEMENTARY INFORMATION

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF REVENUES AND EXPENSES BY ACTIVITY - BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Gas	Water	Sewerage	Actual Total	Budget Total	Variance Favorable (Unfavorable)
<u>OPERATING REVENUES</u>						
Sales	\$ 306,748	\$ 364,750	\$ 342,446	\$1,013,944	\$ 969,855	\$ 44,089
Penalties and service charges	10,429	10,428	10,429	31,286	25,000	6,286
Other revenue	46	-	15,431	15,477	15,000	477
Total operating revenues	<u>317,223</u>	<u>375,178</u>	<u>368,306</u>	<u>1,060,707</u>	<u>1,009,855</u>	<u>50,852</u>
<u>OPERATING EXPENSES</u>						
Salaries	50,400	23,885	73,172	147,457	162,410	14,953
Wages	2,034	21,997	49,269	73,300	62,000	(11,300)
Audit and accounting	8,472	8,472	8,472	25,417	24,000	(1,417)
Depreciation	470	90,792	123,398	214,660	200,000	(14,660)
Electricity	27	17,760	1,792	19,579	26,000	6,421
Employees' retirement	11,168	7,047	89,615	107,830	53,000	(54,830)
Gas purchases	59,061	-	-	59,061	80,000	20,939
Insurance	13,915	85,348	13,915	113,178	150,000	36,822
Legal	733	733	733	2,199	2,500	301
Maintenance, repairs, supplies	10,379	74,772	7,102	92,253	74,952	(17,301)
Miscellaneous	7,491	13,770	139	21,400	30,000	8,600
Printing, stationery, supplies	163	22,925	-	23,088	20,300	(2,788)
Water fees	-	10,907	-	10,907	-	(10,907)
Truck expense	13,112	505	505	14,122	16,113	1,991
Utilities	635	20,595	815	22,045	16,343	(5,702)
Bad debt expense	3,603	3,603	3,603	10,808	-	(10,808)
Total operating expenses	<u>181,663</u>	<u>403,111</u>	<u>372,530</u>	<u>957,304</u>	<u>917,618</u>	<u>(39,686)</u>
<u>INCOME (LOSS)</u>						
<u>FROM OPERATIONS</u>	<u>135,560</u>	<u>(27,933)</u>	<u>(4,224)</u>	<u>103,403</u>	<u>92,237</u>	<u>11,166</u>
<u>NON-OPERATING</u>						
<u>REVENUES (EXPENSES)</u>						
Interest revenues	1,284	798	1	2,083	7,500	(5,417)
Interest expense	-	(21,091)	-	(21,091)	(14,000)	(7,091)
Grant revenue	-	17,000	-	17,000	-	17,000
Total non-operating	<u>1,284</u>	<u>(3,293)</u>	<u>1</u>	<u>(2,008)</u>	<u>(6,500)</u>	<u>4,492</u>
<u>Income (loss) before transfers</u>	<u>136,844</u>	<u>(31,226)</u>	<u>(4,223)</u>	<u>101,395</u>	<u>85,737</u>	<u>15,658</u>
Operating transfers in	-	-	42,905	42,905	-	42,905
Operating transfers out	-	-	(237,000)	(237,000)	(240,000)	3,000
<u>CHANGE IN NET POSITION</u>	<u>\$ 136,844</u>	<u>\$ (31,226)</u>	<u>\$ (198,318)</u>	<u>\$ (92,700)</u>	<u>\$ (154,263)</u>	<u>\$ 61,563</u>

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED SEPTEMBER 30, 2020

Mayor:

Charles Coleman (October 2019 - July 2020)	\$ 12,000
Norsworthy III, James M (August 2020 - September 2020)	3,600

Aldermen:

Michael Harrell	3,700
Donald Havard	4,700
Rafe Stewart	3,600
James Foreman (October 2019 - July 2020)	3,000
David Guillory (August 2020 - September 2020)	600
Jim Mack Parker (October 2019 - July 2020)	3,000
William Free (August 2020 - September 2020)	<u>600</u>
	<u>\$ 34,800</u>

TOWN OF JACKSON, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
SEPTEMBER 30, 2020

Agency Head Name/Title: Charles E. Coleman & James M. Norsworthy III / Mayor

Charles E. Coleman - Purpose (September 2019 - July 2020)

	<u>Amount</u>
Salary	\$ 12,000
Benefits - cell phone	1,103
	<u>\$ 13,103</u>

James M. Norsworthy II - Purpose (August 2020 - September 2020)

