



Mayor Chokwe A. Lumumba

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2017
Department of Administration
Finance Division

**CITY OF JACKSON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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July 24, 2018

**To the Mayor, Members of the City Council, and
Citizens of the City of Jackson, Mississippi:**

A requirement of Mississippi law is that local governments annually publish audited financial statements. Accordingly, the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017 for the City of Jackson, MS is submitted herewith.

An unmodified opinion on the financial statements of the City of Jackson, MS has been issued by Tann Brown and Russ for the year ended September 30, 2017. The Independent Auditor's Report is included in the front of the financial section of the CAFR. The City of Jackson is also required to have an audit performed in compliance with the Single Audit Act of 1996 regarding grants received from the federal government. The Single Audit report was issued by Tann, Brown and Russ.

The dedicated and professional staff of the Finance Division, Department of Administration, prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP). We maintain that the data is accurate in all material aspects and is presented in a manner designed to set forth fairly the financial activities of the various funds of the local government. The responsibility for the accuracy of the data and the fairness and completeness of the presentation, including any disclosures necessary to enable the reader to gain an understanding of the fiscal affairs of the City, is entrusted to the administration of the local government. We further assert that the internal controls implemented provide reasonable assurance that the financial statements are free of any material misstatements.

All of the governmental activities and business-type activities of the City of Jackson, MS, as well as the Jackson Redevelopment Authority (JRA) and the Capital City Convention Center Commission (component units of the city) are included in the 2017 CAFR. JRA and the Capital City Convention Center Commission are presented as discretely presented component units within the CAFR because the City exercises significant oversight responsibility. The approval of JRA's administrative operating costs and appointments to its Board of Commissioners are authorized by the City's governing body. Additionally, JRA accounts for its separate funds and maintains revenues sufficient to meet their operating costs, debt service and system replacement and maintenance needs for their parking garages and other urban renewal projects. The Capital City Convention Center Commission is accountable as a component unit of the City because of its fiscal dependency on the City of Jackson.

Four proprietary funds, whose financial operations are included in the CAFR, provide a variety of services on a fee-for-services basis. These proprietary funds are the Water/Sewage Disposal System, Madison Sewage Disposal System, Transportation, and Sanitation and Recycling.

Organizationally, the 2017 CAFR provides information in three major sections: Introductory, Financial, and Statistical. The Introductory Section encompasses the Letter of Transmittal, the Organizational Chart of the Executive Branch of the City of Jackson, MS, and a list of principal elected and appointed officials. The Financial Section consists of the Independent Accountants' Report, the Basic Financial Statements, Notes to the Financial Statements and the various individual fund and account group financial statements and schedules. The Statistical section provides (unaudited) information on the City, various aspects of government, and the people and businesses that reside therein. Additionally, a narrative introduction, overview, and analysis are provided in the form of Management's Discussion and Analysis (MD&A). We recommend that the MD&A on pages 4-12 be carefully examined by the reader to provide a more concise view of the financial position of the City.

CITY OF JACKSON PROFILE

The City of Jackson, MS was founded in 1821 at the site of a trading post that was situated on a "high and handsome bluff" on the west bank of the Pearl River, which is located in the central region of the state. It is said that the trading post was operated by a French-Canadian trader named Louis LeFleur, who gave the town its original name of LeFleur's Bluff. The Mississippi Legislature wanted the seat of government moved out of the Natchez area and into a more central location. Thomas Hinds, James Patton and William Lattimore were then commissioned to locate the ideal site for the state capital. Their report to the General Assembly was that LeFleur's Bluff had "beautiful and healthful surroundings, good water, abundant timber, navigable waters, and nearness to the Natchez trace." A legislative act dated November 28, 1821 authorized the location to be the permanent seat of government and that it would be named Jackson in honor of Major General Andrew Jackson who later would become the seventh president of the United States. A \$3,500 contract was let to build Mississippi's first capitol, a two-story brick structure 40 feet by 30 feet, where the opening session was held on December 23, 1822. A second capitol building, popularly known as the "Old Capitol," was completed in 1840 and remained in use until 1903. The building, restored in 1961, has become Mississippi's Historical Museum. The New Capitol building, a magnificent structure patterned after the National Capitol, was completed in 1903.

During the Civil War, the town was ravaged and burned three times by Union troops under the command of General William Tecumseh Sherman. The destruction prompted the unwelcome nickname of "Chimneyville." Although less than 8,000 people lived in Jackson at the turn of the century, its population began accelerating rapidly after 1900.

Jackson Today

According to the most recent Census Bureau estimates, Jackson has 169,148 residents within a 111-square mile land area. Jackson is the center of a larger Jackson Metropolitan Statistical Area with a population of approximately 579,000 residents and encompasses five counties – Copiah, Hinds, Madison, Rankin, and Simpson. Since 1985, the City of Jackson, MS operates

under the mayor-council form of government. Prior to 1985, the commission form of government, which included a mayor and two commissioners elected at-large, was in place. Currently, the municipal government is comprised of the mayor, who is elected at large, and seven council members, who are elected by ward. The mayor and council members, who have policy-making and legislative authority, serve four-year terms. The Mayor appoints, and the City Council approves, the Chief Administrative Officer, City Attorney, and eight department heads. City leaders are committed to ensuring that the municipality has a healthy financial outlook while providing essential services.

A comprehensive range of municipal services including public safety, street maintenance, water, sewer, and sanitation services, social programs, recreation activities, cultural events and general administration are provided to Jackson's citizens. These services are provided in the context of the broad public policy initiatives as determined by the elected officials of Jackson, MS. FY17 included the election of a new mayor, Chokwe Antar Lumumba, whose campaign slogan was "When I'm Mayor, You're Mayor." Consequently, Mayor Lumumba's primary initiative was to improve processes that would lead to a more efficient and effective City government.

LOCAL ECONOMY

The City of Jackson is the seat of government for the State of Mississippi and home to a diverse economy. In addition to governmental services, major industries located within the City limits or in close proximity include the Nissan auto plant and manufacturers of power, metal fabrication, airplane parts, machine parts, and engines. Jackson continues to be the site of the largest financial institutions in the state. The two largest industries in the City are Health Care (with two major medical centers, including the only medical school in the state) and higher education (with seven institutions, enrolling more than 40,000 students within the metropolitan area).

Jackson is the educational, cultural, medical, and governmental center of the state. In January 2018 (the most recent numbers available from the Bureau of Labor Statistics) the Jackson metropolitan surrounding area had an unemployment rate of 3.8 percent (a 10-year low, and down from a historic high of 9.8 percent in January of 2010) with a labor force of approximately 270,000. This unemployment rate compares favorably to the state's overall unemployment rate of 4.8 percent (also at a 10-year low). The employment numbers belie a problem, particularly in the City limits, of underemployment and stagnant wages. The size of the labor force has grown in the last three years, but is still 10,000 workers short of the City's historic high in 2011.

The City is also facing major infrastructure problems, between \$1.5 and \$2 billion by some estimates, and including a 2013 consent decree order by the US Environmental Protection Agency to make approximately \$600 million of improvements to address sanitary sewer overflows. In 2014 the City passed legislation levying a 1% sales tax to address the infrastructure needs of the City. Those funds are set aside in a separate special-revenue fund, and disbursement is guided by an independent commission. Perhaps the biggest decision before City leaders is to determine how to finance these improvements which are necessary to a thriving City.

MAJOR INITIATIVES

There are many projects currently underway to make Jackson a safer and more livable City, infrastructure challenges notwithstanding:

Infrastructure Projects

Tiger Grant. Transportation Investment Generating Economic Recovery (TIGER) is a supplementary discretionary grant program included in the American Recovery and Reinvestment Act of 2009. The U.S. Department of Transportation allocated \$500 million towards infrastructure improvement projects across the United States. The City of Jackson submitted an application for the reconstruction of two streets. The City of Jackson has been awarded \$19,500,000 for the construction and engineering design for the two roadway projects which include the reconstruction of State Street from Hartfield Street to Sheppard Road and the West County Line Road Interchange at US 51. The projects include an investment from the City of approximately \$15,000,000.

Operation Orange Cone. “Operation Orange Cone” is an initiative launched in 2015 to address the condition of the City’s streets and eliminate the presence of orange cones throughout the City where potholes exist. Funding for Operation Orange Cone includes contributions from both the General Fund and the 1% Sales Tax, and work includes in-house and contracted roadway maintenance projects, as well as roadway reconstruction and rehabilitation projects.

Capital Improvement Plan. Jackson’s Department of Public Works is currently developing a revised Capital Improvement Plan (CIP) for the City’s roads and bridges, water, sewer, and storm water drainage systems. The plan will prioritize on a risk-based criterion, and it will be *integrated*, in so far as the priority of each project within its respective system will be evaluated relative to adjacent projects in other systems. This plan will improve the quality of services that citizens and visitors receive, but will also provide economic stimulus in the form of construction and design jobs (in the short run) and a stock of public capital more suitable for commercial activity (in the long run). Further, the CIP will emphasize complete streets ensuring safe, ADA compliant thoroughways that offer a variety of modes of transportation including public transportation, pedestrian and bike routes.

The CIP will be developed in two stages. The first stage is a two-year plan, which will prioritize projects based on the current liquidity condition of the water-sewer enterprise (i.e. it will be “pay-as-you-go”). The second stage will be a ten-year plan that will be accompanied by a plan of finance. The plan of finance will not necessarily be “pay-as-you-go”: Potentially, revenue streams such as the 1% Sales Tax could be leveraged by pledging those future revenue streams for a more current amount, depending upon the willingness of the City to debt-fund projects, and upon investor demand for such revenue streams.

Planning and Development

The City of Jackson is also engaging in myriad projects that address how best to arrange the infrastructure we have in a way that promotes health and overall quality of life.

Upgrading Broadband. By the Fall of 2018, The City of Jackson will have the capacity to create a 100G ultra-high-speed network that will have the ability to offer access to educational institutions, hospitals, museums, libraries and, ultimately, technology companies.

HUD Section 108 Downtown Jackson Plan. The City is working with Hunden Strategic Partners to complete a feasibility/market analysis to assess downtown Jackson's current market conditions and potential for any future development. During this time the long-range planning group within the Department of Planning & Development, which consists of senior level planners will ideate, conceptualize, analyze and render projects. This group will help create a concept plan that describes the project objectives, design criteria, architectural concepts, available public infrastructure and desired location of proposed uses.

Jackson Blight Elimination Program. The purpose of the Blight Elimination Program is to procure grant funding available for the removal of blighted properties; prevent abandonment of neighboring properties; reduce foreclosures among neighboring houses, and strengthen neighborhood property values. This program will enhance community assets around major corridors, parks, schools, the zoological park, museums, community recreation locations, tourist areas, and new development or redevelopment areas.

Business Entrepreneur Assisting Team (BEAT). BEAT facilitates assistance with the City's internal processes and provides collaborative and educational outreach to assist the start-up and growth of entrepreneurship. Any person who is doing business in the City is assigned an employee of the Department of Planning and Economic Development, who leads that person through the entire process of receiving the necessary permits and licenses. BEAT will also form partnerships and networks of investors to help fund start-up cost for small businesses, develop community outreach projects for entrepreneur education, and facilitate the growth of new ventures.

Human Scale Development. The City is making efforts to guide and regulate the City's developments toward human scale. Lunch Streets program, in front of City Hall, was created as a year-around lunch workweek program with food, music, and art for people to rethink street function not only for cars, but also for people to utilize as public space. The Unified Signage Design Competition, sponsored by Downtown Jackson Partners, Visit Jackson, and the Greater Jackson Arts Council, is soliciting ideas for a consistent image of the City to guide visitors and locals to the attractions, local businesses, and features of the area. The Car-Free Pilot Program is designed to promote pedestrian, bicycle, and public transportation travel as an alternative to the automobile to reduce negative environmental impacts, promote healthy living, and reduce commuting cost. The City is also joining the AARP Network of Age-Friendly Communities and the World Health Organization (WHO) Global Network of Age-Friendly Cities and Communities.

Commercial Partnerships

The City has partnered with developers to finance and build commercial and residential space to enhance the living and working conditions of the City in particular and the metropolitan area more generally. These projects include:

The Westin Hotel – Completed in August of 2017, the 203-room, 64,000 square ft. facility, includes a restaurant and bar, multiple meeting and ball rooms, and a spa and wellness center. The hotel is expected to create 147 full-time jobs. This is the first Westin property in the state of Mississippi.

The District at Eastover – Located on the 21-acre site of the original Mississippi School for the Blind, just east of I-55 and adjacent to the Fondren neighborhood, this mixed-use development includes 261 apartments, restaurants, a fitness center, and a Marriott Hotel.

Whitney Place – Once completed, this will be comprised of more than 179,100 square feet of residential, restaurant, retail and leasable office space. The property will also include a 111-room hotel. This project will contribute more than \$100,000 to the City's tax revenue, and approximately 25 new permanent jobs upon completion.

Lamar Life Building – Is converting its 76,000-square foot building to apartments, office and retail.

Capital Arts Loft – Is now open, with 31 apartments in downtown Jackson

FINANCIAL POLICIES AND PRACTICES

The City of Jackson is required to submit its municipal budget on an annual basis to the City Council for adoption on or before the fifteenth day of the last month in the fiscal year. A budget process, linking policy initiatives, services, and available resources, is utilized to develop the budget. As the primary financial planning and control document, the budget provides the foundation for City operations.

The budget is crafted to include expenditures by fund, department and category:

Fund: General, Special Revenue, Debt Service, Proprietary, Trust, and Capital Project

Department: Administration, General Government, Human & Cultural Services, Parks & Recreation, Police, Fire, Personnel, Public Works, and Planning & Development

Category: Personal Services, Supplies and Material, Other Services and Charges, and Capital Outlay

General Property Taxes, Licenses and Permits, Fines and Forfeitures, Intergovernmental, Admissions, Fees, Rentals, Interest, Other Revenues, and Operating Transfers are the categories that comprise the revenue budget.

During the fiscal year, department heads may transfer resources within a department by following established guidelines. These transfers, along with other budget adjustments, are incorporated into Budget Revisions that must be approved by the City Council. The Executive Branch is afforded the opportunity to submit a maximum of three Budget Revisions to the City Council for approval within the fiscal year.

This year's CAFR includes significant revisions to its format in order to better comply with GFOA standards and Mississippi statutes. In general, the reformatting makes it easier to compare this document with the FY17 budget. Also, many of the funds that the City included in the Governmental Fund section (pages 88 - 119) have now been relegated to the Supplementary section. Also, the proceeds of the 1% infrastructure tax funds will no longer be distributed into an Agency Fund, but into the Capital Project fund out of which projects are financed, consistent with the enabling statute and the City's resolution levying the tax.

ACKNOWLEDGMENTS

I would like to express my heartfelt appreciation to the staff of the Department of Administration, and specifically, the Finance Division for their diligence and dedication in the preparation of this report. As stated earlier, this year's report contains major changes in formatting, designed to make the City's processes more transparent. These changes placed an unusual burden on staff and their diligence is much appreciated.

The Finance Division would also like to acknowledge and extend our appreciation to other departments and divisions across the City that have contributed, whether directly or indirectly, to the preparation of this report.

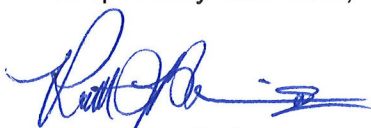
I acknowledge with appreciation the expert support of Michelle Thomas and her consulting firm, Think Thomas Consulting for her assistance in the completion of the CAFR.

I acknowledge with appreciation the thorough and professional manner in which our independent auditors, Tann, Brown, and Russ, conducted the audit.

I thank the Mayor and City Council members for their consistent dedication to the City's goal of excellence in all aspects of financial management.

While this report is produced mainly for policy analysts and the investment community, it belongs to the citizens of Jackson; it is the best record of where their taxes are spent and how their City is doing financially. I hereby dedicate it to them.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Robert Blaine", with a stylized flourish at the end.

