

Town of Jackson
Jackson, North Carolina
Financial Statements
For The Year Ended June 30, 2019

Town of Jackson, North Carolina

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June 30, 2019

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Town of Jackson, North Carolina

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BOARD OF COMMISSIONERS

William R. Futrell, Jr.

Mary Ann Crawley

J. William Gossip

Stevie G. Harrell

Karin J. Clements

MAYOR

Jason S. Morris

Flowers & Stanley, L.L.P.

Certified Public Accountants

3403 North Main Street – Tarboro, North Carolina 27886

Phone: 252-823-3125 Fax: 252-823-3201

Charles R. Flowers Jr., CPA
Michael L. Stanley, CPA

Eric B. Harrell, CPA

Members
North Carolina Association of
Certified Public Accountants

American Institute of
Certified Public Accountants

Independent Auditor's Report

To the Honorable Mayor
and Members of the Town Council
Town of Jackson, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jackson, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Opinion

In our opinion based on our audit, 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 as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund 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 and the Local Government Employees's Retirement System's Schedules of Proportionate Share of the Net Pension Assets and Contributions be presented to supplement the basic financial statements. Such information, although not a required 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Town of Jackson, North Carolina. The individual fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules, budgetary schedules, and other schedules, 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Flowers & Stanley, LLP

Tarboro, North Carolina
July 14, 2021

Management's Discussion and Analysis

As management of the Town of Jackson, we offer readers of the Town of Jackson's financial statements this narrative overview and analysis of the financial activities of the Town of Jackson for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

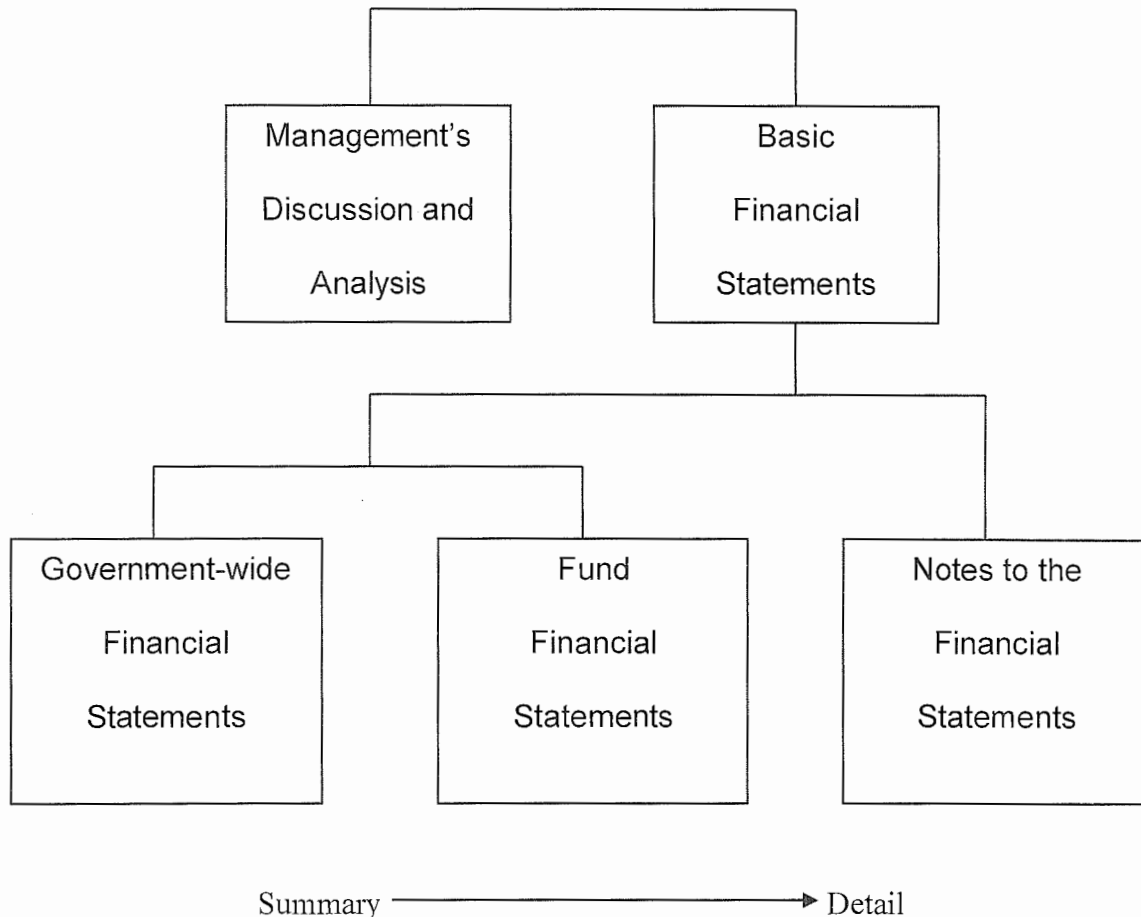
- The assets and deferred out flows of resources of the Town of Jackson exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,573,556 (**net position**).
- The government's total net position increased by \$34,816, primarily due to increases in the governmental activities net position.
- As of the close of the current fiscal year, the Town of Jackson's governmental funds reported combined ending fund balances of \$529,737 with an increase of \$57,119 in fund balance. Approximately 13.5 percent of this total amount, or \$71,399, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$420,859, or 134.4 percent of total general fund expenditures for the fiscal year.
- The Town of Jackson's total debt increased by \$4,349 (4.12%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Jackson's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Jackson.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes,

supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Jackson.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Jackson, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Jackson can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in

Management Discussion and Analysis
Town of Jackson

the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Jackson adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Town of Jackson has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Jackson uses the enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 26-47 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Jackson's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 48 of this report.