	<u>Amount</u>
Salary	\$ 3,600
Benefits - cell phone	150
	<u>\$ 3,750</u>

STATISTICAL DATA

TOWN OF JACKSON, LOUISIANA

INSURANCE-IN-FORCE
SEPTEMBER 30, 2020
(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	AmGuard Insurance Co	02-01-2021	\$ 512,720
Public Official Bond	Dart Insurance Agency	08-30-2021	65,000
Automobile Liability	AmGuard Insurance Co	02-01-2021	500,000
General Liability	AmGuard Insurance Co	02-01-2021	500,000
Police Professional Liability	QBE Specialty Ins Co	02-01-2021	1,000,000
Public Officials Errors and Omissions	QBE Specialty Ins Co	02-01-2021	1,000,000
Worker's Compensation	Louisiana Risk Management	01-01-2021	Statutory
Auto Physical Damage	AmGuard Insurance Co	02-01-2021	390,252
Equipment	Employers' Mutual	02-01-2021	216,715

TOWN OF JACKSON, LOUISIANA

PUBLIC UTILITY SYSTEM OPERATIONS
SEPTEMBER 30, 2020
(Without Audit)

Statistics on System Operations

- (a) As of September 30, 2020, there were 354 and 771 metered customers for the gas and water systems, respectively. There were no unmetered customers for either the gas or water systems at September 30, 2020.
- (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 Commercial charge	\$ 20.00
	Per 1,000 cubic feet	15.00 + amount above \$5.00 MCF
	Minimum Residential charge	15.00
	Per 1,000 cubic feet	15.00 + amount above \$5.00 MCF
2.	Water:	Rate per 1,000 <u>Gallons</u>
	Commercial: First 2,000 gallons or less	\$ 25.00 flat rate
	Next 1,000 gallons/Mgal	6.00
	Residential: First 2,000 gallons or less	15.00 flat rate
	Next 1,000 gallons/Mgal	5.00

- (c) Average monthly billing per customer was:

Residential

1. Gas \$ 48.59

2. Water \$ 33.34

Commercial

1. Gas \$ 185.71

2. Water \$ 107.75

TOWN OF JACKSON, LOUISIANA

PUBLIC UTILITY SYSTEM OPERATIONS

SEPTEMBER 30, 2020

(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>
09/30/20	15,001	12,218	2,783	18.6
09/30/19	17,209	11,993	5,216	30.3
09/30/18	19,009	13,792	5,217	27.4
09/30/17	16,241	11,005	5,236	32.2
09/30/16	17,522	14,938	2,584	14.7
09/30/15	21,357	18,086	3,271	15.3
09/30/14	22,401	20,570	1,831	8.2
09/30/13	20,891	18,441	2,450	11.7
09/30/12	17,215	15,822	1,393	8.1
09/30/11	21,755	19,284	2,471	11.4
09/30/10	25,512	22,443	3,069	12.0
09/30/09	20,666	19,730	936	4.5
09/30/08	21,453	18,983	2,470	11.5
09/30/07	23,835	20,538	3,297	13.8
09/30/06	22,418	20,748	1,670	7.4
09/30/05	21,248	21,000	248	1.2
09/30/04	24,449	24,762	-	0.0
09/30/03	28,184	26,562	1,622	5.8
09/30/02	26,944	24,219	2,725	10.1
09/30/01	31,101	31,502	-	0.0
09/30/00	25,608	28,220	-	0.0

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
September 30, 2020

A. SUMMARY OF AUDIT RESULTS

Financial Statements

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

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

2020-001 Internal Control over Financial Reporting

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

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

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

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

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

View of Responsible Official:
Managements concurs with the audit findings and will begin working on documenting year-end closing procedures. These procedures will list all areas to be addressed to ensure an accurate and timely closeout.

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
September 30, 2020

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (continued)

2020-002 Noncompliance with Bond Covenants

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

Condition: The Town is not in full compliance with its bond resolution requiring the establishment and funding of certain accounts for the 2016 Series Utility Revenue Bonds. The bond resolution requires the Town to fund the Utilities Revenue Bond Sinking Fund account in the amount equal to the principal and interest due on the next payment date. The bond resolution also requires the Town to establish separate bank accounts labeled the Utilities Revenue Bond Reserve Fund and the Utilities Revenue Bond Depreciation and Contingencies Fund.

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

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

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

View of Responsible Official:

The Town plans to address non-compliance with the bond covenants during the 2021 fiscal period.

2020-003 Enhancement of Policies and Procedures and Internal Controls

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

Condition: The Town has established a system of internal controls. However, in our audit, we noted certain aspects of the internal control system could be enhanced. Areas that could benefit from enhancement include the updating of written policies and procedures and other updates to otherwise strengthen internal controls.