Dr. Robert Blaine, Interim Director
Department of Administration



Government Finance Officers Association

**Certificate of
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**City of Jackson
Mississippi**

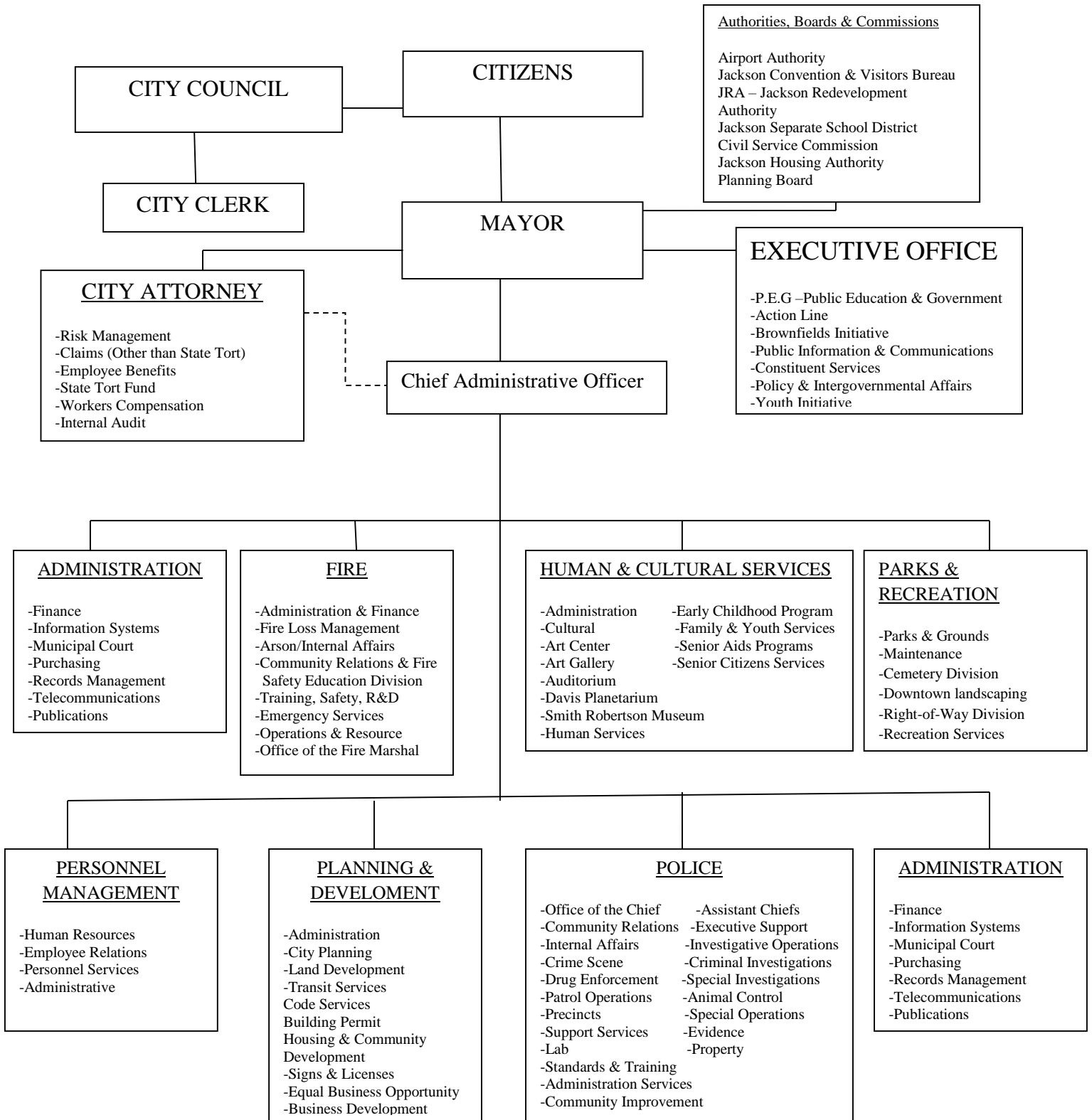
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF JACKSON ORGANIZATIONAL CHART



**CITY OF JACKSON
MAYOR, CITY COUNCIL AND CITY OFFICIALS
SEPTEMBER 30, 2017**

EXECUTIVE

Chokwe Antar Lumumba
MAYOR

LEGISLATIVE

CITY COUNCIL

Ashby Foote
Ward 1

Melvin Priester, Jr.
Ward 2
Vice President of Council

Kenneth Stokes
Ward 3

De'Keither Stamps
Ward 4

Charles Tillman
Ward 5
President of Council

Aaron Banks
Ward 6

Virgi Lindsay
Ward 7

Kristi Moore
City Clerk

EXECUTIVE BRANCH

Dr. Robert Blaine
Chief Administrative Officer

Dr. Safiya Omari
Chief of Staff

Chief of Police
Fire Chief
Interim Director of Public Works
Director of Planning and Development
Director of Human and Cultural Services
Director of Parks and Recreation
Director of Personnel Management
Interim Director of Administration
Director of Communications
City Attorney

Lee Vance
Ronerick Simpson
Jerriot Smash
Dr. Mukesh Kumar
Adriane Dorsey-Kidd
Ison Harris
Denise McKay
Dr. Charles Hatcher
Shelia Byrd
Monica Joiner

TANN, BROWN & RUSS CO., PLLC
CERTIFIED PUBLIC ACCOUNTANTS
1501 LAKELAND DRIVE, SUITE 300
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MEMBERS
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
MISSISSIPPI SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Honorable Members of the City Council
City of Jackson, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's discretely presented component units: the Capital City Convention Center Commission and the Jackson Redevelopment Authority. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City's discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Mississippi, as of September 30, 2017, and, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and employee benefit plan information on pages 4 through 12 and 85 through 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory, other supplementary information, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements and schedules in the other supplementary information section and the schedule of expenditures of federal awards 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, the combining statements and schedules in the other supplementary information section and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2018, on our consideration of the City of Jackson, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Jackson, Mississippi's internal control over financial reporting and compliance.

Tamm, Brown & Ames Co.

July 24, 2018

CITY OF JACKSON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the City of Jackson, we offer readers of the City of Jackson's financial statements this narrative overview and analysis of the financial activities of the City of Jackson for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - vii of this report.

Financial Highlights

- The assets and deferred outflows of the City of Jackson exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$243 million (*net position*). Of this amount, there is \$(261) million in unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$19 million.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported *combined* ending fund balances of \$78.9 million, an increase of \$8.7 million in comparison with the prior year. Approximately twenty-three (23) percent of this total amount is \$18.3 million (unassigned) and is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year unassigned fund balance for the general fund was \$18.5 million, or 18.6 percent of total general fund expenditures.
- The City of Jackson's total long-term debt decreased by \$11 million (2.6 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Jackson's basic financial statements. The City of Jackson's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Jackson's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Jackson's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Jackson is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Jackson that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Jackson include general government, public safety, public works, human & cultural services, and interest on long term debt. The business-type activities of the City of Jackson include water/sewer, transportation and sanitation.

The government-wide financial statements include the City of Jackson itself (known as the *primary government*), and a legally separate redevelopment authority and Capital City Convention Center Commission for which the City of Jackson is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-15 of this report.

CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund financial statements. 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 City of Jackson, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Jackson can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Jackson maintains sixteen (16) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and 1% Infrastructure Tax Capital Project Fund which are considered to be major funds. Data from the other fourteen (14) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Jackson adopts an annual budget for all of its funds. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds. The City of Jackson maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Jackson uses enterprise funds to account for its Water/Sewage Disposal System Fund, Madison Sewage Disposal System Funds, Transportation Fund and Sanitation Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Jackson's various functions. The City of Jackson uses an Internal Service Fund to account for its Employee Group Health Benefit Fund. Because these services predominantly benefit governmental rather than business-type functions, it has been included within a separate column in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water/Sewage Disposal System Fund and Sanitation Fund, both of which are considered to be major funds of the City of Jackson. Data from the other two (2) proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report. The Internal Service Fund is presented in the Proprietary Fund financial statements as a separate column.

The basic proprietary fund financial statements can be found on pages 20-24 of this report.

Fiduciary funds. Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The function of the City's principal trust fund is discussed in Note 6.A.2. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. The purpose of the City's Agency Funds is to collect and remit to the related organizations the proceeds of a special sales tax received from the State.

The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 can be found on pages 27-84 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Jackson's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on page 85-94 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and non-major proprietary funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining and individual fund statements and schedules can be found on pages 97-123 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets and deferred outflows exceeded liabilities and deferred inflows by \$219 million at the close of September 30, 2017.

By far the largest portion of the City of Jackson's net position (185 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Jackson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Jackson's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Jackson's Net Position (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 166,686	\$ 129,228	\$ 79,218	\$ 106,100	\$ 245,904	\$ 235,328
Capital assets	303,852	285,588	491,164	487,781	795,016	773,369
Total assets	470,538	414,816	570,382	593,881	1,040,920	1,008,697
Deferred Outflow s of Resources	9,706	32,463	1,121	3,896	10,827	36,359
Long-term liabilities outstanding	397,478	172,432	289,471	278,748	686,949	451,180
Other Liabilities	14,308	255,507	13,383	31,155	27,691	286,662
Total Liabilities	411,786	427,939	302,854	309,903	714,640	737,842
Deferred Inflow s of Resources	89,851	78,201	3,910	385	93,761	78,586
Net position:						
Net investment in capital assets	210,819	125,652	240,550	218,760	451,369	344,412
Restricted	44,637	5,962	8,261	-	52,898	5,962
Unrestricted	(276,849)	(190,475)	15,928	68,728	(260,921)	(121,747)
Total net position	<u>\$ (21,393)</u>	<u>\$ (58,861)</u>	<u>\$ 264,739</u>	<u>\$ 287,488</u>	<u>\$ 243,346</u>	<u>\$ 228,627</u>

The City of Jackson's total net position increased by \$19 million during the current fiscal year after the prior period adjustments decreased the beginning net position by \$4 million.

**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

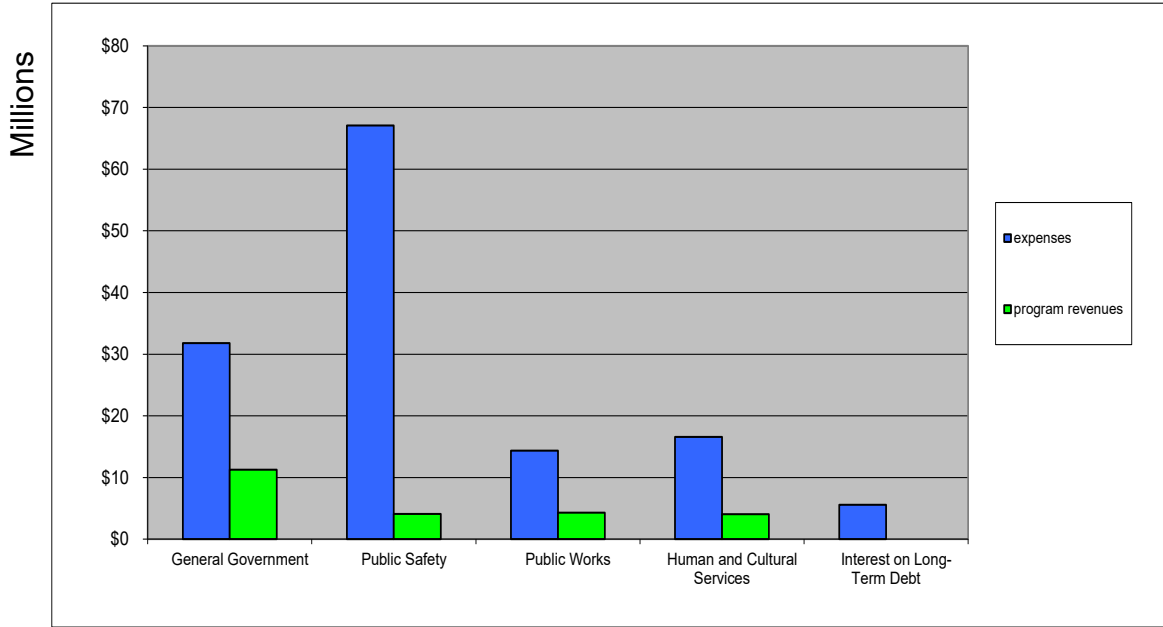
City of Jackson's Changes in Net Position (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues						
Charges for services	\$ 9,132	\$ 9,592	\$ 71,910	\$ 75,098	\$ 81,042	\$ 84,690
Operating grants and contributions	10,394	13,486	4,977	509	15,371	13,995
Capital grants and contributions	4,190	2,697	338	6,415	4,528	9,112
General revenues:						
Property taxes	75,697	69,708	-	-	75,697	69,708
Sales taxes	14,515	36,731	-	-	14,515	36,731
Franchise taxes	7,140	8,119	-	-	7,140	8,119
Other	39,360	942	176	1,791	39,536	2,733
Total revenues	<u>160,428</u>	<u>141,275</u>	<u>77,401</u>	<u>83,813</u>	<u>237,829</u>	<u>225,088</u>
Expenses:						
General government	31,782	40,545	-	-	31,782	40,545
Public safety	67,089	68,029	-	-	67,089	68,029
Public works	14,338	13,375	-	-	14,338	13,375
Human and cultural services	16,571	16,297	-	-	16,571	16,297
Employee benefits	-	6,486	-	-	-	6,486
Interest on long-term debt	5,570	7,825	-	-	5,570	7,825
Water/Sewer	-	-	65,504	50,962	65,504	50,962
Transportation	-	-	7,054	8,200	7,054	8,200
Madison-Ridgeland Sewage Sanitation	-	-	117	60	117	60
Total expenses	<u>135,350</u>	<u>152,557</u>	<u>83,579</u>	<u>71,218</u>	<u>218,929</u>	<u>223,775</u>
Increase in net position before transfers	25,078	(11,282)	(6,178)	12,595	18,900	1,313
Transfers	(4,483)	(2,081)	4,483	2,081	-	-
Increase in net position	<u>20,595</u>	<u>(13,363)</u>	<u>(1,695)</u>	<u>14,676</u>	<u>18,900</u>	<u>1,313</u>
Net position - October 1, 2016	(58,861)	(45,973)	287,488	272,812	228,627	407,332
Prior year adjustment	16,873	475	(21,054)	-	(4,181)	475
Net position - September 30, 2017	<u>\$ (21,393)</u>	<u>\$ (58,861)</u>	<u>\$ 264,739</u>	<u>\$ 287,488</u>	<u>\$ 243,346</u>	<u>\$ 409,120</u>

Governmental activities. Governmental activities increased the City of Jackson's net position by \$20.6 million after prior period adjustments increased net position by \$16.9 million for governmental activities.

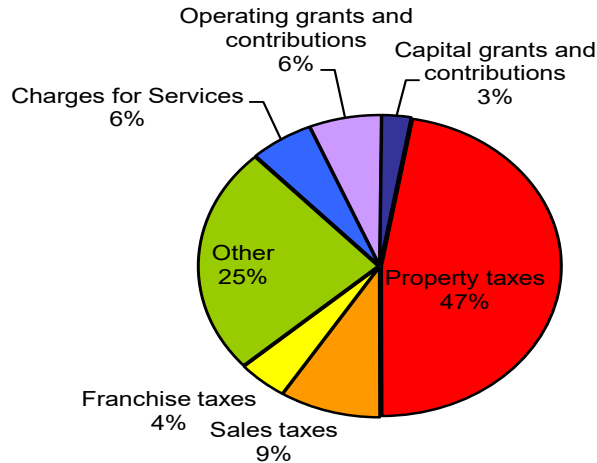
In FY 2007, the City issued \$65 million in General Obligation Bonds on behalf of the Capital City Convention Center Commission to construct the Convention Center. A special sales tax levy was established to pay the debt service for the bonds. The bonds couldn't be issued as revenue bonds because of the uncertainty of the sales tax collections; therefore, the bonds were issued as GO Bonds of the City with full, faith and credit of the City. The asset (the Convention Center facility) is the property of the Capital City Convention Commission and recorded on the books of the Commission, but the liability (the bonds to construct the Convention Center) is on the books of the City.