Interdependence with Other Entities – The Town depends on financial resources flowing from, or associated with both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

The Town of Jackson's Net Position

Figure 2

	Governmental Activites		Business-Type Activites		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 679,424	\$ 620,932	\$ 291,535	\$ 262,757	\$ 970,959	\$ 883,689
Capital assets	117,457	131,281	675,351	741,225	792,808	872,506
Deferred outflows of resources	21,431	15,637	18,703	14,111	40,134	29,748
Total assets and deferred outflows of resources	818,312	767,850	985,589	1,018,093	1,803,901	1,785,943
Long-term liabilities outstanding	51,180	47,853	36,662	37,582	87,842	85,435
Other liabilities	115,659	120,543	26,611	40,373	142,270	160,916
Deferred inflows of resources	124	448	109	404	233	852
Total liabilities and deferred inflows of resources	166,963	168,844	63,382	78,359	230,345	247,203
Net position						
Net investment in capital assets	85,424	94,481	652,045	710,270	737,469	804,751
Restricted	71,399	73,197	-	-	71,399	73,197
Unrestricted	494,526	431,328	270,162	229,464	764,688	660,792
Total net position	\$ 651,349	\$ 599,006	\$ 922,207	\$ 939,734	\$ 1,573,556	\$ 1,538,740

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Jackson exceeded liabilities and deferred inflows by \$1,573,556 as of June 30, 2019. The Town's net position increased by \$34,816 for the fiscal year ended June 30, 2019. However, the largest portion reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Jackson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Jackson's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Jackson's net position, \$71,399, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$764,688 is unrestricted.

Management Discussion and Analysis
Town of Jackson

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 94.59%.
- Continued diligence in controlling expenses has kept cost of operations low.

Town of Jackson's Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 11,054	\$ 4,419	\$ 274,830	\$ 258,327	\$ 285,884	\$ 262,746
Operating grants and contributions	15,817	16,060	-	-	15,817	16,060
Capital grants and contributions	-	20,000	-	-	-	20,000
General revenues:						
Property taxes	170,524	172,265	-	-	170,524	172,265
Other taxes	23,315	25,300	-	-	23,315	25,300
Grants and contributions not restricted to specific programs	156,918	153,121	-	-	156,918	153,121
Other	575	15,355	263	263	838	15,618
Total revenues	<u>378,203</u>	<u>406,520</u>	<u>275,093</u>	<u>258,590</u>	<u>653,296</u>	<u>665,110</u>
Expenses:						
General government	137,253	140,423	-	-	137,253	140,423
Public safety	83,871	77,028	-	-	83,871	77,028
Public works	104,736	92,024	-	-	104,736	92,024
Interest on long-term debt	-	-	-	-	-	-
Water & sewer	-	-	292,620	277,540	292,620	277,540
Total expenses	<u>325,860</u>	<u>309,475</u>	<u>292,620</u>	<u>277,540</u>	<u>618,480</u>	<u>587,015</u>
Increase (decrease) in net position before transfers	52,343	97,045	(17,527)	(18,950)	34,816	78,095
Transfers	-	-	-	-	-	-
Extraordinary item: gain on insurance recovery	-	-	-	-	-	-
Increase (decrease) in net position	<u>52,343</u>	<u>97,045</u>	<u>(17,527)</u>	<u>(18,950)</u>	<u>34,816</u>	<u>78,095</u>
Net position, beginning	599,006	501,961	939,734	958,684	1,538,740	1,460,645
Net position, June 30	<u>\$ 651,349</u>	<u>\$ 599,006</u>	<u>\$ 922,207</u>	<u>\$ 939,734</u>	<u>\$ 1,573,556</u>	<u>\$ 1,538,740</u>

Governmental activities. Governmental activities increased the Town's net position by \$52,343 thereby increasing the total in the net position of the Town of Jackson.

Business-type activities: Business-type activities decreased the Town of Jackson's net position by \$17,527, accounting for none of the total growth in the government's net position.

Financial Analysis of the Town's Funds

As noted earlier, the Town of Jackson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town of Jackson's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Jackson's financing requirements.

The general fund is the chief operating fund of the Town of Jackson. At the end of the current fiscal year, Town of Jackson's fund balance available in the General Fund was \$458,338, while total fund balance reached \$529,737. The Governing Body of Town of Jackson has not adopted a minimum fund balance policy. The Town currently has an available fund balance of 146.3% of general fund expenditures, while total fund balance represents 169.13% of the same amount.

At June 30, 2019, the governmental funds of Town of Jackson reported a combined fund balance of \$529,737 with a net increase in fund balance of \$57,119.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Some expenditures were more than the Town originally expected to incur. The budget was amended to comply with these additional expenditures.

Proprietary Funds. The Town of Jackson's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer District at the end of the fiscal year amounted to \$270,162. The total change in net position for the Water and Sewer Fund was a \$17,527 decrease.

Capital Asset and Debt Administration

Capital assets. The Town of Jackson’s investment in capital assets for its governmental and business–type activities as of June 30, 2019, totals \$792,808 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following:

- Purchase of Town Hall heating and air condition system \$7,495
- Purchase of fence for Town’s water system \$5,000

Town of Jackson’s Capital Assets

Figure 4

(net of depreciation)

	Governmental Activites		Business-Type Activites		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 10,869	\$ 10,869	\$ 8,865	\$ 8,865	\$ 19,734	\$ 19,734
Buildings and systems	50,210	48,095	637,075	702,311	687,285	750,406
Machinery and equipment	-	-	29,411	30,049	29,411	30,049
Vehicles and motorized equipment	56,378	72,317	-	-	56,378	72,317
Total	\$ 117,457	\$ 131,281	\$ 675,351	\$ 741,225	\$ 792,808	\$ 872,506

Additional information on the Town’s capital assets can be found in note 3.A of the Basic Financial Statements.

Long-term Debt. As of June 30, 2019, the Town of Jackson had total debt outstanding of \$55,339 of installment debt. The installment debt is backed by security interest in the property for which it was issued.

Town of Jackson’s Outstanding Liabilities

Figure 5

	Governmental		Business-type		Total	
	Activities		Activites			
	2019	2018	2019	2018	2019	2018
Installment Debt	\$ 32,033	\$ 36,800	\$ 23,306	\$ 30,955	\$ 55,339	\$ 67,755
Compensated absences	4,714	3,247	4,896	4,576	9,610	7,823
Pension related debt(LGERS)	24,069	15,820	21,005	14,276	45,074	30,096
Total	\$ 60,816	\$ 55,867	\$ 49,207	\$ 49,807	\$ 110,023	\$ 105,674

Town of Jackson’s Outstanding Debt. The Town of Jackson’s total debt increased by \$4,349 (4.12%) during the past fiscal year, primarily due to the increase in pension related debt.