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

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

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
September 30, 2020

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (continued)

2020-003 Enhancement of Policies and Procedures and Internal Controls (continued)

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

Policies and procedures:

- Purchasing – including, how vendors are added to the vendor list.
- Receipts – including receiving, recording, and preparing deposits
- Payroll – including payroll processing, and reviewing and approving time and attendance records, including leave and overtime worked
- Travel and expense reimbursement – dollar thresholds by category of expense
- Ethics violations - clarifying the prohibitions as defined in Louisiana Revised Statute (42:1111-1121)
- Debt Service – including EMMA requirements, debt service payment requirements, and debt service reserve requirements.
- Disaster Recovery – including identification of critical data, storage of backups, timely application of all software updates, and identification of personnel, processes and tools needed to recover operations after a critical event.

Internal Reporting:

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

View of Responsible Official:

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

2020-004 Budget Law Violation

Criteria: La. R.S. 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures and other uses plus projected expenditures exceed budgeted amounts by 5% or more or when actual revenues and other sources plus projected revenues will fall short of budgeted amounts by 5% or more.

Condition: The Special Revenue Fund's actual expenditures and other uses exceeded budgeted expenditures and other uses by in excess of 5% or more.

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

Cause: The Town did not properly monitor the budgets for the aforementioned funds during the fiscal period.

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
September 30, 2020

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (continued)

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

View of Responsible Official:

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

TOWN OF JACKSON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
September 30, 2020

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

2019-001 Internal Control over Financial Reporting

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

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

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

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

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

View of Responsible Official:

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

Current Status: The finding has not been resolved and it is repeated in the current year's schedule of findings and recommendations. See finding 2020-001.

2019-002 Noncompliance with Bond Covenants

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

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

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

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

TOWN OF JACKSON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
September 30, 2020

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (continued)

2019-002 Noncompliance with Bond Covenants (continued)

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

View of Responsible Official:
The Town plans to address non-compliance with the bond covenants during the 2020 fiscal period.

Current Status: *The finding has not been resolved and it is repeated in the current year's schedule of findings and recommendations. See finding 2020-002.*

2019-003 Enhancement of Policies and Procedures and Internal Controls

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

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

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

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

TOWN OF JACKSON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
September 30, 2020

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (continued)

2019-003 Enhancement of Policies and Procedures and Internal Controls (continued)

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

Policies and procedures:

- Purchasing – including, how vendors are added to the vendor list.
- Receipts – including receiving, recording, and preparing deposits
- Payroll – including payroll processing, and reviewing and approving time and attendance records, including leave and overtime worked
- Travel and expense reimbursement – dollar thresholds by category of expense
- Ethics violations - clarifying the prohibitions as defined in Louisiana Revised Statute (42:1111-1121)
- Debt Service – including EMMA requirements, debt service payment requirements, and debt service reserve requirements.
- Disaster Recovery – including identification of critical data, storage of backups, timely application of all software updates, and identification of personnel, processes and tools needed to recover operations after a critical event.

Internal Reporting:

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

View of Responsible Official:

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

Current Status:

The finding has not been resolved and it is repeated in the current year's schedule of findings and recommendations. See finding 2020-003.

2019-004 Budget Law Violation

Criteria:

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

Condition:

The Special Revenue Fund's actual expenses exceeded budgeted expenses by 6.4% and the budget was not amended to comply with Louisiana law.

TOWN OF JACKSON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
September 30, 2020

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (continued)

2019-004 Budget Law Violation (continued)

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

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

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

View of Responsible Official:

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

Current Status: The finding has not been resolved and it is repeated in the current year's schedule of findings and recommendations. See finding 2020-004.

2019-005 Budgeting

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

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

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

Cause: The Town did not prepare the 2018-2019 original or amended budgets as required by statute.

Recommendation: In the future, the Town and its administration should ensure the budget conforms with the format prescribed by the aforementioned statute.

View of Responsible Official:

Management will amend the 2019-2020 budgets to be in compliance with State Law.

Current Status: The response has been implemented as indicated above. Thus, the finding has been resolved.

TOWN OF JACKSON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
September 30, 2020

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (continued)

2019-006 Interfund Receivables and Payables

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

Condition: General ledger accounts were not accurately reconciled to the subsidiary records. When a particular fund borrows funds from another fund, an interfund payable results in the fund that borrowed the funds and an interfund receivable results in the fund that paid out the funds. Over time, these interfund receivables and payables can grow. The Town has not addressed the issue of paying down these interfund payables. The Town has a \$588,037 interfund payable recorded in the General Fund that was borrowed from the Special Revenue Fund that may be a violation of the resolution passing the tax.