**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Expenses and Program Revenues – Governmental Activities



Revenues by source – Governmental Activities



Financial Analysis of the Government's Funds

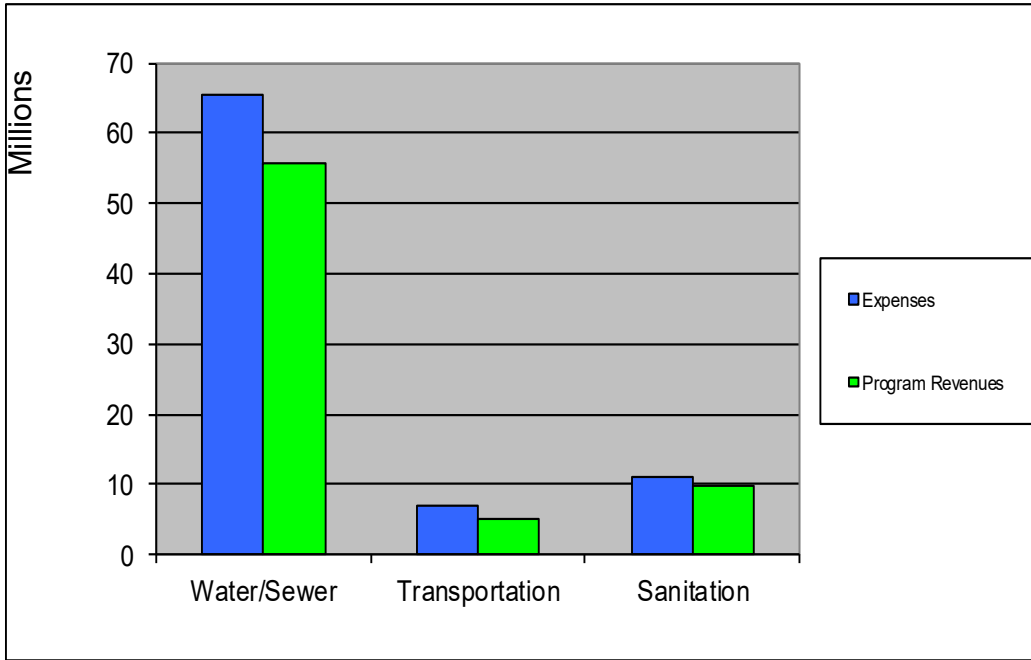
As noted earlier, the City of Jackson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Jackson's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Jackson's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

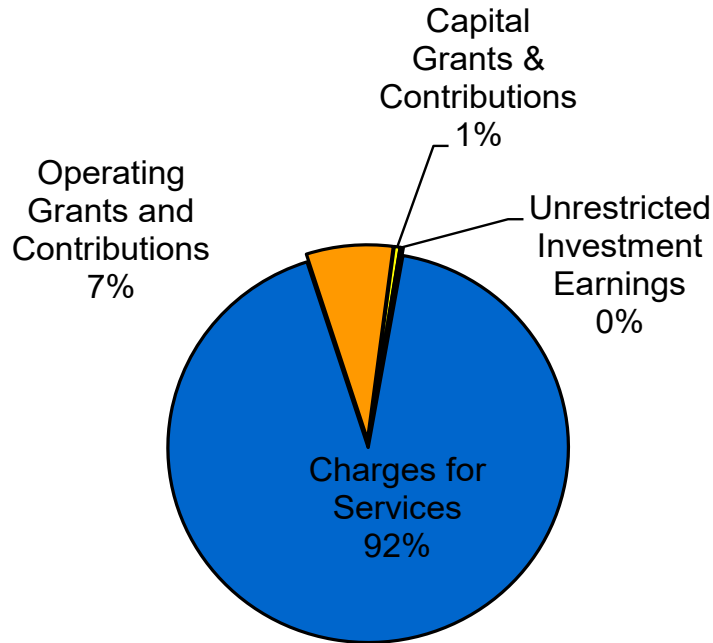
**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Business-type activities. Business-type activities decreased the City of Jackson's net position by \$1.7 million after the prior period adjustments decreased the beginning net position by \$21.1 million. This decrease is primarily in the Water Sewer fund.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$78.9 million, an increase of \$8.6 million in comparison with the prior year after the prior period adjustments increased the beginning fund balances by \$38.9 million. Twenty-three (23) percent of this total amount is \$18.3 million which is available for spending at the government's discretion (*unassigned*). Of the remaining fund balance, \$721,983 is *nonspendable* and is not in spendable form, \$44,636,401 is *restricted* and has limitations imposed on its use by external parties, \$13,996,301 is *committed* for specific purposes imposed by the City Council, and \$1,294,203 is *assigned* for various purposes by the Director of Administration. Additional information on governmental fund balance can be found in Note 5 of the Notes to the Financial Statements including information on the specific purpose for amounts restricted, committed, and assigned.

The general fund is the chief operating fund of the City of Jackson. At the end of the current fiscal year, unassigned fund balance of the general fund was \$18.5 million, while total fund balance reached \$28 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

During the current fiscal year, the fund balance of the City of Jackson's general fund increased by \$6.5 million (after the prior period adjustments increased the beginning fund balance by an additional \$6.5 million); which is due primarily to cost savings measures implemented across city departments. The 1% Infrastructure Tax Capital Project Fund was reclassified as a major governmental fund. Its fund balance decreased by \$569 thousand (after the prior period adjustments increased the beginning fund balance by \$32.4 million); which is due primarily to combine revenues and expenses associated with the use of funds received through the 1% infrastructure sales tax.

Proprietary funds. The City of Jackson's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water/Sewage Disposal System Fund at the end of the year amounted to \$13 million. The decrease in net position for the Water/Sewage Disposal System Fund was \$3 million after the prior period adjustments decreased the beginning net position by \$17.9 million.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget expenditures were a \$4 million increase and can be briefly summarized as follows:

- \$0.05 million decrease in personnel services
- \$0.6 million increase in supplies and materials
- \$2.7 million increase in contract services and charges
- \$0.7 million increase in capital outlay

Significant budgetary expenditure variances between the final amended budget and actual results are as follows:

- Actual personnel services for all city departments was \$4.3 million more than the final budget because of unanticipated employee benefit health costs.
- Actual supplies and materials for all city departments was \$1.5 million less than the final budget.
- Actual contractual services and charges throughout all city departments was \$29 million less than the final budget.
- Actual capital outlay for all city departments was \$3.6 million less than the final budget.
- Actual debt service for all city departments was \$3.6 million more than the final budget because debt service was incorrectly combined into capital outlay in the budget.
- Interfund transfers were \$12.3 million more than the final budget because transfers were incorrectly combined into contractual services and charges in the budget.

**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Assets and Debt Administration

Capital assets. The City of Jackson's investment in capital assets for its governmental and business type activities as of September 30, 2017, amounts to \$795 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water/sewer systems, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the City of Jackson's investment in capital assets for the current fiscal year was 1.8% (a 4.7% increase for governmental activities and a 0.1% increase in business activities).

Major capital asset events during the current fiscal year included the following:

- The increase in total net position was the continued expenditure of prior bond issue proceeds for expansion and replacement of infrastructure.

City of Jackson's Capital Assets (net of depreciation) (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 13,473	\$ 13,473	\$ 1,838	\$ 1,838	\$ 15,311	\$ 15,311
Building & systems	73,399	61,724	10,732	10,939	84,131	72,663
Machinery and equipment	13,623	14,481	7,147	7,539	20,770	22,020
Infrastructure	195,034	163,085	456,863	319,603	651,897	482,688
Construction in progress	8,323	37,349	14,584	150,679	22,907	188,028
Total	<u>\$ 303,852</u>	<u>\$ 290,112</u>	<u>\$ 491,164</u>	<u>\$ 490,598</u>	<u>\$ 795,016</u>	<u>\$ 780,710</u>

Additional information on the City of Jackson's capital assets can be found in Note 4 on pages 47-49 of this report.

Long-term debt. At the end of the current fiscal year, the City of Jackson had total bonded debt outstanding of \$344 million. Of this amount, \$129 million comprises debt backed by the full faith and credit of the City. The remainder of the City of Jackson's bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Jackson's Outstanding Debt General Obligation and Revenue Bonds and Other Long-Term Debt (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 125,432	\$ 125,729	\$ -	\$ -	\$ 125,432	\$ 125,729
Revenue bonds	-	-	214,625	222,455	214,625	222,455
Tax increment bonds	3,546	4,080	-	-	3,546	4,080
Loans, notes and leases	22,143	25,183	38,204	37,462	60,347	62,645
Total	<u>\$ 151,121</u>	<u>\$ 154,992</u>	<u>\$ 252,829</u>	<u>\$ 259,917</u>	<u>\$ 403,950</u>	<u>\$ 414,909</u>

The City of Jackson's total debt decreased by \$11 million during the current fiscal year.

**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The bond ratings services from Standard & Poor’s and Moody’s establish that bonds marketed by the City have favorable investment qualities. Presently, the city has the following ratings:

	<u>Moody’s</u>	<u>Standard & Poor’s</u>
Revenue	Baa3	BBB-
General Obligation Bonds	Baa2	A+
Urban Renewal Revenue Bonds	Baa3	A+

State statutes limit the amount of general obligation debt and total debt a governmental entity may issue to 15 percent and 20 percent, respectively, of its total assessed valuation. The current debt limitation for the City of Jackson under the 15% rule is \$54 million in excess of the City of Jackson’s outstanding general obligation debt.

Additional information on the City of Jackson’s long-term debt can be found in Note 4 on pages 52-62 of this report.

Economic Factors and Next Year's Budgets and Rates

- Major revenues sources are expected to remain basically at existing levels.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Jackson’s budget for the 2018 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased \$5.1 million after prior period adjustments increased the beginning unassigned fund balance by \$6.5 million.

Requests for Information

This financial report is designed to provide a general overview of the City of Jackson’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Administration, Office of the Director, P.O. Box 17, Jackson, MS, 39205-0017.

**BASIC FINANCIAL
STATEMENTS**

City of Jackson
Statement of Net Position
As of September 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
ASSETS					
Cash and cash equivalents	\$ 76,090,640	\$ 2,032,206	\$ 78,122,846	\$ 4,615,886	\$ 718,697
Receivables	88,437,254	52,408,109	140,845,363	2,095,902	1,335,750
Due from unemployment compensation trust fund	425,000	-	425,000	-	-
Internal balances	133,917	(133,917)	-	-	-
Inventories	721,983	1,451,024	2,173,007	-	59,080
Prepaid expenses	877,116	-	877,116	4,058	88,814
Restricted assets:					
Cash and cash equivalents	-	23,459,121	23,459,121	29,629	1,500,000
Investments	-	-	-	-	500,000
Capital assets:					
Capital assets not being depreciated	21,796,325	16,422,269	38,218,594	10,872,737	5,821,485
Other capital assets, net of depreciation	282,055,975	474,741,974	756,797,949	24,058,028	63,657,189
Total assets	<u>470,538,210</u>	<u>570,380,786</u>	<u>1,040,918,996</u>	<u>41,676,240</u>	<u>73,681,015</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	9,705,975	1,120,955	10,826,930	-	-
Total deferred outflows of resources	<u>9,705,975</u>	<u>1,120,955</u>	<u>10,826,930</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable	5,889,236	6,581,659	12,470,895	168,504	643,318
Accrued interest payable	1,166,859	2,491,857	3,658,716	165,796	-
Unearned revenue	2,118,585	-	2,118,585	-	235,119
Other liabilities	5,132,932	4,309,445	9,442,377	22,682	74,357
Compensated absences:					
Due within one year	2,582,564	270,647	2,853,211	-	-
Due in more than one year	1,428,577	224,723	1,653,300	-	-
Claims liabilities:					
Due within one year	3,892,543	-	3,892,543	-	-
Due in more than one year	4,730,448	-	4,730,448	-	-
Long-term debt:					
Due within one year	7,052,752	11,983,039	19,035,791	830,000	-
Due in more than one year	150,470,070	253,829,712	404,299,782	9,743,540	-
Other post-employment benefits:					
Due in more than one year	35,293,176	5,262,824	40,556,000	-	-
Net pension liability:					
Due in more than one year	192,028,417	17,898,868	209,927,285	-	-
Total liabilities	<u>411,786,159</u>	<u>302,852,774</u>	<u>714,638,933</u>	<u>10,930,522</u>	<u>952,794</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - property taxes levied for subsequent year	74,048,124	-	74,048,124	-	-
Deferred inflows - pensions	15,802,570	3,909,922	19,712,492	-	-
Total deferred inflows of resources	<u>89,850,694</u>	<u>3,909,922</u>	<u>93,760,616</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	210,819,478	240,549,479	451,368,957	26,432,225	69,478,674
Restricted for:					
Public Safety	765,766	-	765,766	-	-
Human and Cultural Services	3,069,984	-	3,069,984	-	-
Debt Service	5,992,087	-	5,992,087	6,947	-
Capital Projects	34,808,564	8,261,134	43,069,698	-	-
Capital City Convention Center	-	-	-	-	2,000,000
Unrestricted	(276,848,547)	15,928,432	(260,920,115)	4,306,546	1,249,547
Total net position	<u>\$ (21,392,668)</u>	<u>\$ 264,739,045</u>	<u>\$ 243,346,377</u>	<u>\$ 30,745,718</u>	<u>\$ 72,728,221</u>

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

City of Jackson
Statement of Activities
For the year ended September 30, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 31,782,092	\$ 5,601,107	\$ 5,682,538	\$ -
Public safety	67,089,102	2,756,860	1,335,637	-
Public works	14,338,180	166,434	14,890	4,108,347
Human and cultural services	16,571,173	607,179	3,361,422	81,244
Interest on long-term debt	5,569,725	-	-	-
Total governmental activities	135,350,272	9,131,580	10,394,487	4,189,591
Business-type activities:				
Water/Sewer	65,503,697	61,108,602	-	338,448
Transportation	7,053,850	425,897	4,808,134	-
Madison-Ridgeland Sewage	117,462	103,386	-	-
Sanitation	10,903,855	10,272,293	168,730	-
Total business-type activities	83,578,864	71,910,178	4,976,864	338,448
Total primary government	\$ 218,929,136	\$ 81,041,758	\$ 15,371,351	\$ 4,528,039
Component units:				
Jackson Redevelopment Authority	\$ 2,413,504	\$ 796,838	\$ 843,788	\$ 827,977
Capital City Convention Center Commission	9,904,248	1,956,718	-	-
Total component units	\$ 12,317,752	\$ 2,753,556	\$ 843,788	\$ 827,977

General revenues:

- Property taxes
- Local sales taxes
- Franchise taxes based on gross receipts
- Intergovernmental grants and shared revenues not restricted to specific programs
- Unrestricted investment earnings
- Gain on sale of capital assets

Transfers

- Total general revenues and transfers
- Change in net position
- Net position - beginning of year as previously reported
- Prior period adjustment
- Net position - beginning of year as adjusted
- Net position - ending

(Continued)