North Carolina general statues limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Town of Jackson is \$2,282,353.

Additional information regarding the Town of Jackson’s long-tem debt can be found in note 3.B beginning on page 45 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town’s.

- Occupancy rates on office and retail space. The Town occupancy rates are about 78% for the year, which is consistent with last year’s rate.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Property tax and revenue from permit and fees are expected to remain the same as the previous year. General operating expenses are expected to remain the same for the coming year.

Management Discussion and Analysis
Town of Jackson

Business – type Activities: The water and sewer rates in the Town will remain the same as the previous year. The Town relies on one well to supply its water and when maintenance is performed on the well the Town has to purchase its water from other sources.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Jackson, P. O. Box 614, Jackson, NC 27845. You can also call 252-534-3811 for more information.

Town of Jackson, North Carolina
Statement of Net Position
June 30, 2019

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 564,361	\$ 247,816	\$ 812,177
Taxes receivable	34,669	-	34,669
Accrued interest receivable on taxes	8,995	-	8,995
Accounts receivable	-	34,886	34,886
Restricted cash	51,543	8,833	60,376
Due from other governments	19,856	-	19,856
Total Current Assets	<u>\$ 679,424</u>	<u>\$ 291,535</u>	<u>\$ 970,959</u>
Non-current Asset:			
Net pension asset	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Assets (Note 3):			
Land, non-depreciable improvements, and construction in progress	\$ 10,869	\$ 8,865	\$ 19,734
Other capital assets, net of depreciation	106,588	666,486	773,074
Total Capital Assets	<u>\$ 117,457</u>	<u>\$ 675,351</u>	<u>\$ 792,808</u>
Total Assets	<u>\$ 796,881</u>	<u>\$ 966,886</u>	<u>\$ 1,763,767</u>
Deferred Outflows of Resources			
Pension deferrals	<u>\$ 21,431</u>	<u>\$ 18,703</u>	<u>\$ 40,134</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 10,702	\$ 5,233	\$ 15,935
Other liabilities - refund of motor vehicle taxes	95,321	-	95,321
Compensated absences payable	4,714	4,896	9,610
Current portion of long-term debt	4,922	7,649	12,571
Payable from restricted assets	-	8,833	8,833
Total Current Liabilities	<u>\$ 115,659</u>	<u>\$ 26,611</u>	<u>\$ 142,270</u>
Long-Term Liabilities:			
Net pension liability	24,069	21,005	45,074
Due in more than one year	27,111	15,657	42,768
Total Liabilities	<u>\$ 166,839</u>	<u>\$ 63,273</u>	<u>\$ 230,112</u>
Deferred Inflows of Resources			
Pension deferrals	<u>\$ 124</u>	<u>\$ 109</u>	<u>\$ 233</u>
Net Position:			
Net investment in capital assets	\$ 85,424	\$ 652,045	\$ 737,469
Restricted:			
Stabilization by State Statute	19,856	-	19,856
Streets	51,543	-	51,543
Unrestricted	494,526	270,162	764,688
Total Net Position	<u>\$ 651,349</u>	<u>\$ 922,207</u>	<u>\$ 1,573,556</u>

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

Town of Jackson, North Carolina
Statement of Activities
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 137,253	\$ 9,524	\$ -	\$ -
Public Safety	83,871	1,530	-	-
Public Works	104,736	-	15,817	
Total Governmental Activities	<u>\$ 325,860</u>	<u>\$ 11,054</u>	<u>\$ 15,817</u>	<u>\$ -</u>
Business-type Activities:				
Water and Sewer	292,620	274,830	-	-
Total Primary Government	<u><u>\$ 618,480</u></u>	<u><u>\$ 285,884</u></u>	<u><u>\$ 15,817</u></u>	<u><u>\$ -</u></u>

General Revenues:

- Ad valorem taxes
- Other taxes and licenses
- Grants and contributions not restricted to specific programs
- Investment earnings, unrestricted
- Investment earnings, restricted
- Total General Revenues not including Transfers

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (127,729)	\$ -	\$ (127,729)
(82,341)	-	(82,341)
(88,919)	-	(88,919)
<u>\$ (298,989)</u>	<u>\$ -</u>	<u>\$ (298,989)</u>
-	(17,790)	(17,790)
<u>\$ (298,989)</u>	<u>\$ (17,790)</u>	<u>\$ (316,779)</u>
\$ 170,524	\$ -	\$ 170,524
23,315	-	23,315
156,918	-	156,918
575	263	838
-	-	-
<u>\$ 351,332</u>	<u>\$ 263</u>	<u>\$ 351,595</u>
-	-	-
<u>\$ 351,332</u>	<u>\$ 263</u>	<u>\$ 351,595</u>
\$ 52,343	\$ (17,527)	\$ 34,816
599,006	939,734	1,538,740
<u>\$ 651,349</u>	<u>\$ 922,207</u>	<u>\$ 1,573,556</u>

**Town of Jackson, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019**

Exhibit 3

	<u>Major Governmental Fund General Fund</u>
Assets	
Cash and cash equivalents	\$ 564,361
Restricted cash	51,543
Taxes receivable	34,669
Accounts receivable	-
Due from other governments	19,856
Total Assets	<u>\$ 670,429</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 10,702
Other liabilities - refund of motor vehicle taxes	95,321
Total Liabilities	<u>\$ 106,023</u>
Deferred Inflows of Resources	
Property taxes receivable	<u>\$ 34,669</u>
Fund Balances	
Fund Balance:	
Restricted:	
Stabilization by State Statute	\$ 19,856
Streets	51,543
Assigned:	
Subsequent year's expenditures	\$ 37,479
Unassigned	420,859
Total Fund Balance	<u>\$ 529,737</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 670,429</u>

(continued)

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

Town of Jackson, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

Exhibit 3

continued

Amounts reported for governmental activities in the Statement of Net Position (exhibit 1) are different because:

Total Fund Balance, Governmental Funds	\$	529,737
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 316,595	
Accumulated depreciation	<u>(199,138)</u>	117,457
Deferred outflows of resources related to pensions are not reported in the funds		
		21,431
Accrued interest receivable from taxes is not available to pay for current-period expenditures.		
		8,995
Earned revenues considered deferred inflows of resources in fund statements.		
		34,669
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Gross long-term debt		(32,033)
Net pension liability		(24,069)
Deferred inflows of resources related to pensions not reported in funds		
		(124)
Other liabilities-compensated absences payable are not reported in the funds statement		
		<u>(4,714)</u>
Net Position of Governmental Activities	\$	<u><u>651,349</u></u>