Effect: Significant interfund balances have accumulated over the years.

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

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

View of Responsible Official:

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

Current Status: The Town has significantly reduced the interfund receivable and payable. Thus, the finding is resolved.

TOWN OF JACKSON

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

CORRECTIVE ACTION PLAN

June 30, 2021

Town of Jackson, Louisiana respectfully submits the following corrective action plan for the year ended September 30, 2020.

Name and address of independent public accounting firm:

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

Audit Period: October 1, 2019 to September 30, 2020

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

FINDINGS – SCHEDULE OF FINDINGS AND RECOMMENDATIONS

2020-001 Internal Control over Financial Reporting

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

Planned Corrective Action:

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

Anticipated Completion Date: September 30, 2021

Responsible Contact Person: Lanna Metz, Secretary/Treasurer

2020-002 Noncompliance with Bond Covenants

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

"This institution is an equal opportunity provider."

Planned Corrective Action:

The Town plans to address non-compliance with the bond covenants during the 2021 fiscal period.

Anticipated Completion Date: September 30, 2021

Responsible Contact Person: Lanna Metz, Secretary/Treasurer

2020-003 Enhancement of Policies and Procedures and Internal Controls

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

Policies and procedures:

- Purchasing – including, how vendors are added to the vendor list.
- Receipts – including receiving, recording, and preparing deposits
- Payroll – including payroll processing, and reviewing and approving time and attendance records, including leave and overtime worked
- Travel and expense reimbursement – dollar thresholds by category of expense
- Ethics violations - clarifying the prohibitions as defined in Louisiana Revised Statute (42:1111-1121)
- Debt Service – including EMMA requirements, debt service payment requirements, and debt service reserve requirements.
- Disaster Recovery – including identification of critical data, storage of backups, timely application of all software updates, and identification of personnel, processes and tools needed to recover operations after a critical event.

Internal Reporting:

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

Corrective Action:

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

Anticipated Completion Date: September 30, 2021

Responsible Contact Person: Lanna Metz, Secretary/Treasurer

2020-004 Budget Law Violation

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

Planned Corrective Action:

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

Anticipated Completion Date: September 30, 2021

Responsible Contact Person: James M. Norsworthy, III, Mayor

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

Sincerely,

A handwritten signature in black ink that reads "Lanna Metz". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Lanna Metz
Secretary/Treasurer

TOWN OF JACKSON, LOUISIANA
REPORT TO MANAGEMENT

SEPTEMBER 30, 2020



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

TOWN OF JACKSON, LOUISIANA

REPORT TO MANAGEMENT

SEPTEMBER 30, 2020

June 30, 2021

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

In planning and performing our audit of the financial statements of the Town of Jackson, Louisiana (the Town) for the year ended September 30, 2020, we considered the Town's internal controls and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that are opportunities for improving financial reporting, refining policies and procedures and enhancing compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated June 30, 2021 on the financial statements of the Town.

2020-1

Documentation of Process Reviews

Condition:

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

Recommendation:

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

Management's

Response:

We concur with the recommendation above.

2020-2

Cash Outstanding Items

Condition:

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

Recommendation:

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

Management's

Response:

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

2020-3

Retirement Reporting

Condition:

Upon our testing of retirement payments, it was found that one of the retirement contributions paid for an employee was overpaid.

Recommendation:

The Town should ensure contribution payments and reporting is accurate each month.

Management's
Response:

We concur with the recommendation above.

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

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

Postlethwaite & Netterville

STATUS OF PRIOR YEAR REPORT TO MANAGEMENT

2019-1

Documentation of Process Reviews

Condition:

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

Recommendation:

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

*Management's
Response:*

We concur with the recommendation above.

Current Status:

The matter has not been resolved. Thus, the matter is repeated in the current year report to management as 2020-1.

2019-2

Cash Outstanding Items

Condition:

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

Recommendation:

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

*Management's
Response:*

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

Current Status:

The matter has not been resolved. Thus, the matter is repeated in the current year report to management as 2020-2.

2019-3

Retirement Reporting

Condition:

Upon review of the MERS retirement contribution reports, it was found that 9 out of the 12 months reported, submissions were not submitted timely. Also, based upon the testing performed, one employee's monthly retirement amount was incorrectly reported.

Recommendation:

The Town should implement an automatic payment schedule to submit retirement contribution reports timely. The Town should ensure contribution payments and reporting is accurate.

*Management's
Response:*

We concur with the recommendation above.

Current Status:

The matter has not been resolved. Thus, the matter is repeated in the current year report to management as 2020-3.