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

**Net (Expenses) Revenues and
Changes in Net Position**

Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
\$ (20,498,447)	\$ -	\$ (20,498,447)	\$ -	\$ -
(62,996,605)	-	(62,996,605)	-	-
(10,048,509)	-	(10,048,509)	-	-
(12,521,328)	-	(12,521,328)	-	-
(5,569,725)	-	(5,569,725)	-	-
<u>(111,634,614)</u>	<u>-</u>	<u>(111,634,614)</u>	<u>-</u>	<u>-</u>
-	(4,056,647)	(4,056,647)	-	-
-	(1,819,819)	(1,819,819)	-	-
-	(14,076)	(14,076)	-	-
-	(462,832)	(462,832)	-	-
<u>-</u>	<u>(6,353,374)</u>	<u>(6,353,374)</u>	<u>-</u>	<u>-</u>
<u>\$ (111,634,614)</u>	<u>\$ (6,353,374)</u>	<u>\$ (117,987,988)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 55,099	\$ -
-	-	-	-	(7,947,530)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,099</u>	<u>\$ (7,947,530)</u>
75,697,488	-	75,697,488	-	-
14,515,249	-	14,515,249	-	4,492,563
7,139,641	-	7,139,641	-	-
38,919,588	-	38,919,588	-	-
303,430	127,996	431,426	11,468	9,571
137,396	47,975	185,371	-	-
(4,482,681)	4,482,681	-	-	-
<u>132,230,111</u>	<u>4,658,652</u>	<u>136,888,763</u>	<u>11,468</u>	<u>4,502,134</u>
<u>20,595,497</u>	<u>(1,694,722)</u>	<u>18,900,775</u>	<u>66,567</u>	<u>(3,445,396)</u>
<u>(58,860,721)</u>	<u>287,487,717</u>	<u>228,626,996</u>	<u>30,679,151</u>	<u>76,173,617</u>
<u>16,872,556</u>	<u>(21,053,950)</u>	<u>(4,181,394)</u>	<u>-</u>	<u>-</u>
<u>(41,988,165)</u>	<u>266,433,767</u>	<u>224,445,602</u>	<u>30,679,151</u>	<u>76,173,617</u>
<u>\$ (21,392,668)</u>	<u>\$ 264,739,045</u>	<u>\$ 243,346,377</u>	<u>\$ 30,745,718</u>	<u>\$ 72,728,221</u>

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

**City of Jackson
Balance Sheet
Governmental Funds
For the Year Ended September 30, 2017**

	<u>General Fund</u>	<u>1% Infrastructure Tax Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 25,861,838	\$ 30,159,952	\$ 19,910,521	\$ 75,932,311
Receivables	66,346,494	2,423,346	19,085,963	87,855,803
Due from other funds	2,800,258	-	1,007,207	3,807,465
Inventories	721,983	-	-	721,983
Total assets	<u>\$ 95,730,573</u>	<u>\$ 32,583,298</u>	<u>\$ 40,003,691</u>	<u>\$ 168,317,562</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,532,763	\$ 722,965	\$ 854,120	\$ 4,109,848
Unearned grant revenue	-	-	2,118,585	2,118,585
Other liabilities	5,228,693	-	538,590	5,767,283
Due to other funds	1,007,207	-	2,241,341	3,248,548
Total liabilities	<u>8,768,663</u>	<u>722,965</u>	<u>5,752,636</u>	<u>15,244,264</u>
DEFERRED INFLOWS OR RESOURCES				
Unavailable revenue-long-term receivables	-	-	91,672	91,672
Unavailable revenue-property taxes levied for subsequent year	58,947,882	-	15,100,242	74,048,124
Total deferred inflows of resources	<u>58,947,882</u>	<u>-</u>	<u>15,191,914</u>	<u>74,139,796</u>
FUND BALANCES				
Nonspendable	721,983	-	-	721,983
Restricted	748,615	31,860,333	12,027,453	44,636,401
Committed	6,771,074	-	7,225,227	13,996,301
Assigned	1,294,203	-	-	1,294,203
Unassigned	18,478,153	-	(193,539)	18,284,614
Total fund balances	<u>28,014,028</u>	<u>31,860,333</u>	<u>19,059,141</u>	<u>78,933,502</u>
Total liabilities and fund balances	<u>\$ 95,730,573</u>	<u>\$ 32,583,298</u>	<u>\$ 40,003,691</u>	<u>\$ 168,317,562</u>

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

City of Jackson
Reconciliation of Balance Sheet - Governmental Funds
To the Statement of Net Position
September 30, 2017

Amount reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 78,933,502
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	303,852,300
Prepaid expenses are not financial resources and are not reflected in the funds	877,116
The internal service fund is not a governmental fund. However, the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	(405,257)
Long-term receivables are not available to pay for current period expenditures and are recorded as deferred inflows in the fund statements	91,672
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows of resources related to pensions	9,705,975
Deferred inflows of resources related to pensions	(15,802,570)
Long-term liabilities, including bonds payable and interest, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt, net of premium and discounts	(157,522,822)
Accrued interest on long-term debt	(1,166,859)
Compensated absences	(4,011,141)
Claims payable	(8,622,991)
Other post-employment benefits	(35,293,176)
Net pension liability	(192,028,417)
Net position of governmental activities	\$ <u><u>(21,392,668)</u></u>

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

City of Jackson
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General Fund	1% Infrastructure Tax Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 61,291,009	\$ -	\$ 14,406,479	\$ 75,697,488
Franchise taxes	7,139,641	-	-	7,139,641
Licenses and permits	1,402,742	-	-	1,402,742
Intergovernmental	36,091,162	14,515,249	16,943,385	67,549,796
Fines and forfeitures	2,350,212	-	-	2,350,212
Admissions, fees, rentals and concessions	4,325,763	-	362,844	4,688,607
Interest	115,732	116,172	71,526	303,430
Other	3,192,476	-	432,057	3,624,533
Total revenues	<u>115,908,737</u>	<u>14,631,421</u>	<u>32,216,291</u>	<u>162,756,449</u>
EXPENDITURES				
Current:				
General government	27,340,168	-	3,778,006	31,118,174
Public safety	55,266,452	-	5,240,107	60,506,559
Public works	9,155,746	273,591	1,117,739	10,547,076
Human and cultural services	2,991,571	-	11,121,222	14,112,793
Debt Service:				
Principal	3,116,129	-	1,252,200	4,368,329
Interest and service charges	457,673	-	5,304,973	5,762,646
Capital outlay:				
General government	696,990	-	1,800,937	2,497,927
Public works	-	14,927,203	5,603,371	20,530,574
Public safety	485,109	-	58,927	544,036
Human and cultural services	-	-	265,147	265,147
Total expenditures	<u>99,509,838</u>	<u>15,200,794</u>	<u>35,542,629</u>	<u>150,253,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,398,899</u>	<u>(569,373)</u>	<u>(3,326,338)</u>	<u>12,503,188</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	5,586,192	5,586,192
Transfers out	(10,068,873)	-	-	(10,068,873)
Proceeds from loans	-	-	496,800	496,800
Sale of capital assets	137,360	-	-	137,360
Total other financing sources (uses)	<u>(9,931,513)</u>	<u>-</u>	<u>6,082,992</u>	<u>(3,848,521)</u>
Net change in fund balances	<u>6,467,386</u>	<u>(569,373)</u>	<u>2,756,654</u>	<u>8,654,667</u>
Fund balances at beginning of year, previously reported	15,050,421	-	16,345,527	31,395,948
Prior period adjustment	6,496,221	32,429,706	(43,040)	38,882,887
Fund balances at beginning of year, as restated	<u>21,546,642</u>	<u>32,429,706</u>	<u>16,302,487</u>	<u>70,278,835</u>
Fund balances at end of year	<u>\$ 28,014,028</u>	<u>\$ 31,860,333</u>	<u>\$ 19,059,141</u>	<u>\$ 78,933,502</u>

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

City of Jackson
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ 8,654,667
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and the remaining undepreciated cost upon disposal in the current period	13,741,808
The issuance of long-term debt (e.g. bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas, these amounts are expensed and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	4,430,492
The statement of activities reports pension expense and other activity related to net pension liability and the related deferred inflows/outflows of resources	(2,675,341)
Increase in net other postemployment benefits liability reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	(2,856,716)
Some expenses reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds	(377,131)
Revenues recognized on the full accrual basis for the government-wide statements but long-term receivables are not recognized on the fund statements until payments are received	(32,305)
Internal service fund net activity is not reported on the governmental fund statement	<u>(289,977)</u>
Change in the net position of governmental activities	<u><u>\$ 20,595,497</u></u>

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

City of Jackson
Statement of Net Position
Proprietary Funds
As of September 30, 2017

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Enterprise Funds Totals</u>	<u>Internal Service Fund</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 182,248	\$ -	\$ 1,849,958	\$ 2,032,206	\$ 158,329
Accounts receivable, less allowances	44,103,975	7,486,826	-	51,590,801	581,451
Intergovernmental receivables	185,940	99,808	531,560	817,308	-
Due from other funds	2,034,709	-	-	2,034,709	-
Inventories	1,451,024	-	-	1,451,024	-
Restricted cash and cash equivalents	8,981,292	-	-	8,981,292	-
Total Current Assets	<u>56,939,188</u>	<u>7,586,634</u>	<u>2,381,518</u>	<u>66,907,340</u>	<u>739,780</u>
Restricted Assets:					
Cash and cash equivalents	<u>14,477,829</u>	<u>-</u>	<u>-</u>	<u>14,477,829</u>	<u>-</u>
Capital Assets:					
Property, plant and equipment, at cost					
Land	1,387,999	-	450,000	1,837,999	-
Buildings	3,256,474	57,301	8,516,502	11,830,277	-
Water plant, distribution system and equipment	703,353,752	-	998,508	704,352,260	-
Automotive and other equipment	<u>14,568,945</u>	<u>2,975,824</u>	<u>12,964,908</u>	<u>30,509,677</u>	<u>-</u>
	722,567,170	3,033,125	22,929,918	748,530,213	-
Less: accumulated depreciation	<u>(259,870,918)</u>	<u>(2,290,639)</u>	<u>(9,788,683)</u>	<u>(271,950,240)</u>	<u>-</u>
	462,696,252	742,486	13,141,235	476,579,973	-
Construction in Progress	<u>14,305,399</u>	<u>-</u>	<u>278,871</u>	<u>14,584,270</u>	<u>-</u>
Net property, plant and equipment	<u>477,001,651</u>	<u>742,486</u>	<u>13,420,106</u>	<u>491,164,243</u>	<u>-</u>
Total Assets	<u>548,418,668</u>	<u>8,329,120</u>	<u>15,801,624</u>	<u>572,549,412</u>	<u>739,780</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - pension	<u>940,130</u>	<u>49,433</u>	<u>131,392</u>	<u>1,120,955</u>	<u>-</u>
Total deferred outflows of resources	<u>\$ 940,130</u>	<u>\$ 49,433</u>	<u>\$ 131,392</u>	<u>\$ 1,120,955</u>	<u>\$ -</u>

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

City of Jackson
Statement of Net Position
Proprietary Funds
As of September 30, 2017

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Enterprise Funds Totals</u>	<u>Internal Service Fund</u>
Liabilities and Fund Equity					
Current Liabilities Payable from Unrestricted Assets:					
Accounts payable and accrued expenses	\$ 4,850,719	\$ 897,552	\$ 915,642	\$ 6,663,913	\$ 1,145,037
Due to other funds	-	2,168,626	-	2,168,626	-
Compensated absences	239,869	25,701	5,077	270,647	-
Customer deposits	4,227,472	-	-	4,227,472	-
Current portion of Long-Term Debt:					
Capital lease obligations	464,501	131,720	92,020	688,241	-
State loans	3,224,798	-	-	3,224,798	-
Total Current Liabilities Payable from Unrestricted Assets	<u>13,007,359</u>	<u>3,223,599</u>	<u>1,012,739</u>	<u>17,243,697</u>	<u>1,145,037</u>
Current Liabilities Payable from Restricted Assets:					
Revenue bonds	8,070,000	-	-	8,070,000	-
Accrued interest payable	2,491,576	-	-	2,491,576	-
Total Current Liabilities Payable from Restricted Assets	<u>10,561,576</u>	<u>-</u>	<u>-</u>	<u>10,561,576</u>	<u>-</u>
Total Current Liabilities	<u>23,568,935</u>	<u>3,223,599</u>	<u>1,012,739</u>	<u>27,805,273</u>	<u>1,145,037</u>
Other Post Employment Benefits liability	4,608,567	538,660	115,597	5,262,824	-
Net pension liability	16,422,997	863,542	612,329	17,898,868	-
Long-Term Debt					
(less amounts classified as current liabilities):					
Compensated absences	194,979	16,811	12,933	224,723	-
Revenue bonds (net of unamortized discount/premium)	219,538,757	-	-	219,538,757	-
Capital lease obligations	2,224,247	24,552	34,111	2,282,910	-
State loans	32,008,045	-	-	32,008,045	-
Total Long-Term Liabilities	<u>274,997,592</u>	<u>1,443,565</u>	<u>774,970</u>	<u>277,216,127</u>	<u>-</u>
Total Liabilities	<u>298,566,527</u>	<u>4,667,164</u>	<u>1,787,709</u>	<u>305,021,400</u>	<u>1,145,037</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - pension	2,898,511	989,344	22,067	3,909,922	-
Total deferred inflows of resources	<u>2,898,511</u>	<u>989,344</u>	<u>22,067</u>	<u>3,909,922</u>	<u>-</u>
Net Position					
Net investment in capital assets	226,669,290	586,214	13,293,975	240,549,479	-
Restricted for capital improvements	8,261,134	-	-	8,261,134	-
Unrestricted	12,963,336	2,135,831	829,265	15,928,432	(405,257)
Total Net Position	<u>\$ 247,893,760</u>	<u>\$ 2,722,045</u>	<u>\$ 14,123,240</u>	<u>\$ 264,739,045</u>	<u>\$ (405,257)</u>

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

City of Jackson
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2017

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Enterprise Funds Total</u>	<u>Internal Service Fund</u>
Operating Revenues:					
Sales to customers	\$ 61,027,825	\$ 10,252,613	\$ 528,926	\$ 71,809,364	\$ -
Contributions - Participants	-	-	-	-	4,189,783
Contributions - City	-	-	-	-	12,171,079
Other revenues	80,777	19,680	357	100,814	-
Total Operating Revenues	<u>61,108,602</u>	<u>10,272,293</u>	<u>529,283</u>	<u>71,910,178</u>	<u>16,360,862</u>
Operating Expenses:					
Personnel services	9,491,722	470,825	410,650	10,373,197	-
Supplies	4,797,165	137,155	453,677	5,387,997	-
Other services and charges	23,347,011	10,091,667	5,430,909	38,869,587	16,652,882
Depreciation	17,193,831	201,938	875,357	18,271,126	-
Total operating expenses	<u>54,829,729</u>	<u>10,901,585</u>	<u>7,170,593</u>	<u>72,901,907</u>	<u>16,652,882</u>
Operating income (loss)	<u>6,278,873</u>	<u>(629,292)</u>	<u>(6,641,310)</u>	<u>(991,729)</u>	<u>(292,020)</u>
Nonoperating revenues (expenses):					
Noncapital grants	-	168,730	4,808,134	4,976,864	-
Interest revenue	123,247	1,995	2,754	127,996	2,043
Interest and service charges on long-term debt and capitalized lease obligations	(10,673,968)	(2,270)	(719)	(10,676,957)	-
Gain on sale of capital assets	41,675	6,300	-	47,975	-
Total nonoperating revenues (expenses)	<u>(10,509,046)</u>	<u>174,755</u>	<u>4,810,169</u>	<u>(5,524,122)</u>	<u>2,043</u>
Income (loss) before capital contributions and transfers	<u>(4,230,173)</u>	<u>(454,537)</u>	<u>(1,831,141)</u>	<u>(6,515,851)</u>	<u>(289,977)</u>
Capital contributions from grants	<u>338,448</u>	<u>-</u>	<u>-</u>	<u>338,448</u>	<u>-</u>
Transfers In:					
General Fund	<u>876,087</u>	<u>103,771</u>	<u>3,502,823</u>	<u>4,482,681</u>	<u>-</u>
Change in Net Position	<u>(3,015,638)</u>	<u>(350,766)</u>	<u>1,671,682</u>	<u>(1,694,722)</u>	<u>(289,977)</u>
Total net position - beginning, previous reported	268,768,708	6,115,255	12,603,754	287,487,717	-
Prior period adjustment	<u>(17,859,310)</u>	<u>(3,042,444)</u>	<u>(152,196)</u>	<u>(21,053,950)</u>	<u>(115,280)</u>
Total net position - beginning, restated	<u>250,909,398</u>	<u>3,072,811</u>	<u>12,451,558</u>	<u>266,433,767</u>	<u>(115,280)</u>
Total net position - ending	<u>\$247,893,760</u>	<u>\$ 2,722,045</u>	<u>\$ 14,123,240</u>	<u>\$ 264,739,045</u>	<u>\$ (405,257)</u>