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

**Town of Jackson, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019**

Exhibit 4

	Major Governmental Fund <u>General Fund</u>
Revenues:	
Ad valorem taxes	\$ 162,645
Other taxes and licenses	23,315
Unrestricted intergovernmental	156,918
Restricted intergovernmental	15,817
Sales and services	11,054
Investment earnings	576
Total Revenues	<u>\$ 370,325</u>
Expenditures:	
General Government	\$ 138,218
Public Safety	72,828
Public Works	102,160
Total Expenditures	<u>\$ 313,206</u>
Revenues Over (Under) Expenditures	\$ 57,119
Other Financing Sources	<u>-</u>
Net Change in Fund Balance	\$ 57,119
Fund Balance:	
Beginning of year	472,618
End of year	<u><u>\$ 529,737</u></u>

(continued)

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

Town of Jackson, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

Exhibit 4

(continued)

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

Net change in fund balance - Governmental Funds	\$	57,119
---	----	--------

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital outlay expenditures which were capitalized	\$ 7,495	
Depreciation expense for governmental assets	<u>(21,319)</u>	(13,824)

Contributions to the pension plan in the current fiscal year are not included on the Statement of activities		7,922
--	--	-------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	\$ 5,809	
Change in accrued interest receivable on taxes	<u>2,070</u>	7,879

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	\$ 4,767	
New long-term debt issued	<u>-</u>	4,767

Some expenses reported in the Statement of Activities do not require the use of current financial resource and, therefore, are not reported as expenditures in governmental funds.

Compensated absences and other	(3,346)	
Pension Expense	<u>(8,174)</u>	(11,520)
Total Changes in Net Position of Governmental Activities	<u><u>\$</u></u>	<u><u>52,343</u></u>

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

**Town of Jackson, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019**

Exhibit 5

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Ad Valorem Taxes	\$ 161,100	\$ 161,100	\$ 162,645	\$ 1,545
Other Taxes and Licenses	2,040	2,040	23,315	21,275
Unrestricted Intergovernmental	116,200	116,200	156,918	40,718
Restricted Intergovernmental	16,300	16,300	15,817	(483)
Sales and Services	11,060	11,060	11,054	(6)
Investment Earnings	500	500	576	76
Total Revenues	\$ 307,200	\$ 307,200	\$ 370,325	\$ 63,125
Expenditures:				
General Government	\$ 148,075	\$ 146,300	\$ 138,218	\$ 8,082
Public Safety	78,163	78,438	72,828	5,610
Public Works	104,000	105,500	102,160	3,340
Total Expenditures	\$ 330,238	\$ 330,238	\$ 313,206	\$ 17,032
Revenues Over (Under) Expenditures	\$ (23,038)	\$ (23,038)	\$ 57,119	\$ 80,157
Other Financing Sources (Uses)	-	-	-	-
Fund Balance Appropriated	23,038	23,038	-	(23,038)
Net Change in Fund Balance	\$ -	\$ -	\$ 57,119	\$ 57,119
Fund Balance:				
Beginning of year, July 1			472,618	
End of year, June 30			\$ 529,737	

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

Town of Jackson, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2019

Exhibit 6

	Major Enterprise Fund
	Water and Sewer Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 247,816
Accounts receivable	34,886
Restricted cash	8,833
Total Current Assets	<u>\$ 291,535</u>
Noncurrent Assets:	
Capital Assets:	
Land and other non-depreciable assets	\$ 8,865
Other capital assets net of depreciation	666,486
Total Capital Assets	<u>\$ 675,351</u>
Total Noncurrent Assets	<u>\$ 675,351</u>
 Total Assets	 <u><u>\$ 966,886</u></u>
Deferred Outflows of Resources	
Pension deferrals	<u>\$ 18,703</u>
Liabilities	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 5,233
Compensated absences	4,896
Current portion of long-term debt	7,649
Liabilities Payable from Restricted Assets:	
Customer deposits	8,833
Total Current Liabilities	<u>\$ 26,611</u>
Noncurrent Liabilities:	
Net pension liability	21,005
Due in more than one year	15,657
Total Liabilities	<u>\$ 63,273</u>
Deferred Inflows of Resources	
Pension deferrals	<u>\$ 109</u>
Net Position	
Net investment in capital assets	\$ 652,045
Unrestricted	270,162
Total Net Position	<u><u>\$ 922,207</u></u>

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

Town of Jackson, North Carolina
Statement of Revenues, Expenses, and Changes in
Fund Net Position - Proprietary Fund
For the Year Ended June 30, 2019

	Exhibit 7
	Major Enterprise Fund
	Water and Sewer Fund
Operating Revenues:	
Charges for services	\$ 273,075
Other operating revenues	1,755
Total Operating Revenues	\$ 274,830
Operating Expenses:	
Administration	\$ 42,764
Treatment and distribution	135,660
Non-departmental	42,066
Depreciation	70,874
Total Operating Expenses	\$ 291,364
Operating Income (Loss)	\$ (16,534)
Non-operating Revenues (Expenses):	
Interest on investments	\$ 263
Interest expense	\$ (1,256)
Other	-
Total Non-Operating Revenues (Expenses)	\$ (993)
Income (Loss) before Contributions or Transfers	\$ (17,527)
Transfers from other funds	-
Change in Net Position	\$ (17,527)
Net Position:	
Beginning of Year	939,734
End of Year	\$ 922,207

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

Town of Jackson, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

Exhibit 8

**Major
Enterprise
Fund**

**Water and
Sewer Fund**

Cash Flows from Operating Activities:

Cash received from customers	\$ 278,531
Cash paid for goods and services	(135,309)
Cash paid to or on behalf of employees for services	(98,351)
Customer deposits received (refunded) net	1,250

Net Cash Provided (Used) By Operating Activities	\$ 46,121
--	-----------

Cash Flows from Non-Capital Financing Activities	\$ -
--	------

Cash Flows from Capital and Related Financing Activities:

Acquisition and construction of capital assets	\$ (5,000)
Long-Term Debt Payments	(7,649)
Interest paid on on long-term debt	(1,256)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (13,905)

Cash Flows from Investing Activities:

Interest earned on investments	\$ 263
--------------------------------	--------

Net Increase (Decrease) In Cash	\$ 32,479
---------------------------------	-----------

Cash at Beginning of Year	224,170
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Cash at End of Year	\$ 256,649
---------------------	------------

(continued)

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

Town of Jackson, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

Exhibit 8

**Major
Enterprise
Fund**

**Water and
Sewer Fund**

(continued)

Reconciliation of Operating Income to Net Cash provided by Operating Activities:

Operating Income (Loss)	\$	<u>(16,534)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	\$	70,874
Changes in Assets and Liabilities:		
(Increase) decrease in accounts receivable		3,701
(Increase) decrease in deferred outflows of resources-pensions		(4,592)
Increase (decrease) in net pension liability		6,729
Increase (decrease) in deferred inflows of resources-pensions		(295)
Increase (decrease) in accounts payable and accrued liabilities		(15,332)
Increase (decrease) in customer deposits		1,250
Increase (decrease) in compensated absences		320
 Total Adjustments	 \$	 <u>62,655</u>
 Net Cash Provided (Used) by Operating Activities	 \$	 <u><u>46,121</u></u>

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

Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Jackson conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Jackson is a municipal corporation, which is governed by an elected mayor and a five-member council. The Town has no component units (legally separate entities for which the Town is financially accountable).

B. Basis of Presentation

Government-wide Statements

The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. 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. Business-type activities are financed in whole or in part by fees charged to external parties.

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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees 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. Any remaining governmental and enterprise funds would be aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as

Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019

subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities, such as investment earnings.

The Town reports the following major governmental fund:

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and State-shared revenues. The primary expenditures are for streets and highways, public safety, and general government services.

The Town reports the following major enterprise fund:

Water and Sewer Fund

This fund is used to account for the Town's water and sewer operations.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual 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. The government-wide and proprietary fund financial statements are reported using 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, 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 and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services,

Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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. 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.

The Town considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed prior to September 1, 2013 and any limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Jackson because the tax is levied by Northampton County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including any dedicated for specific purposes are reported as general revenues rather than program revenues.

D. Budgetary Data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General and Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Enterprise Capital Project Fund, when applicable. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and the object level for any multi-year funds. All amendments must be approved by the governing board and the Board must be adopt an interim budget that covers that time until

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

an annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The Town may designate, as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

Cash and Cash Equivalents

The Town pools money from the General and Water and Sewer funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Powell Bill funds are classified as restricted cash because they can be expended only for the purpose of maintaining, repairing, constructing, reconstructing or widening of local streets per GS 136-41.1 through 136-41.4.

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

Restricted Cash

Governmental Activities:		
General Fund - Street	\$	51,543
Business-type Activities:		
Water and Sewer - Customer deposits		8,833
Total Restricted Cash	\$	60,376

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018.

Allowances for Doubtful Accounts

Proprietary accounts receivable are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. General fund receivables have been historically low and are considered immaterial to the financial statements.

Inventory and Prepaid Items

The Town has no material inventory or prepaid items as of June 30, 2019.

Capital Assets

The government defines capital assets as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost policies were established at \$2,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of water and sewer system assets and improvements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

Asset Class	Estimated Useful Lives
Infrastructure	25 – 33
Buildings	30
Improvements	20 – 30
Vehicles	5 – 7
Furniture and equipment	5 – 10
Computer Equipment	5

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion which represents pension deferrals at June 30, 2019. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion - property taxes receivable, and pension deferrals.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In fund financial statements, governmental fund types, the face amount of debt issued is reported as other financing sources.

Compensated Absences

The vacation policies of the Town allows for the accumulation of up to thirty days of vacation leave with such leave being fully vested when earned. For the Town’s government-wide and proprietary fund, an expense and a liability for compensated absences and the salary-related payments are recorded within the fund as the leave is earned. This liability is presented as current in the financial statements.

The Town’s sick leave policies provide for an unlimited accumulation of earned sick leave. However, sick leave does not vest. The Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019

Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is comprised of two classification designed to disclose the hierarchy of constraints placed on how the fund balance can be spent.

The governmental fund types classify fund balances as follows:

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - Portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Streets – Powell Bill - Portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Assigned for Subsequent Year's Expenditures – Portion of the fund balance that is appropriated in the next year's budget that is not already classified as restricted.

Unassigned Fund Balance – The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town has no established spending policy for programs with multiple revenue sources. The Finance Officer is directed to expend fund balance with restricted classification first and unassigned fund balance lastly if such is in the best interest of the Town.

The Town has not adopted any minimum fund balance policy for the General fund but monitors the percentage of fund balance to budgeted expenditures closely. The current unassigned fund balance equals 146.3% of General Fund expenditures.

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

net position of the Local Governmental Employee's Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Jackson employer contributions are recognized when due and the Town of Jackson has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

2. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Contractual Provision.

The Town is required to submit audited financial statements to the local Government Commission by October 31 annually. The Town, in previous years, was compliant with Financial reporting requirements but suffered unprecedented problems in 2019 and 2020. The Town's computer contracted an encrypted virus in April 2019. All bookkeeping files and information were lost and could not be recovered. The computer technician tried for weeks to retrieve information from the hard drive and backup without success. Unfortunately, there was no offsite backup in place at that time. The Town used a flash drive but it was in the computer at the time the virus attacked and the flash drive was infected, as well. The Town now has an offsite backup, and it backs up the data daily. It has taken quite a while to get everything caught back up and reconciled along with keeping normal daily functions going. Being out of the office for 9 weeks straight and working from home due to Covid along with a few Covid quarantines put a hold on it as well. Management understands the importance of timely reporting and submission and will diligently strive to meet those goals and requirements in future years.

3. Detail Notes on All Funds

A. Assets

Deposits

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in its name.

The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

At June 30, 2019, the Town's deposits had a carrying amount of \$872,403 and a bank balance of \$898,994. Of the bank balance, \$250,000 was covered by federal depository insurance and \$648,994 was covered under the pooling method. At June 30, 2019, the Town's Petty Cash fund totaled \$150.

Investments

The Town had no investments during the year or at year-end.

Accounts Receivable

Accounts receivable at the government-wide level at June 30, 2019 consist of the following:

Business-type Activities – Water and Sewer billings	<u>\$ 34,886</u>
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The amount of water and sewer billings receivable presented in the Statement of Net Position at June 30, 2019 are net of \$3,876 allowance for doubtful amounts.

Capital Assets

Capital asset activity for the Town for the year ended June 30, 2019, was as follows:

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 10,869	\$ -	\$ -	\$ 10,869
 Capital Assets Being Depreciated:				
Buildings	\$ 142,394	\$ 7,495	\$ -	\$ 149,889
Vehicles and motorized equipment	127,080	-	-	127,080
Equipment	28,757	-	-	28,757
Total	\$ 298,231	\$ 7,495	\$ -	\$ 305,726
 Less Accumulated Depreciation for:				
Buildings	\$ 94,299	\$ 5,380	\$ -	\$ 99,679
Vehicles and motorized equipment	54,763	15,939	-	70,702
Equipment	28,757	-	-	28,757
Total	\$ 177,819	\$ 21,319	\$ -	\$ 199,138
 Total Capital Assets Being Depreciated, Net	\$ 120,412			\$ 106,588
 Governmental Activities Capital Assets, Net	\$ 131,281			\$ 117,457

Depreciation expense was charged to functions/programs of the governmental unit as follows:

General Government	\$ 5,380
Public Safety	14,263
Public Works	1,676
Total	\$ 21,319

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Water & Sewer Fund:				
Capital Assets not Being Depreciated:				
Land	\$ 8,865	\$ -	\$ -	\$ 8,865
Capital Assets Being Depreciated:				
Plant & Distribution				
System	\$ 2,743,411	\$ -	\$ -	\$ 2,743,411
Maintenance equipment	48,409	5,000	-	53,409
Total	\$ 2,791,820	\$ 5,000	\$ -	\$ 2,796,820
Less Accumulated Depreciation for:				
Plant & Distribution				
System	\$ 2,041,100	\$ 65,236	\$ -	\$ 2,106,336
Maintenance equipment	18,360	5,638	-	23,998
Total	\$ 2,059,460	\$ 70,874	\$ -	\$ 2,130,334
Total Capital Assets Being Depreciated, Net	\$ 732,360			\$ 666,486
Water and Sewer Fund Capital Assets, Net	\$ 741,225			\$ 675,351

Construction Commitments

The Town has no ongoing or committed construction contracts at year-end.

B. Liabilities

Other Liabilities

Refund of Motor Vehicle Taxes

In September 2013 the procedures for assessing and collecting motor vehicle taxes were

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

established by the State of North Carolina whereby N.C. DMV collected and forwarded motor vehicle taxes to Counties for distribution to municipalities within the County. The Town of Jackson was designated by Northampton County as the “default unit” and as a result any unallocated motor vehicle taxes were forwarded to the Town. Taxes received by the Town from vehicles outside the city limits are reflected as current liabilities until refund procedures can be initiated. Management has elected to amortize to income 20% of the beginning of year balance annually. Statute requires request for refund be made within five years of payment. This liability is calculated as follows:

Balance July 1, 2018	\$105,628
Less Income recognized	<u>21,125</u>
Adjusted Balance	\$ 84,503
Current Year Additions	<u>10,818</u>
Balance June 30, 2019	<u>\$ 95,321</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description

The Town of Jackson is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested with LGERS Board of Trustees which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five

Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019

years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Jackson employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Jackson's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Jackson were \$11,336 for the year ended June 30, 2019.

Refunds of Contributions

Town employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2019, the Town reported a liability of \$45,074 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018 (measurement date), the Town's proportion was .00190% which was a decrease of .00007% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$15,308. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,954	\$ 233
Changes of assumption	11,961	-
Net difference between projected and actual earnings pension plan investments	6,187	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,696	-
Town contributions subsequent to the measurement date	11,336	-
Total	<u>\$ 40,134</u>	<u>\$ 233</u>

\$11,336 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2020	\$ 13,878
2021	8,893
2022	2,011
2023	3,783
2024	-
Thereafter	-
	<u>\$ 28,565</u>

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

Inflation - 3.0 percent
 Salary increases – 3.50 to 8.10 percent, including inflation and productivity factor
 Investment rate
 of return - 7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 108,273	\$ 45,074	\$ (7,735)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Law Enforcement Officers Special Separation Allowance

Plan Description

The Town of Jackson administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

At December 31, 2018, the Town had no qualifying members.

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State

CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail service Center, Raleigh, NC 27699-1410, or by calling (919)981-5454.

Funding Policy

Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town's contributions for the year ended June 30, 2019 were \$2,552 with \$0 contributions from the law enforcement officer. No amounts were forfeited.

Other Postemployment Benefit

Healthcare Benefit

At retirement, all employees have the option to purchase basic medical insurance through the Town at age adjusted rates. The entire cost of this insurance is borne by the employees. The premiums paid are age adjusted for retirees. Because retirees are not allowed to participate in the group rates afforded employees, no post-employment liabilities are reported.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year end:

From Pension Transactions	<u>\$40,134</u>
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**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

Deferred inflows of resources at year-end are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 34,669
Pension deferrals	233	-
Total	\$ 233	\$ 34,669

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in the self-funded risk financing pool administered by the North Carolina League of Municipalities. Through the pool, the Town has employee health coverage up to a \$2 million lifetime limit. The Town carries commercial coverage for general liability and auto liability of \$1,000,000 per occurrence, property coverage up to insurance values, and worker compensation coverage up to statutory limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town has elected no Town of Jackson, North Carolina coverage for losses incurred from flooding.

The Town's finance officer/tax collector is covered under a performance bond of \$50,000. The part-time assistant tax collector is covered under an individual surety bond of \$20,000. The Town also has a blanket surety bond for all officers and employees.

Claims and Judgments

The Town had no claims or judgments pending at June 30, 2019.

Lease Obligations

The Town had no outstanding lease obligations at June 30, 2019.

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

Long-Term Debt

Installment Contract

In February 2018, the Town received a Direct Program Loan from USDA for the purchase of two police vehicles. The \$36,800 loan at 3.25% interest is repayable in annual installments over seven years beginning February 26, 2019.