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

City of Jackson
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Enterprise Funds Total</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 53,888,455	\$ 9,309,988	\$ 528,926	\$ 63,727,369	\$16,360,862
Receipts from other revenue	80,777	19,680	357	100,814	-
Payments to suppliers	(27,495,773)	(10,150,827)	(6,321,274)	(43,967,874)	(16,327,536)
Payments to employees	(9,195,235)	(782,948)	(316,090)	(10,294,273)	-
Net Cash provided by (used for)					
Operating Activities	<u>17,278,224</u>	<u>(1,604,107)</u>	<u>(6,108,081)</u>	<u>9,566,036</u>	<u>33,326</u>
Cash Flows from Noncapital Financing Activities					
Operating Grants	-	68,922	5,928,932	5,997,854	-
Transfers and advances from other funds	876,087	1,700,223	3,214,810	5,791,120	-
Transfers and advances to other funds	(1,462,535)	-	-	(1,462,535)	-
Net cash provided by (used for) noncapital financing activities	<u>(586,448)</u>	<u>1,769,145</u>	<u>9,143,742</u>	<u>10,326,439</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(17,708,965)	-	(1,127,606)	(18,836,571)	-
Proceeds from capital debt	6,184,675	-	-	6,184,675	-
Principal paid on capital debt	(13,045,353)	(171,063)	(56,746)	(13,273,162)	-
Proceeds from capital contributions	152,508	-	-	152,508	-
Proceeds from capital asset sales	41,675	6,300	-	47,975	-
Interest paid on capital debt	(11,368,479)	(2,270)	(6,250)	(11,376,999)	-
Net cash provided by (used for) capital and related financing activities	<u>(35,743,939)</u>	<u>(167,033)</u>	<u>(1,190,602)</u>	<u>(37,101,574)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>123,247</u>	<u>1,995</u>	<u>2,754</u>	<u>127,996</u>	<u>2,043</u>
Net Cash provided by investing activities	<u>123,247</u>	<u>1,995</u>	<u>2,754</u>	<u>127,996</u>	<u>2,043</u>
Net increase (decrease) in cash and cash equivalents	(18,928,916)	-	1,847,813	(17,081,103)	35,369
Cash and cash equivalents at beginning of year	<u>42,570,285</u>	<u>-</u>	<u>2,145</u>	<u>42,572,430</u>	<u>122,960</u>
Cash and cash equivalents at end of year	<u>\$ 23,641,369</u>	<u>\$ -</u>	<u>\$ 1,849,958</u>	<u>\$ 25,491,327</u>	<u>\$ 158,329</u>

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

City of Jackson
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Enterprise Funds Total</u>	<u>Internal Service Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash					
Provided by (Used for) Operating Activities:					
Operating income (loss)	\$ 6,278,873	\$ (629,292)	\$ (6,641,310)	\$ (991,729)	\$ (292,020)
Depreciation Expense	17,193,831	201,938	875,357	18,271,126	-
(Increase) decrease in accounts receivable	(7,799,108)	(942,625)	-	(8,741,733)	6,130
(Increase)decrease in inventories	(5,056)	-	-	(5,056)	-
Increase (decrease) in accounts payable and accrued expenses	653,459	77,995	(436,688)	294,766	319,216
Increase (decrease) in compensated absences	58,262	8,228	5,148	71,638	-
Increase (decrease) in customer deposits	659,738	-	-	659,738	-
Increase (decrease) in net pension liability and deferred inflows (outflows)	(96,008)	(359,673)	73,683	(381,998)	-
Increase (decrease) in other post employment benefit liabilities	334,233	39,322	15,729	389,284	-
Total adjustments	<u>10,999,351</u>	<u>(974,815)</u>	<u>533,229</u>	<u>10,557,765</u>	<u>325,346</u>
Net cash provided by (used for) operating activities	<u>\$ 17,278,224</u>	<u>\$ (1,604,107)</u>	<u>\$ (6,108,081)</u>	<u>\$ 9,566,036</u>	<u>\$ 33,326</u>
 Summary of cash and cash equivalents:					
Cash and cash equivalents	\$ 182,248	\$ -	\$ 1,849,958	\$ 2,032,206	\$ 158,329
Restricted cash and cash equivalents:					
Current	8,981,292	-	-	8,981,292	-
Noncurrent	14,477,829	-	-	14,477,829	-
	<u>\$ 23,641,369</u>	<u>\$ -</u>	<u>\$ 1,849,958</u>	<u>\$ 25,491,327</u>	<u>\$ 158,329</u>

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

**CITY OF JACKSON
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2017**

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 674,446	\$ 12,422
Investment at fair value:		
Certificate of deposit	32,667	-
Taxes receivable	<u>-</u>	<u>1,310,781</u>
Total assets	<u>\$ 707,113</u>	<u>\$ 1,323,203</u>
Liabilities and Net Position		
Liabilities:		
Payables to others	\$ -	\$ 1,323,203
Claims payable	5,103	-
Due to other funds	<u>425,000</u>	<u>-</u>
Total liabilities	<u>430,103</u>	<u>1,323,203</u>
Net Position:		
Held in trust for unemployment benefits and other purposes	<u>277,010</u>	<u>-</u>
Total net position	<u>277,010</u>	<u>-</u>
Total liabilities and net position	<u>\$ 707,113</u>	<u>\$ 1,323,203</u>

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

**CITY OF JACKSON
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Trust Funds</u>
Additions:	
Interest	\$ 2,322
Contributions from other funds	<u>116,500</u>
Total additions	<u>118,822</u>
Deductions:	
General government:	
Unemployment claims	<u>140,449</u>
Total deductions	<u>140,449</u>
Change in Net Position	<u>(21,627)</u>
Net position-beginning, previously reported	630,637
Prior period adjustment	<u>(332,000)</u>
Net position- beginning, restated	<u>298,637</u>
Net position at end of year	<u>\$ 277,010</u>

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

**NOTES TO THE
FINANCIAL STATEMENTS**

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies

A. REPORTING ENTITY

The City of Jackson, Mississippi (the City) is incorporated under the Laws of the State of Mississippi. The City operates under the Mayor-Council form of government with a full-time Mayor elected from the City at large and seven part-time Council members (City Council) elected from wards. The City's major operations include police and fire protection, parks and recreation, public works, public transit system, urban development and general administrative services. In addition, the City owns and operates a water and sewer system.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

In evaluating the City as a reporting entity, management has addressed potential component units for which the City may or may not be financially accountable and as such, be included within the City's financial statements. The component units discussed below are included because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Units

Using the criteria above, management has determined that the Jackson Redevelopment Authority (JRA) and the Capital City Convention Center Commission should be reported as discretely presented component units of the City. The discretely presented component units are reported in separate columns in the Government-Wide Statements to emphasize they are legally separate from the primary government. The following is a summary of the City's discretely presented component units.

The Jackson Redevelopment Authority (JRA) was established in 1968 under Section 43-35-1 through 235 of the Mississippi Code of 1942, as annotated. In 1970, JRA became the Parking Authority for the City under the same statute. The Mayor of the City makes appointments to a seven-member Board of Commissioners for staggered five-year terms to oversee the operations of JRA. Members may be removed from office for inefficiency, neglect of duty or misconduct in office. The City Council appropriates the administrative operating budget and must review and approve any amendments or budgetary adjustments. The City Council is responsible for designation of those urban renewal projects undertaken by JRA. The City makes annual contributions necessary to pay a portion of JRA's urban renewal bonds and has agreed to make payments for substantially all of the outstanding bonds. JRA operates on a September 30 fiscal year and its financial statement data is presented as a proprietary fund type in its separately issued financial statements. Complete financial statements for JRA may be obtained at its administrative office located at 218 South President Street, Jackson, Mississippi 39201.

The Capital City Convention Center Commission, a non-profit corporation, was authorized to be created by House Bill 1832 during the 2004 Regular Session of the Mississippi State Legislature. The entity is governed by nine commissioners. The Mayor of the City appoints hotel/motel members for initial terms of one and three years, respectively, and restaurant members for initial terms of two and four years, respectively. The Mayor appoints two members representing the business community for initial terms of one and five years, respectively. The Mayor appoints two members at large for initial terms of two and three years, respectively. One member is appointed by the Governor of Mississippi for an initial term of four years.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued):

A. REPORTING ENTITY (Continued):

The City issued \$65,000,000 of General Obligation Bonds for the development of the Convention Center. The Capital City Convention Center Commission has jurisdiction and authority over all matters relating to the acquisition, construction, furnishing, equipping, erection, operation, maintenance, and promotion of the convention center. The Commission submits its budget and certain other planned actions to the City for comment prior to initiation. The Commission operates on a September 30 fiscal year and its financial statement data is presented as a proprietary fund type in its separately issued financial statements. Complete financial statements for the Capital City Convention Center Commission may be obtained at P. O. Box 3563, Jackson, Mississippi 39207.

Related Organizations

The following four agencies are non-profit corporations established within the City of Jackson. The Mayor appoints the board members of each respective agency as confirmed by the City Council. Each agency is fiscally independent from the City of Jackson, issues its debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City of Jackson is not obligated in any manner for the debt issues of these agencies. Financial statements for these agencies can be obtained at the following addresses:

Airport Authority
100 International Drive
Jackson, MS 39208

Jackson Housing Authority
2747 Livingston Road
Jackson, MS 39213

Jackson Public School District
662 South President Street
Jackson, MS 39201

Metro Jackson Convention & Visitors Bureau
921 North President Street
Jackson, MS 39202

Joint Ventures

The Jackson/Hinds Library System (the System) operates under a joint agreement between the City and Hinds County and is funded equally by the City and the County. The joint agreement was effective October 1, 1986. All buildings used by the System within the City of Jackson are owned (or leased) and maintained by the City and, as such, the City-owned buildings have been included in the capital assets of the City's governmental activities. The Jackson/Hinds Library System's financial statements may be obtained by writing to 300 North State Street, Jackson, MS 39201.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type (enterprise funds). The City's police and fire protection (public safety), parks and recreation (human and cultural services), public works, and general government services are classified as governmental activities. The City's water/sewer, sanitation, and public transportation services are classified as business-type activities and enterprise funds.

In the Government-Wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on the consolidated basis by column, (b) and are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued):

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS (Continued):

The Government-Wide Statement of Activities reports both the gross and net costs of each of the City's functions and business-type activities (public safety, public works, etc.). The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, etc.) or a business-type activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The net costs (by function or business-type activities) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect cost. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the changes in the City's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds and proprietary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-Wide Financial Statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 City's Proprietary Funds and of the City's Internal Service Funds are charges to customers for sales and services. Operating expenses for Proprietary Funds and Internal Service Funds include the cost of sales and services, direct administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds are used to report resources in a purely custodial capacity (assets equal liabilities). So, agency funds cannot be said to have a measurement focus, however, they do use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued):

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, interest income and similar items associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The City reports the following major government funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial transactions of the City, except those required or elected to be accounted for in another fund.

1% Infrastructure Tax – This fund is used to account for proceeds received for the improvement of infrastructure in the city. Financing is provided by special sales tax of 1%.

The City reports the following major proprietary funds:

Water/Sewage Disposal System Fund - This enterprise fund accounts for activities associated with the provision of water, sewerage and water pollution control services to individuals, organizations and other governmental units within and around the City.

Sanitation Fund – This enterprise fund accounts for activities associated with the City's sanitation and recycling services.

Additionally, the City reports the following fund types:

The Internal Service Fund is used to account for the financing of employee health benefits provided to other departments of the governmental unit on a cost-reimbursement basis.

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The City has three trust funds, the Unemployment Compensation Revolving Fund, the Charitable Trust Fire and Police Fund, and the Mausoleum Trust Fund. The function of the City's principal employee benefit trust fund, the Unemployment Compensation Revolving Fund, is discussed in NOTE 6.A.2. The function of the Charitable Trust Fire and Police Fund is to account for contributions from the public sector which are held in trust for fire and police allowable claims. The function of the Mausoleum Trust Fund is to maintain and upkeep the Henry Mausoleum. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The purpose of the City's Agency Funds is to collect and remit to the related organizations the property taxes collected and proceeds of special sales taxes received from the State.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued):

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued):

The emphasis in fund financial statements is on the major funds in either the governmental or enterprise fund categories. Non major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non major funds are combined in a column in the fund financial statements.

The City's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the Government-Wide Financial Statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (public safety, public works, etc.).

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts, petty cash, money market mutual fund shares, and certificates of deposit with a maturity date generally within 90 days of the date acquired by the City. Collateral as further discussed in Note 4.A, is pledged by the various financial institutions to secure City funds.

2. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Investments

Investments are recorded at fair value with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest bearing securities is recognized as earned. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Mississippi obligations, and obligations of a corporation of the U.S. Government.

Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. For individual investments where no readily ascertainable fair value exists, the City of Jackson, in consultation with its investment advisors and custodial bank, has determined the fair values.

4. Restricted Assets

Certain proceeds of the City's Proprietary Fund revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and trust accounts and their use is limited by applicable bond covenants.

5. Inventories

Inventories are priced at cost using the weighted average method. Inventories are accounted for using the consumption method and are not charged out until used. Inventories consist of major stores of materials and supplies held at central locations. The user departments and other funds of the City are charged for the cost value of the items, as they are withdrawn from inventory.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLows AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

6. Capital Assets

Capital assets purchased or acquired are recorded at historical cost. Contributed assets are recorded at the estimated acquisition value at the date received. The City's classes of capital assets and their capitalization levels are: land – cost or fair market value, buildings - \$50,000, land improvements - \$25,000, machinery and equipment - \$1,000, infrastructure - \$100,000, and construction in progress – based on the project's class. The cost of normal maintenance and repair that do not add to the value of capital assets or materially extend their respective lives are not capitalized. Interest expenditures within governmental activities are not capitalized.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land improvements	20
Heavy machinery and equipment	5-15
Computer equipment	3
Vehicles	3-10
Infrastructure	8-50

Interest is capitalized on proprietary fund capital assets constructed with the proceeds of tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Interest is not capitalized on governmental activities' capital assets.

The City has a collection of artwork presented for public exhibition and education that is being preserved for future generations. The proceeds from the sales of any pieces of the collection are used to purchase other acquisitions. The collection is not capitalized or depreciated as part of capital assets.

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, and similar types of capital assets.

7. Compensated Absences

The City accrues accumulated unpaid personal leave and associated employee-related costs when earned (or estimated to be earned) by employees up to 240 hours, which is the maximum payable upon termination of employment. For the Proprietary Funds and the Government-Wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentation. The compensated absences liability is liquidated by the following funds: general fund, special revenue, transportation, sanitation & water/sewer.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

8. Bond Discounts, Bond Premiums and Issuance Costs

In the governmental funds, bond discounts, bond premiums and issuance costs are treated as period costs in the year of issue. Bond premiums and discounts are shown as “Other Financing Sources/Uses”.

In the proprietary funds and Government-Wide Financial Statements, bond discounts and bond premiums are amortized over the terms of the bonds outstanding method, which approximates the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bond payable. Bond issuance costs, excluding any prepaid bond insurance, are reported as expenses in the year of the debt issuance. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

9. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near fair market rates are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the Government-Wide Financial Statements.

10. Revenues

Substantially all governmental fund revenues are accrued. Property taxes receivable are recognized at the levy date. All property taxes are billed, collected and recognized as revenue within the same period for which they are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations are reported as non-operating revenues. Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses 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 enterprise funds and of the government’s internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses. In, applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

11. Expenditures

Expenditures in governmental funds are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

12. Restricted and Committed Fund Equity

Portions of fund equity are segregated for future use and therefore, are not available for future appropriations or expenditure. The City has a municipal bond debt service reserve insurance policy for the proprietary funds in lieu of cash. Amounts committed for state tort claims represent amounts required by state law to be segregated for these purposes. The restricted and committed fund balances of the Capital Projects Funds is appropriated for expenditures in future years.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

13. Net Position

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net investments in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investments in capital assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

14. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Amounts formally designated by City Council through equally binding ordinances or resolutions for a specific purpose that cannot be used for another purpose unless the City Council formally changes the use.

Assigned - This component consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the City Council, Mayor or their designee as established in the City's Fund Balance Policy.

Unassigned - This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

15. Fund Balance/Net Position Policy

The City has adopted a fund balance / net position policy that is tailored to the needs of the City to ensure against unanticipated events that would adversely affect the financial condition of the City and will not jeopardize the continuation of necessary public services. This policy is intended to ensure the City maintains adequate fund balance / net position in the City's various operating funds to provide the capacity to: (1) provide sufficient cash flow for daily financial needs, (2) secure and maintain investment grade bond ratings, (3) offset significant economic downturns and revenue shortfalls, and (4) provide funds for unforeseen expenditures related to emergencies.

The City intends to maintain adequate Fund Balance / Net Position in the General Fund and Proprietary funds of the City. The City shall retain the minimum requirement for each fund listed below.

General Fund – There shall be an unassigned fund balance equal to 7.5% of the adopted General Fund operating revenues. For the purposes of the calculation, the current fiscal year budget shall be the budget as originally adopted by resolution on or before September 15th for the subsequent fiscal year. The unassigned fund balance shall be in addition to all other categories of fund balance.

The total Required General Fund unassigned fund balance for the year ending September 30, 2018, is \$8,611,873.43, and the actual amount is \$18,478,153.00 at September 30, 2017.

Enterprise Funds – The City maintains a Sanitation Fund, Water & Sewer Fund, and Transportation Fund. Under the Water & Sewer Bond Ordinance, the following restricted funds are required: 1/12 of the Operation & Maintenance budget as an Operation & Maintenance Fund; 1/12 of the actual debt service as a Debt Service Fund; and, 2/12 of the Operation & Maintenance budget as a Contingent Fund.

The Water & Sewer debt service fund and operation & maintenance fund were both below the required amounts at September 30, 2017.

Replenishment of Fund Balance/Net Position Deficits - If, at the end of any fiscal year, the actual amount of unassigned fund balance or unassigned net position falls below the required fund levels set forth herein, the Mayor shall prepare and submit a plan for expenditure or expense reductions and / or revenue increases to the City Council. As a part of the annual budget review, the City Council shall review and, if necessary, amend the plan submitted by the Mayor for restoring the amounts of unassigned fund balance or unassigned net position to the required levels.

16. Pension Expenses

The City funds pension expenses as required by applicable statute. Two plans, funded from both City and employee contributions are described in NOTE 6.G.

17. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Actual results could differ from those estimates.

18. Deferred Outflows/Inflows of Resources

The statement of financial position and the balance sheet will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources, represents an acquisition of

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

18. Deferred Outflows/Inflows of Resources (Continued)

The City reflects deferred outflows of resources related to its pension plans. Deferred inflows of resources reflected by the City relate to pension plans, property taxes levied for the subsequent year, and long-term receivables that are not yet available.

19. New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement improves the usefulness of information for decisions made by the various users of the general purpose external financial reports. The requirements of this statement have been implemented by the City.

In August 2015, GASB issued Statement No. 77, "Tax Abatement Disclosures". GASB 77 requires certain disclosures related to tax abatement agreements. A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Required disclosures include:

- Description of the tax abatement programs in place
- Gross dollar amount by which tax revenues were reduced for the period
- Any other commitments made under tax abatement agreements

GASB 77 is effective for financial statements for the fiscal years beginning after December 15, 2015 and disclosures should be made for any prior periods presented, if practical. The City is continuing to evaluate the impact, if any, upon its financial statements, but is not aware of any tax abatement agreements that require disclosure in its financial statements.

The City will adopt the following new accounting pronouncements in future years:

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2016, GASB issued Statement No.81, "Irrevocable Split Interest Agreements". GASB 81 addresses the situations under which an irrevocable split-interest agreement constitutes an asset for accounting and financial reporting purposes when the resources are administered by a third party. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. The requirements of GASB 81 are effective for fiscal years beginning after December 15, 2016. The City is evaluating the impact, if any, upon its financial statements, results of operations or cash flows upon adoption.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

19. New Accounting Pronouncements (Continued)

In March 2016, GASB issued Statement No. 82, "Pension Issues". GASB 82 amends GASB Statement No. 67, "Financial Reporting for Pension Plans", No. 68, "Accounting and Financial Reporting for Pensions", and No. 73, "Accounting and Financial reporting for Pensions and related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68", by addressing issues regarding (a) the presentation of covered-employee payroll in required supplementary information, (b) the clarification of deviations from the guidance in the Actuarial Standard of Practice, and (c) the classification of payments made by employers to satisfy employee/plan member contribution requirements. GASB 82 requires the presentation of covered payroll to be the payroll on which contributions to a pension plan are based, as opposes to the payroll of employees that are provided with pension through the pension plan as required under GASB Statements No. 67 and 68. Furthermore, the standard requires certain ratios to be presented based on the new definition of covered payroll. GASB 82 also clarifies that a deviation from the guidance in an Actuarial Standard of Practice as defined by those actuarial standards, is not considered to be in conformity with the requirements of GASB Statements No. 67, or No. 73 relating to the selection of assumptions used in determining the total pension liability and related measures. Finally, GASB 82 clarifies that payments made by an employer to satisfy contribution requirements of plan members/employees, should be classified as plan member/employees' contributions for purpose of GASB Statement No. 67 and GASB Statements No. 68. GASB 82 also clarifies the recognition of the employer's expense/expenditures for these amounts. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

In November 2016, GASB issued Statement No. 83, "Certain Asset Retirement Obligations". GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. GASB 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. GASB 83 requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. GASB 83 also requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and also that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

In January 2017, GASB issued Statement No. 84, "Fiduciary Activities". GASB 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (a) whether a government is controlling the assets of the fiduciary activity and (b) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

19. New Accounting Pronouncements (Continued)

GASB 84 describes four fiduciary funds that should be reported, if applicable: (a) pension (and other employee benefit) trust funds, (b) investment trust funds, (c) private-purpose trust funds, and (d) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. GASB 84 also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

In March 2017, GASB issued Statement No. 85, "Omnibus 2017". GASB 85 objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

In May 2017, GASB issued Statement No. 86, "Certain Debt Extinguishment Issues". GASB 86 primary objective is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt and accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

In June 2017, GASB issued Statement No. 87, "Leases". GASB 87 objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 2 – Reconciliation of government-wide and fund financial statements

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a Reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the Government-Wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital Outlay	\$ 23,837,684
Depreciation Expense	(10,091,678)
Remaining undepreciated cost of capital asset disposals in the current year	<u>(4,198)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental Funds to arrive at changes in net position of government activities</i>	<u>\$ 13,741,808</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) 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, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Principal repayments on long-term debt	\$ 4,368,329
Long-term debt proceeds	(496,800)
Amortization of debt premiums and discounts	<u>558,963</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 4,430,492</u>

Another element of that reconciliation states that “The statements of activities reports pension expense and other activity related to the net pension liability and the related deferred inflows/outflows of resources.” The details of this difference are as follows :

Net pension liability change	\$ 32,435,378
Pension deferred inflows of resources change	(12,099,145)
Pension deferred outflows of resources change	<u>(23,011,574)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (2,675,341)</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

**Note 2 – Reconciliation of government-wide and fund financial statements
(Continued):**

Explanation of certain differences between the governmental fund statement of revenues expenditures, and changes in fund balances and the government-wide statement of activities (Continued):

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences liability change	\$ (259,817)
Claims and judgments liability change	248,729
Accrued interest payable change	<u>(366,043)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (377,131)</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 3 – Stewardship, Compliance and Accountability

A. BUDGETARY INFORMATION

The City follows these procedures in establishing budgetary data reflected in the financial statements.

1. The Finance Division of the Department of Administration prepares estimates of available revenue.
2. Department Directors submit proposed expenditure budgets to the Finance Division of the Department of Administration by June 1 each year.
3. The Finance Division of the Department of Administration reviews the expenditure budgets, and the necessary revisions are communicated to department directors.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared by July 1, and presented to the Mayor.
5. The Mayor submits the proposed budget to the City Council by August 1. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
6. The budget is formally amended in September each year or any time that budget revisions through funds reallocation are necessary or a budget deficit is indicated.
7. The City prepares annual budgets for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Enterprise Funds, Internal Service Fund and Trust Funds (with the exception of the Charitable Trust Fire and Police Fund). The Mississippi law requires that municipalities budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and are paid within 30 days after the end of the year are recorded in the year they are budgeted. Prior year claims that are paid more than 30 days after the end of the year are reflected as expenditures of the year in which they are paid. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered to be in accordance with U.S. generally accepted accounting principles.

Expenditures other than capital outlay, election, and emergency expenditure may not legally exceed budgeted appropriations at the purpose level (e.g., personal services, supplies, other services and charges, and debt services). Budget and actual comparisons are presented in the accompanying financial statements for all governmental type funds for which a budget is adopted.

The legal level of control for all budgets adopted is at the purpose level by funds with the exception of the General Fund, which is appropriated at the purpose level by department. Administrative control for all budgets is maintained through the establishment of more detailed line-item budgets.

During the fiscal year, several adjustments are normally required to the adopted budget. The approved budget may be amended as required in accordance with the following protocol:

- a. Revenues are reviewed at least quarterly, and the projections are adjusted if warranted. These adjustments to expected revenues, if material, can precipitate adjustments to the expenditure budget.
- b. Adjustments to transfer approved expenditure budgets from one department to another or to transfer from one purpose to another within a department must be approved by the City Council.
- c. All new appropriations must be approved by the City Council and are normally submitted by the Mayor's Office.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 3 – Stewardship, Compliance and Accountability (Continued):

A. BUDGETARY INFORMATION (Continued):

The Finance Division of the Department of Administration exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without City Council approval. The Finance Division of the Department of Administration advises the Mayor whenever a requested expenditure will exceed budgeted amounts. Adjustments in expenditure rates, if necessary, are implemented by the City Council as required, so that the total expenditures and resources will remain in balance throughout the year.

8. Budgeted expenditure or expense amounts as originally adopted were amended by the City Council in September 2017 as provided by law, as follows (in thousands):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 123,285	\$ 127,239	\$ 3,954
Special Revenue Funds	39,170	62,340	23,170
Debt Service Fund	11,855	29,295	17,440
Capital Projects Funds	31,795	38,167	6,372
Enterprise Funds	234,551	236,238	1,687
Internal Service Fund	16,326	16,997	671
	\$ 456,982	\$ 510,276	\$ 53,294

9. Unexpended appropriations lapse at year-end in all funds.

B. DEFICIT FUND BALANCES / NET POSITION

The following funds had deficit fund balances/net positions as of September 30, 2017:

Library Special Revenue Fund	\$ 193,539
Internal Service Fund	405,257

In order to alleviate the deficit fund equity in these funds, the City intends to adjust the future library fund property tax levy and/or expenditures and adjust the internal service fund health coverage premiums rates charged to other City funds and/or City employees.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds

A. DEPOSITS AND INVESTMENTS

1. Policies and Practices

The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

2. Deposits and Restricted Cash and Cash Equivalents – Primary government

Of the City's cash deposit balances (including certificates of deposit) at September 30, 2017, \$250,000 at each financial institution was insured by federal deposit insurance and the remainder was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

Restricted cash and cash equivalents in the Water & Sewage Disposal System Fund consisted of the following at September 30, 2017:

Revenue bond reserve funds:		
Debt service fund	\$	1,288
Contingent fund		7,737,676
Operation & maintenance fund		<u>1,242,328</u>
		8,981,292
Unspent bond proceeds		6,216,695
Capital improvement fund under U.S. EPA consent decree		<u>8,261,134</u>
Total restricted cash and cash equivalents	\$	<u>23,459,121</u>

3. Investments – Primary Government

Following is a summary of the City's investments as of September 30, 2017:

Investment Type	Quality Ratings	Maturities (in years)	Total Fair Value	Level 1 Fair Value
Money market mutual funds	Aaa/AAA	Less than 1	\$8,841,086	\$8,841,086

Fair Value – Fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The recurring fair value measurements as of September 30, 2017, are reflected above.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Moody's or Standard and Pool's credit ratings for the investments are reflected above.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to losses from rising interest rates, the City's investment policy limits investment maturities in its portfolio to no more than 12 months for U.S. Treasury obligations for all investments except bond funds. With respect to bond funds, the City can invest in obligations of U.S. federal agencies for no more than 18 months.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possessions of an outside party. Consistent with the City's investment policy, all investments above are held by counterparty and are not insured.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

A. DEPOSITS AND INVESTMENTS (Continued):

Following is a list of the City's eligible investments, which in accordance with State statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

- Certificates of deposit with municipal depositories approved annually by the State Treasurer
- Money market mutual funds where portfolios consist entirely of U. S. governmental and/or federal agency securities (only allowable for debt-related trust funds)
- Bonds or direct obligations of the:
 - United States of America
 - State of Mississippi
 - County or Municipality of Mississippi
 - School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness, which are not immediately required for disbursement for the purpose, issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

4. Cash and Investments - Component Units

The component units' policies are to invest available funds in the following types of investments: 1) direct obligations of the U. S. of America, including such instruments as treasury bills, treasury notes and treasury bonds; 2) obligations of U. S. Government agencies that are deliverable on the Federal Reserve System; 3) Repurchase agreements in U. S. Government securities made with dealers that report to and are regulated by the Federal Reserve Bank; 4) deposits with financial institutions which are insured or are fully collateralized by qualifying securities.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). As of September 30, 2017, all of the component units' cash deposits in excess of the amounts covered by the FDIC were covered under the collateral pool administered by the State Treasurer.

Restricted cash of the Capital City Convention Center Commission and the Jackson Redevelopment Authority is restricted for debt service.