In January 2017, the Town entered into an installment purchase contract with Southern Bank & Trust for \$38,244. The agreement was for the purchase of Water and Sewer Equipment. The contract requires five (5) annual principal payment of \$7,649 plus interest at 2.99% beginning January 24, 2018.

The following is an analysis of the assets recorded under installment purchase agreements at June 30, 2019:

Class of Property	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Buildings	\$ -	\$ -	\$ -
Vehicles & Motorized Equipment	<u>109,560</u>	<u>33,865</u>	<u>75,695</u>
Total	<u>\$ 109,560</u>	<u>\$ 33,865</u>	<u>\$ 75,695</u>

Annual debt service payments of the above long-term debt as of June 30, 2019 are as follows:

Year Ended <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	4,922	1,041	7,649	689
2021	5,079	884	7,649	457
2022	5,247	716	8,008	229
2023	5,418	546	-	-
2024	5,665	298	-	-
2025	<u>5,702</u>	<u>259</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 32,033</u>	<u>\$ 3,744</u>	<u>\$ 23,306</u>	<u>\$ 1,375</u>

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

Changes in Long-term Liabilities:

	Beginning Balance	Increase	Decrease	Ending Balance	Current Portion
Governmental Activities:					
Notes Payable	\$ 36,800	\$ -	\$ 4,767	\$ 32,033	\$ 4,922
Installment Contract	-	-	-	-	-
Net Pension Liability	15,820	8,249	-	24,069	-
Compensated Absences	3,247	1,467	-	4,714	4,714
Totals	<u>\$ 55,867</u>	<u>\$ 9,716</u>	<u>\$ 4,767</u>	<u>\$ 60,816</u>	<u>\$ 9,636</u>
Business-type Activities:					
Water & Sewer Fund:					
Installment Contract	\$ 30,955	\$ -	\$ 7,649	\$ 23,306	\$ 7,649
Pension Liability	14,276	6,729	-	\$ 21,005	-
Compensated Absences	4,576	320	-	4,896	4,896
Total	<u>\$ 49,807</u>	<u>\$ 7,049</u>	<u>\$ 7,649</u>	<u>\$ 49,207</u>	<u>\$ 12,545</u>

C. Interfund Balances and Activity

There were no transfers or interfund balances at June 30, 2019.

D. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total Fund Balance - General Fund	<u>\$ 529,737</u>
Less:	
Stabilization by State Statue	19,856
Streets - Powell Bill	51,543
Appropriated Fund Balance	
2020 Budget	37,479
Remaining Fund Balance	420,859

**Town of Jackson, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2019**

4. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from federal and State grants and programs. Periodic audits of these grants and programs are required and certain costs may be questioned as not being appropriate expenditures under the grant or program agreements. Such audits could result in the refund of grant or program monies to the grantor or program agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

5. Significant Effects of Subsequent Events

There were no significant subsequent events through the report date, the day the financial statements were available to be issued.

Town of Jackson, North Carolina
Town of Jackson's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years *

Local Government Employees' Retirement System

Exhibit A-1

	2019	2018	2017	2016	2015	2014
Jackson's proportion of the net pension liability (asset) (%)	0.00190%	0.00197%	0.00190%	0.00172%	0.00160%	0.00160%
Jackson's proportion of the net pension liability (asset) (\$)	\$ 45,074	\$ 30,096	\$ 40,324	\$ 7,719	\$ (9,529)	\$ (19,286)
Jackson's covered-employee payroll	\$ 141,063	\$ 139,401	\$ 136,962	\$ 139,128	\$ 139,888	\$ 138,831
Jackson's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	31.95%	21.59%	29.44%	5.55%	-6.81%	-13.89%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

Town of Jackson, North Carolina
Town of Jackson Contributions
Required Supplementary Information
Last Six Fiscal Years

Local Governmental Employees' Retirement System

Exhibit A-2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 11,336	\$ 10,399	\$ 10,484	\$ 9,374	\$ 9,833	\$ 9,389
Contributions in relation to the contractually required contribution	<u>11,336</u>	<u>10,399</u>	<u>10,484</u>	<u>9,374</u>	<u>9,833</u>	<u>9,389</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Jackson's covered-employee payroll	\$ 141,360	\$ 141,063	\$ 139,401	\$ 136,962	\$ 139,128	\$ 139,888
Contributions as a percentage of covered-employee payroll	8.02%	7.37%	6.84%	7.07%	7.07%	7.07%

**Town of Jackson, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	Exhibit B-1 Variance Favorable (Unfavorable)
Revenues:			
Ad Valorem Taxes:			
Current year		\$ 158,971	
Prior years		2,211	
Penalties and interest		1,463	
Total Ad Valorem Taxes	<u>\$ 161,100</u>	<u>\$ 162,645</u>	<u>\$ 1,545</u>
Other Taxes and Licenses:			
Privilege and motor vehicle licenses		\$ 2,190	
Unearned motor vehicle taxes recognized		21,125	
Total Other Taxes and Licenses	<u>\$ 2,040</u>	<u>\$ 23,315</u>	<u>\$ 21,275</u>
Unrestricted Intergovernmental:			
Local option sales tax		\$ 115,332	
Franchise tax		39,516	
Beer and wine tax		2,070	
Total Unrestricted Intergovernmental	<u>\$ 116,200</u>	<u>\$ 156,918</u>	<u>\$ 40,718</u>
Restricted Intergovernmental:			
State Street-Aid allocation		\$ 15,817	
Grants		-	
Total Restricted Intergovernmental	<u>\$ 16,300</u>	<u>\$ 15,817</u>	<u>\$ (483)</u>
Sales, Services and Fees:			
Rents		\$ 1,375	
Police Department income		1,530	
Fees & other		8,149	
Revitalization funds raised		-	
Total Sales, Services and Fees	<u>\$ 11,060</u>	<u>\$ 11,054</u>	<u>\$ (6)</u>

(continued)