Investments are reflected at cost, which approximates fair value. These investments were uninsured, unregistered, and held by the counterparty brokerage firm. At September 30, 2017, investments of the component units consisted of the following:

Capital City Convention Center Commission

Certificate of deposit:

Restricted for debt services

\$ 500,000

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

B. RECEIVABLES AND PAYABLES

Receivables at September 30, 2017, for the primary government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

	General Fund	1% Infrastructure Tax Fund	Water and Sewer Fund	Sanitation Fund	Non-Major and Other Funds	Total
Property taxes	\$ 59,914	\$ -	\$ -	\$ -	\$ 15,289	\$ 75,203
Sales taxes	4,659	2,423	-	-	1,311	8,393
Franchise fees	1,629	-	-	-	-	1,629
Federal and state assistance	134	-	186	100	4,237	4,657
Water, sewer, and sanitation user charges	-	-	86,393	14,667	-	101,060
Other	10	-	-	-	1,023	1,033
Gross receivables	66,346	2,423	86,579	14,767	21,860	191,975
Allowance for uncollectible	-	-	(42,289)	(7,180)	(350)	(49,819)
Net receivables	<u>66,346</u>	<u>2,423</u>	<u>44,290</u>	<u>7,587</u>	<u>21,510</u>	<u>142,156</u>

Deferred inflows of resources related to the receivables consisted of the following at September 30, 2017 (in thousands):

	General Fund	1% Infrastructure Tax Fund	Water and Sewer Fund	Sanitation Fund	Non-Major and Other Funds	Total
Property taxes levied for the subsequent year	\$ 58,948	\$ -	\$ -	\$ -	\$ 15,100	\$ 74,048
Long-term receivables unavailable for current use	-	-	-	-	92	92
Net receivables	<u>58,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,192</u>	<u>74,140</u>

Amounts reflected as accounts payable and other liabilities at September 30, 2017, for the primary government's individual major funds and nonmajor and internal service funds in the aggregate, are as follows (in thousands):

	General Fund	1% Infrastructure Tax Fund	Water and Sewer Fund	Sanitation Fund	Non-Major and Other Funds	Total
Accounts payable	\$ 2,532,762	\$ 722,965	\$ 4,790,963	\$ 892,823	\$ 1,766,249	\$ 10,705,763
Payroll and benefits	2,755,443	-	59,756	4,729	542,103	3,362,031
Seized and forfeited cash	2,183,460	-	-	-	-	2,183,460
Unclaimed funds	151,425	-	-	-	-	151,425
Tort claims	130,105	-	-	-	-	130,105
Health claims	-	-	-	-	1,145,037	1,145,037
Others	8,260	-	-	-	-	8,260
	<u>\$ 7,761,456</u>	<u>\$ 722,965</u>	<u>\$ 4,850,719</u>	<u>\$ 897,552</u>	<u>\$ 3,453,389</u>	<u>\$ 17,686,081</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

B. RECEIVABLES (Continued):

1. Property taxes

Property taxes on real and personal property, exclusive of automobiles, attach as an enforceable lien on the levy date or January 1 for the preceding calendar year. Hinds, Rankin and Madison Counties bill and collect the real, personal and auto ad valorem taxes for the City of Jackson, Jackson Municipal Separate School District and the Jackson/Hinds Library System. Automobile taxes are remitted monthly and real and personal taxes are remitted on a weekly basis to the City of Jackson. Hinds County remits directly to the Jackson Municipal Separate School District taxes collected for all school funds except the Bond and Interest Fund in accordance with State law. Hinds County also remits to the City a pro rata share of road and bridge taxes collected by the County.

The taxes are due on or before February 1; however, installment payments can be made for one-half of balance due on February 1 and one-fourth each on May 1 and August 1.

Tax millage levies for 2017 were collected in the current fiscal year and statutory maximum millage rates were as follows:

<u>Fund</u>	<u>Levy (in mills)</u>	<u>Purpose</u>	<u>Maximum</u>
General Fund	49.97	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	3.08	Debt retirement	None
Disability and Relief Fund	<u>4.22</u>	Retirement	None
Total City of Jackson	<u>59.27</u>		
 Jackson/Hinds Library System	 <u>1.76</u>	 Public library	 None
 Jackson Municipal Separate School District:			
District Supplement Levy	65.91	Public schools	None
Special Debt Retirement Bond	3.01	Public schools	None
Special Debt Retirement Bond	5.42	Public schools	None
Special Debt Retirement Bond	8.72	Public schools	None
Special Debt Retirement Bond	<u>1.53</u>	Public schools	None
	<u>84.59</u>		
Total mills	<u>145.62</u>		

The City levies an assessment for the Business Improvement fund, which consists of ten cents of the gross square footage of land and building of property owners located in the downtown development district. The City levies taxes based on 10% of fair value for homeowner-occupied real property, 15% of fair value for all other real and personal property, and 30% of fair value for all motor vehicles and property owned by public service corporations. The City may levy taxes as necessary to meet bonded debt retirement. Limitations are imposed on the amount of bonded debt that may be issued based upon assessed valuation of properties.

Annual tax increases for all purposes except payment of general obligation bonds and interest are limited by State law to 10% of the preceding year's receipts plus new construction.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS

Primary government capital asset activity for the year ended September 30, 2017, was as follows (thousands):

	Balance September 30, 2016	Additions	Deletions	Balance September 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 13,473	\$ -	\$ -	\$ 13,473
Construction in progress	37,349	22,596	(51,622)	8,323
Total capital assets not being depreciated	50,822	22,596	(51,622)	21,796
Capital assets being depreciated:				
Buildings	94,042	13,600	-	107,642
Infrastructure	278,707	36,999	-	315,706
Automotive and equipment	75,789	2,263	(780)	77,272
Total capital assets being depreciated	448,538	52,862	(780)	500,620
Less accumulated depreciation for:				
Buildings	(32,318)	(1,925)	-	(34,243)
Infrastructure	(115,622)	(5,050)	-	(120,671)
Automotive and equipment	(61,308)	(3,117)	776	(63,649)
Total accumulated depreciation	(209,248)	(10,092)	776	(218,564)
Total capital assets being depreciated, net	239,290	42,770	(4)	282,056
Total governmental activities capital assets, net	\$ 290,112	\$ 65,366	\$ (51,626)	\$ 303,852
	Balance September 30, 2016	Additions	Deletions	Balance September 30, 2017
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,838	\$ -	\$ -	\$ 1,838
Construction in progress	150,679	17,693	(153,788)	14,584
Total capital assets not being depreciated	\$ 152,517	\$ 17,693	\$ (153,788)	\$ 16,422
Capital assets being depreciated:				
Buildings	\$ 11,750	\$ 80	\$ -	\$ 11,830
Infrastructure	550,644	153,708	-	704,352
Automotive and equipment	29,747	1,144	(381)	30,510
Total capital assets being depreciated	\$ 592,141	\$ 154,932	\$ (381)	\$ 746,692
Less accumulated depreciation for:				
Buildings	\$ (811)	\$ (287)	\$ -	\$ (1,098)
Infrastructure	(231,041)	(16,448)	-	(247,489)
Automotive and equipment	(22,208)	(1,536)	381	(23,363)
Total accumulated depreciation	\$ (254,060)	\$ (18,271)	\$ 381	\$ (271,950)
Total capital assets being depreciated, net	\$ 338,081	\$ 136,661	\$ -	\$ 474,742
Total business-type activities capital assets, net	\$ 490,598	\$ 154,354	\$ (153,788)	\$ 491,164

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued):

2. Depreciation expense was charged to functions of the primary government as follows (in thousands):

Governmental Activities:

General government	\$ 2,018
Public Works	3,229
Human & Cultural	1,817
Public Safety	<u>3,028</u>
Total Depreciation Expense – Governmental Activities	\$ <u>10,092</u>

Business-Type Activities:

Water/Sewer	\$ 17,194
Sanitation	202
Madison-Ridgeland Sewage	16
Transportation	<u>859</u>
Total Depreciation Expense – Business-type Activities	\$ <u>18,271</u>

3. Construction work in progress at September 30, 2017 for the governmental activities of the primary government is composed of the following:

<u>Projects</u>	<u>Spent-to-Date FY17</u>	<u>Remaining Commitment FY17</u>
Improvement Fund	\$ -	\$ 17,754
Community Development Block Grant	122,644	92,497
1998 G O Public Improvement Construction Bond	16,620	28,293
2003 G O Public Improvement Construction Bond	-	1,665,075
2008 G O Street Construction Bond	428,507	339,133
2012 G O Street Capital Project	-	389
Museum to Market Trail	273,144	1,802
Economic Development Initiative		
Traffic - Repair and Replacement	1,357,602	278,295
Drainage - Repair and Replacement	-	90,044
Resurfacing- Repair and Replacement	381,371	290,955
1% Infrastructure Tax	4,706,675	6,234,861
Hail Damage March 2013	432,106	105,475
Tiger Grant	604,915	-
Total	\$ <u>8,323,584</u>	\$ <u>9,144,573</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued)

4. Construction work in progress at September 30, 2017 for primary government enterprise funds is composed of the following:

<u>Project</u>	<u>Spent-To-Date</u> <u>FY17</u>	<u>Remaining Commitment</u> <u>FY17</u>
Water/Sewer Construction Fund	\$ 14,584,270	\$ 11,510,500
Total	<u>\$ 14,584,270</u>	<u>\$ 11,510,500</u>

5. A summary of changes in capital asset for component units is as follows (in thousands):

Activity for the Jackson Redevelopment Authority for the year ended September 30, 2017, was as follows:

Business-Type Activities:	<u>Balance</u> <u>September 30,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September</u> <u>30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 4,949	\$ -	\$ -	\$ 4,949
Property held for development	5,924	-	-	5,924
Total capital assets not being depreciated	<u>10,873</u>	<u>-</u>	<u>-</u>	<u>10,873</u>
Other capital assets:				
Land improvements	76	-	-	76
Buildings	50,613	-	-	50,613
Equipment and furniture	1,515	-	-	1,515
Total other capital assets	<u>52,204</u>	<u>-</u>	<u>-</u>	<u>52,204</u>
Less accumulated depreciation for:				
Land improvements	(48)	-	-	(48)
Buildings	(25,444)	(1,230)	-	(26,674)
Equipment and furniture	(1,397)	(27)	-	(1,424)
Total accumulated depreciation	<u>(26,889)</u>	<u>(1,257)</u>	<u>-</u>	<u>(28,146)</u>
Total other capital assets, net	<u>25,315</u>	<u>(1,257)</u>	<u>-</u>	<u>24,058</u>
Total capital assets, net	<u>\$ 36,188</u>	<u>\$ (1,257)</u>	<u>\$ -</u>	<u>\$ 34,931</u>

Activity for the Capital City Convention Center Commission for the year ended September 30, 2017, was as follows (in thousands):

Business-Type Activities:	<u>Balance</u> <u>September 30,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September</u> <u>30, 2017</u>
Capital assets not being depreciated:				
Land and improvements	\$ 5,821	\$ -	\$ -	\$ 5,821
Total capital assets not being depreciated	<u>5,821</u>	<u>-</u>	<u>-</u>	<u>5,821</u>
Capital assets being depreciated:				
Building and improvements	80,113	-	-	80,113
Equipment	5,248	340	-	5,588
Total other capital assets	<u>85,361</u>	<u>340</u>	<u>-</u>	<u>85,701</u>
Less accumulated depreciation	<u>(19,410)</u>	<u>(2,633)</u>	<u>-</u>	<u>(22,043)</u>
Other capital assets, net	<u>65,951</u>	<u>(2,293)</u>	<u>-</u>	<u>63,658</u>
Total capital assets, net	<u>\$ 71,722</u>	<u>\$ (2,293)</u>	<u>\$ -</u>	<u>\$ 69,479</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued)

6. The business-type activities incurred interest costs totaling \$11,189,485 for the year ended September 30, 2017, and \$512,528 of this total interest was capitalized as part of construction in progress.

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Individual fund interfund receivable and payable balances as of September 30, 2017 follow (in thousands):

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,800	\$ 1,007
Water/Sewage Disposal System Fund	2,035	-
Sanitation Fund	-	2,169
Trust Funds	-	425
Nonmajor Governmental Funds	1,007	2,241
Nonmajor Proprietary Funds	-	-
Total	<u>\$ 5,842</u>	<u>\$ 5,842</u>

Summary of transfer in/transfer out within primary government (in thousands):

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 10,069
Water/Sewage Disposal System Fund	876	-
Sanitation Fund	104	-
Nonmajor Governmental Funds	5,586	-
Nonmajor Proprietary Funds	3,503	-
Total	<u>\$ 10,069</u>	<u>\$ 10,069</u>

Interfund transfers during the fiscal year ended September 30, 2017 consist of the following (in thousands):

\$ 876	From the General Fund to the Water/ Sewage Disposal System Fund to subsidize operations.
104	From the General Fund to the Sanitation Fund to subsidize operations.
5,586	From the General Fund to the Nonmajor Governmental Funds to subsidize operations.
<u>3,503</u>	From the General Fund to the Nonmajor Proprietary Funds to subsidize operations.
<u>\$ 10,069</u>	

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

E. CAPITAL LEASES:

The City leases property with varying terms and options. Most leases contain a clause that states that the lease shall terminate in the event that no funds or insufficient funds are appropriated. However, if renewal is reasonably assured, leases are considered noncancellable leases for financial reporting purposes.

The City has financed through lease agreements the acquisition of various equipment and a building. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception. Future minimum lease payments for capital leases are disclosed in Note 4.G.8. At September 30, 2017, there were capital assets under capital leases with a total of \$27,465,939 and estimated accumulated depreciation of \$10,716,179. Amortization of the capital lease assets is included in depreciation expense.

F. OPERATING LEASES:

The City is obligated under certain noncancellable leases for land and buildings with terms remaining more than one year that are classified as operating leases. Operating leases do not give rise to property rights; therefore, the results of the lease agreements are not reflected in the City's capital assets. The following is a schedule by years of future minimum lease payments required under the noncancellable land and building operating leases as of September 30, 2017, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 494
2019	463
2020	412
2021	347
2022	221
2023 - 2027	999
2028 – 2032	162
2033 – 2037	162
2038 – 2042	162
2043 – 2047	162
2048 – 2052	162
2053 – 2057	162
2058 – 2062	162
2063 – 2067	162
2068 – 2072	162
2073 – 2077	162
2078 – 2082	162
2083 – 2087	<u>131</u>
Total	<u>\$ 4,849</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2017 totaled to \$937,693. There were no subleases or contingent rentals associated with the operating leases.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT:

1. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are to be repaid from proprietary revenues.

The City issued \$20 million of general obligation bonds in January 2003 to provide funds for the costs of: (A) erecting, repairing, improving, and equipping municipal buildings, (B) improving streets, (C) traffic signals, (D) drainage improvements.

On January 1, 2009, the City issued \$26,210,000 General Obligation Street Resurfacing Bond. The Bonds are being issued to provide funds to (a) purchase the City Bond to provide funds to the City to pay the costs of constructing, improving and paving streets, sidewalks, driveways, parkways, walkways and public parking facilities, and purchasing land therefore; and constructing bridges and culverts and (b) pay the Costs of Issuance of the Bonds and the City Bond.

On September 1, 2010, the City issued \$23,665,000 in General Obligation Refunding Bonds Series A & B. The bonds were issued to provide funds to the City in order to refund, defease and/or restructure certain outstanding maturities on the \$5,490,000 General Obligation Refunding Bond, Series 1998, the \$35,000,000 General Obligation Bonds, Series 1998, the \$20,000,000 General Obligation Bonds, Series 2003, the \$20,960,000 General Obligation Refunding Bonds, Series 2005, the \$5,155,000 General Obligation Refunding Bonds, Series 2008, and the \$26,210,000 General Obligation Bonds, Series 2009, and to pay the costs of issuance. The average interest rate on the 2010 General Obligation Refunding Bond is 4.17%. The 1998 General Obligation Bond \$5,490,000, the 1998 General Obligation Bond \$35,000,000, and the 2008 General Obligation Bond \$5,155,000 are considered to be defeased and the liability for those bonds have been removed from the Government-Wide Statement of Net Position. A portion of the 2003 General Obligation Bond \$20,000,000, 2005 General Refunding Bond \$20,960,000, and the 2009 General Obligation Bond \$26,210,000 were not refunded.

On April 1, 2012, the City issued \$11,500,000 in General Obligation Note, Series 2012. The note was issued to provide (a) erecting municipal buildings; (b) establishing sanitary, storm, drainage or sewage and repairing, improving and extending the same; (c) constructing bridges; and (d) constructing, improving or paving streets, sidewalks, driveways, parkways, walkways or public parking facilities and purchasing land.