**Town of Jackson, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	Exhibit B-1 Variance Favorable (Unfavorable)
Revenues: (continued)			
Investment Earnings	\$ 500	\$ 576	\$ 76
Total Revenues	<u>\$ 307,200</u>	<u>\$ 370,325</u>	<u>\$ 63,125</u>
Expenditures:			
General Government:			
Governing Body:			
Council fees		\$ 10,500	
Travel		-	
Total Governing Body		<u>\$ 10,500</u>	
Administration:			
Salaries & employee benefits		\$ 41,092	
Non-departmental		51,211	
Capital outlay		7,495	
Other operating expenditures		26,332	
Total Administration		<u>\$ 126,130</u>	
Revitalization Committee:			
Capital outlay		\$ -	
Other operating expenditures		1,588	
Total Revitalization		<u>\$ 1,588</u>	
Total General Government	<u>\$ 146,300</u>	<u>\$ 138,218</u>	<u>\$ 8,082</u>
Public Safety:			
Police:			
Salaries		\$ 56,183	
Capital outlay		-	
Other operating expenditures		16,645	
Total Public Safety	<u>\$ 78,438</u>	<u>\$ 72,828</u>	<u>\$ 5,610</u>

Town of Jackson, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

Exhibit B-1

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures: (continued)			
Public Works:			
Street Department:			
Salaries		\$ 32,318	
Street improvements - Powell Bill		15,323	
Other operating expenditures		54,519	
Capital outlay		-	
Total Public Works	\$ 105,500	\$ 102,160	\$ 3,340
Total Expenditures	\$ 330,238	\$ 313,206	\$ 17,032
Revenues Over (Under) Expenditures	\$ (23,038)	\$ 57,119	\$ 80,157
Other Financing Sources (Uses)	-	-	-
Fund Balance Appropriated	23,038	-	-
Net Change in Fund Balance	\$ -	\$ 57,119	\$ 80,157
Fund Balance:			
Beginning of year, July 1		472,618	
End of year, June 30		\$ 529,737	

Town of Jackson, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Exhibit C-1 <u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Operating Revenues:			
Charges for Services:			
Water and sewer sales	\$ 237,500	\$ 273,075	\$ 35,575
Water and sewer other charges	1,850	1,755	\$ (95)
Total Operating Revenues	<u>\$ 239,350</u>	<u>\$ 274,830</u>	<u>\$ 35,480</u>
Non-operating Revenues (Expenses):			
Interest on investments	\$ 250	263	13
Interest expense	(1,256)	1,256	2,512
Total	<u>\$ (1,006)</u>	<u>\$ 1,519</u>	<u>\$ 2,525</u>
Total Revenues	<u>\$ 238,344</u>	<u>\$ 276,349</u>	<u>\$ 38,005</u>
Expenditures:			
Administration:			
Salaries	\$ -	\$ 35,658	\$ -
Other operating expenditures	-	7,106	-
Total Administration	<u>\$ 42,880</u>	<u>\$ 42,764</u>	<u>\$ 116</u>
Treatment and Distribution:			
Salaries	\$ -	\$ 41,846	\$ -
Repairs, maintenance and supplies	-	46,229	-
Chemicals	-	9,445	-
Other operating expenditures	-	40,458	-
Capital outlay	-	5,000	-
Total Treatment and Distribution	<u>\$ 160,176</u>	<u>\$ 142,978</u>	<u>\$ 17,198</u>
Non-departmental:			
FICA tax expense	\$ -	\$ 6,604	\$ -
Employee benefits	-	25,589	-
Insurance	-	7,905	-
Total Non-departmental	<u>\$ 40,100</u>	<u>\$ 40,098</u>	<u>\$ 2</u>
Total Expenditures	<u>\$ 243,156</u>	<u>\$ 225,840</u>	<u>\$ 17,316</u>

(continued)

Town of Jackson, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Exhibit C-1 Variance Favorable (Unfavorable)
(continued)			
Revenues Over (Under) Expenditures	\$ (4,812)	\$ 50,509	\$ 55,321
Other Financing Sources (Uses):			
Installment Purchase Loan Proceeds	-	-	-
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$ (4,812)	\$ 50,509	\$ 55,321
Fund Balance Appropriated	4,812	-	(4,812)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 50,509</u>	<u>\$ 50,509</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures		<u>\$ 50,509</u>	
Reconciling Items:			
Depreciation		\$ (70,874)	
Capital Outlay		5,000	
Increase in Accrued Vacation		(320)	
Decrease in Net Pension Asset		-	
Increase in Deferred Outflows-Pension		4,592	
Increase in Net Pension Liability		(6,729)	
Decrease in Deferred Inflows-Pension		295	
Long-term Debt Issued		-	
Total Reconciling Items		<u>\$ (68,036)</u>	
Change in Net Position		<u>\$ (17,527)</u>	

Town of Jackson, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Exhibit D-1

<u>Year of Levy</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018		\$ 169,750	\$ 160,566	\$ 9,184
2017	\$ 9,493		\$ 1,339	\$ 8,154
2016	5,866	-	1,339	4,527
2015	4,216	-	83	4,133
2014	2,616	-	54	2,562
2013	2,281	-	41	2,240
2012	1,648	-	-	1,648
2011	1,374	-	55	1,319
2010	573	-	65	508
2009	394	-	-	394
2008	399	-	399	-
Total	<u>\$ 28,860</u>	<u>\$ 169,750</u>	<u>\$ 163,941</u>	<u>\$ 34,669</u>

Reconciliation with Revenues: (Exhibit B-1)

Taxes - Ad Valorem (including penalties and interest)	\$ 162,645
Amounts written off	2,360
Subtotal	<u>\$ 165,005</u>
Less penalties and interest	1,064
Total Collections and Credits	<u>\$ 163,941</u>

**Town of Jackson, North Carolina
 Analysis of Current Tax Levy
 For the Fiscal Year Ended June 30, 2019**

Exhibit D-2

	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Total</u>	<u>Property excluding Registered Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Real and personal property	\$ 25,168,067	0.595	\$ 149,750	\$ 149,750	\$ -
Motor vehicles	3,361,345	0.595	20,000	-	20,000
Total Property Valuation	<u>\$ 28,529,412</u>				
Net Levy			\$ 169,750	\$ 149,750	\$ 20,000
Less uncollected taxes at June 30, 2019			9,184	9,184	-
Current Year's Taxes Collected			<u>\$ 160,566</u>	<u>\$ 140,566</u>	<u>\$ 20,000</u>
Current Levy Collection Percentage			<u>94.59%</u>	<u>93.87%</u>	<u>100.00%</u>