On February 21, 2013, the City issued \$64,940,000 in General Obligation Refunding Bonds, Series 2013. The proceeds of the Series 2013 Bonds were used by the City for the purposes of (a) refunding, defeasing and/or restructuring all or a portion of the outstanding maturities of the 2006 City Bond and (b) paying certain costs of issuance of the Series 2013 Bonds and the City Bond. The 2006 Bank Bonds were issued to provide funds to purchase the 2006 City Bond. The proceeds of the 2006 City Bond were used by the City to finance construction and equipping of the Capital City Convention Center (the "Convention Center").

On December 18, 2015, the City issued \$17,635,000 in General Obligation Refunding Bonds Series 2015 A & B. The bonds were issued for the purpose of (a) refunding, defeasing and restructuring all or a portion of the outstanding maturities on the original principal amount of (i) \$20,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2003 (City of Jackson, Mississippi General Obligation Bonds Project) dated January 15, 2003, and a corresponding portion of the \$20,000,000 City of Jackson, Mississippi General Obligation Bond, Series 2003, (ii) \$20,960,000 City of Jackson, Mississippi General Obligation Bonds, Series 2005, dated August 4, 2005, (iii) \$65,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2006 (City of Jackson, Mississippi General Obligation Capital City Convention Center Project), dated November 8, 2006, and a corresponding portion of the \$65,000,000 City of Jackson, Mississippi General Obligation Bond, Series 2006 (Capital City Convention Center Project), (iv) \$26,210,000 Mississippi Development Bank Special Obligation Bonds, Series 2009 (City of Jackson, Mississippi General Obligation Street Resurfacing Project), dated January 6, 2009, and a corresponding portion of the \$26,210,000 City of Jackson, Mississippi General Obligation Street Resurfacing Bond, Series 2009, and (v) \$64,940,000 Mississippi Development Bank Special Obligation Bonds, Series 2013 (City of Jackson, Mississippi General Obligation Capital City Convention Center Refunding Project), dated February 28, 2013, and a corresponding portion of the \$64,940,000 City of Jackson, Mississippi General Obligation Refunding Bond,

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Series 2013 (Capital City Convention Center Project), and (b) paying the costs incident to the sale and issuance of the Series 2015 A & B Bonds.

The average interest rate on the 2015 General Obligation Refunding Bond is 4.15%. The 2005 General Obligation Bond \$20,960,000 and the 2006 General Obligation Bond \$65,000,000 are considered to be defeased and the liability for those bonds have been removed from the Government-Wide Statement of Net Position. A portion of the 2003 General Obligation Bond \$20,000,000, the 2009 General Obligation Bond \$26,210,000, and the 2013 General Obligation Refunding Bond \$64,940,000 were not refunded.

On August 30, 2016, the City issued \$12,384,000 in General Obligation Refunding Bonds, Series 2016. The bonds were issued to provide funds for the purpose of advance refunding and defeasing a portion of the \$26,210,000 (original principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2009 (City of Jackson, Mississippi General Obligation Street Resurfacing Project), dated January 6, 2009. The average interest rate on the 2016 General Obligation Refunding Bond is 2.125%. A portion of the 2009 General Obligation Bond \$26,210,000 was not refunded.

At September 30, 2017, the City had \$15,325,000 of advance refunded general obligation bonds considered to be defeased. Irrevocable trust accounts have been established with escrow agents to provide for all the future debt service on these bonds. Therefore, both the escrow accounts and the outstanding in-substance defeased bonds have been removed from the City's statement of net position.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds in denominations of \$5,000 with principal maturing annually and interest due at various semi-annual dates. General obligation bonds currently outstanding at September 30, 2017, were as follows (in thousands):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>General Obligation Bonds:</u>					
MS Development Bank GO Bonds, Series 2003	01/05/03	2.00 - 5.25%	03/01/23	\$ 20,000	\$ 5,690
General Obligation Bonds, Series 2009	01/01/09	4.00 - 5.80%	01/01/24	26,210	1,865
General Obligation Refunding Series 2010A	09/01/10	3.00 - 5.00%	09/01/24	16,655	16,655
General Obligation Refunding Series 2010B	09/01/10	4.37%	09/01/24	7,010	7,010
General Obligation Refunding Series 2013	02/21/13	3.00 - 5.00%	03/01/36	64,940	64,490
General Obligation Refunding Series 2015A	12/18/15	3.00 - 5.00%	05/01/36	17,465	17,465
General Obligation Refunding Series 2015B	12/18/15	2.95%	05/01/20	170	170
General Obligation Refunding Series 2016	08/30/16	3.00 - 4.00%	01/01/24	12,384	<u>12,087</u>
Total General Obligation Bonds					<u>\$ 125,432</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

2. Revenue Bonds

On September 1, 2011, the City issued \$46,720,000 and \$2,565,000 in Water/Sewer System Revenue Refunding Bonds to advance refund \$42,355,000 of outstanding Water/Sewer System Revenue Bonds, Series 2002, \$1,140,000 of outstanding Water/Sewer Revenue Refunding, Series 2004, and \$2,790,000 of outstanding Water/Sewer Revenue Refunding, Series 2005. The purpose for issuing the Tax-Exempt Bonds is (a) to fund the 2011A Purchase Account, in order to provide funds for the purchase of the Tax-Exempt City Bond (which amounts are to provide financing for the refunding, defeasance and/or restructuring of a portion of the Prior Bonds pursuant to the Act), (b) to pay the premium for the Bond Insurance Policy and the Surety Bond for the Tax-Exempt Bonds, and (c) to fund the 2011A Bond Issuance Expense Account to pay the Costs of Issuance in connection with the Tax-Exempt Bonds and the Tax-Exempt City Bond. The purpose for issuing the Taxable Bonds is (a) to fund the 2011B Purchase Account, in order to provide funds for the purchase of the Taxable City Bond (which amounts are to provide financing for the refunding and/or restructuring of a portion of the Prior Bonds pursuant to the Act), (b) to pay the premium for the Bond Insurance Policy and the Surety Bond for the Taxable Bonds, and (c) to fund the 2011B Bond Issuance Expense Account to pay the Costs of Issuance in connection with the Taxable Bonds and the Taxable City Bond.

On September 1, 2012, the City issued \$63,045,000 and \$19,180,000 in Water/Sewer Revenue Refunding Bonds to advance refund \$76,120,000 of outstanding Water/Sewer System Revenue Refunding, Series 2004. The purpose for issuing the Tax-Exempt Bonds is (a) amount will provide financing for the refunding, defeasance and/or restructuring of the Series 2004 Bonds and the 2004 City Bonds, (b) as to the Taxable Bonds, to purchase the Taxable City Bond, which amount will provide financing for the refunding, defeasance and/or restructuring of the Series 2004 Bonds and 2004 City Bonds, (c) to pay premium for the Surety Bond and the Policy and (d) to fund the costs of issuance in connection with the Series 2012 Bonds and the Series 2012 City Bonds.

On June 1, 2013, the City issued \$89,990,000 in Water/Sewer Revenue Bonds with an average interest rate of 6.07%. The Series 2013 Bonds are being issued pursuant to the Act for the purpose of providing funds to purchase the Series 2013 City Bond. This amount will provide financing for improvement and repair of the system in accordance with the Performance Contract, pay the premium for the Surety Bond and the Policy, and fund the costs of issuance in connection with the Series 2013 Bonds and the Series 2013 City Bond.

On August 24, 2016, the City issued \$17,135,000 in Water/Sewer Revenue Refunding Bonds, Series 2016. The Series 2016 Bonds were issued to realize debt service savings and for the purpose of the providing funds to: (i) currently refund all of the City's outstanding Water and Sewer System Revenue Refunding Bonds, Series 2005, issued in the original principal amount of \$27,180,000, of which \$18,325,000 remains outstanding; (ii) pay the premium for the Surety Bond and the Policy; and (iii) pay certain costs of issuance in connection with the Series 2016 Bonds. The average interest rate on the 2016 Water/Sewer Revenue Refunding Bonds is 4.66%. The 2005 Water/Sewer System Revenue Refunding Bonds of \$27,180,000 are considered to be defeased and the liability for those bonds have been removed from the Government-Wide Statement of Net Position.

Revenue bonds outstanding at September 30, 2017, were as follows (in thousands):

<u>Revenue Bonds:</u>	<u>Date of</u> <u>Obligation</u>	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Issued</u>	<u>Outstanding</u>
Enterprise Funds:					
Water/Sewer Revenue Refunding 2011A	09/01/11	2.50 - 5.00%	09/01/34	\$ 46,720	\$ 38,355
Water/Sewer Revenue Refunding 2011B	09/01/11	4.070 - 5.40%	09/01/34	2,565	2,180
Water/Sewer Revenue Refunding 2012A	09/01/12	3.50 - 5.00%	09/01/34	63,045	63,045
Water/Sewer Revenue Refunding 2012B	09/01/12	1.00 - 2.375%	09/01/20	19,180	7,375
Water/Sewer Revenue 2013	06/01/13	5.00 - 6.875%	06/01/39	89,990	88,395
Water/Sewer Revenue Refunding 2016	08/24/16	3.00 - 4.000%	09/01/24	17,135	<u>15,275</u>
Total Revenue Bonds					<u>\$ 214,625</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

3. Tax Increment Limited Obligation Bonds

The City issued \$2.270 million of tax increment limited obligation bonds in December 2007 to provide funds for the costs of constructing certain infrastructure improvements, site development and or site preparation in connection with the development and construction of a redevelopment project located within the City. The City entered into an Interlocal Cooperation Agreement with Hinds County, Mississippi, to provide the pledge of certain ad valorem tax revenues for the payment of the principal and interest on the bonds. As a result, the bonds are not a general obligation of the City.

On April 23, 2009, the City issued \$407,000 of tax increment limited obligation bonds to provide funds for infrastructure improvements, including site utilities such as electrical, water, sanitary sewer and natural gas lines; installation of storm drainage and site work; construction of entrances with curb and gutter, sidewalks; landscaping of rights-of-way; installation of fencing and entry gates; capitalized interest; related engineering costs and expenses; TIF plan preparation fees; other incidental costs; and related professional fees.

On June 19, 2009, the City issued \$1,600,000 of tax increment limited obligation bonds to provide funds for infrastructure improvements supporting the project including, installation of site utilities such as water, sanitary sewer, and natural gas lines; landscaping of rights-of-way; capitalized interest; engineering; TIF Plan preparation fees; other incidental costs; and related professional fees for the project.

On December 30, 2010, the City issued \$2,800,000 of tax increment limited obligation bonds to provide funds for the renovation and related construction of properties generally known as the King Edward Hotel and Garage and the Standard Life Building and related properties located in a portion of the City Block bounded by Mill, Capitol, Roach, and Pearl Street.

Limited obligation bonds outstanding at September 30, 2017, are as follows (in thousands):

<u>Limited Obligation Bonds:</u>	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
General Long-Term Debt:					
Tax Increment Financing Bonds, 2007	12/28/2007	4.47%	3/1/2020	\$ 2,270	\$ 720
Tax Increment Financing Bonds, 2009	4/23/2009	4.20%	4/1/2024	407	227
Tax Increment Financing Bonds, 2009	6/19/2009	4.75%	7/1/2022	1,600	725
Tax Increment Financing Bonds, 2010	12/30/2010	4.75-5.50%	3/1/2030	2,800	<u>1,874</u>
Total Limited Obligation Bonds					<u>\$ 3,546</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

4. Section 108 Loan

On July 1, 2008, the City entered into a loan guaranty assistance in an amount not to exceed the \$10,000,000 under Section 108 of the Housing and Community Development Act of 1974 for the purpose of providing assistance for the Capital City Center Revitalization Project and for development of a revolving business loan program. Under the Contract for Loan Guarantee Assistance between the City and HUD, HUD authorized the City to loan up to \$10,000,000 under the 108 Program to TCI MS Investment, Inc. for special economic development activities under 24 CFR 570.703(i)(1) and 570.203(b) and, in particular, for “site assemblage” costs for the Revitalization Project. Upon repayment of the TCI Loan, the City is authorized to use funds under the 108 program for the Business Loan Pool.

The Revitalization Project is to consist of development of two (2) hotels, commercial and retail space, a parking garage and residential facilities to help revitalize the City’s CBD while providing job creation for persons of low and moderate income through construction activities and then through the new businesses opened as part of the Revitalization Project. The Business Loan Pool is to be used to provide loan to for-profit and non-profit businesses and organizations which meet the eligibility requirements of 24 CFR 570.703, the national objective requirements of 570.208 and, if applicable, the public benefit standards of 570.209(b).

As required by the Guaranty Agreement, the City also entered into an agreement with Regions Bank to serve as custodian of original loan and security documents for the loan to TCI.

5. Jackson Redevelopment Authority

Urban Renewal Bonds

Urban renewal bonds issued to provide funds for various rehabilitation projects at September 30, 2017, were as follows (in thousands):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>Urban Renewal Bonds:</u>					
<u>Enterprise Funds:</u>					
Urban Renewal Bond, Series, 2011A	06/01/11	3.25%	06/01/31	\$ 7,165	\$ 5,620
Urban Renewal Bond, Series, 2011B	06/01/11	5.15%	06/01/23	2,745	2,075
Urban Renewal Bond, Series, 2015	10/30/15	1.375%	11/01/18	3,350	<u>3,015</u>
Total Urban Renewal Bonds					<u>\$ 10,710</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

6. A summary of long-term liabilities transactions for the primary government and for the component unit for the year ended September 30, 2017, was as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government Activities:					
General obligation bonds	\$ 125,729	\$ -	\$ 297	\$ 125,432	\$ 2,985
Limited obligation bonds	4,080	-	534	3,546	554
General Obligation Note	294	-	294	-	-
State revolving loan (MDA)	216	497	92	621	94
Miss. Development Bank Loan	1,884	-	294	1,590	341
Section 108 Loan	7,000	-	-	7,000	250
Capital lease obligations:	15,789	-	2,857	12,932	2,875
Issuance discount	(379)	-	(22)	(357)	-
Issuance premium	7,340	-	581	6,759	-
	<u>161,953</u>	<u>497</u>	<u>4,927</u>	<u>157,523</u>	<u>7,052</u>
Net pension liability	224,464	-	32,436	192,028	-
Other Post-employment benefits	32,436	2,857	-	35,293	-
Claims and judgments	3,741	704	650	3,795	1,539
Workers' Compensation Claims	5,130	1,716	2,018	4,828	2,354
Compensated absences	3,751	3,612	3,352	4,011	2,582
	<u>269,522</u>	<u>8,889</u>	<u>38,456</u>	<u>239,955</u>	<u>6,475</u>
Total Governmental Activity	\$ 431,475	\$ 9,386	\$ 43,383	\$ 397,478	\$ 13,527
Business-Type Activities					
Bonds and loans payable:					
General Obligation Note	\$ 2,006	\$ -	\$ 2,006	\$ -	\$ -
State revolving loan (DEQ)	27,322	5,012	1,897	30,437	2,169
State revolving loan (DOH)	-	222	-	222	67
Revenue bonds	222,455	-	7,830	214,625	8,070
State revolving loan (MDA)	-	950	22	928	272
Miss. Development Bank Loan	4,363	-	717	3,646	717
Capital lease obligations	3,771	-	800	2,971	688
Issuance discount	(843)	-	(48)	(795)	-
Issuance premiums	14,555	-	777	13,778	-
	<u>273,629</u>	<u>6,184</u>	<u>14,001</u>	<u>265,812</u>	<u>11,983</u>
Net pension liability	24,473	-	6,574	17,899	-
Other Post-employment benefits	4,874	389	-	5,263	-
Compensated absences	424	472	401	495	271
	<u>29,771</u>	<u>861</u>	<u>6,975</u>	<u>23,657</u>	<u>271</u>
Total Business-type activities	\$ 303,400	\$ 7,045	\$ 20,976	\$ 289,469	\$ 12,254
Component Unit – Jackson Redevelopment Authority					
Urban Renewal bonds	\$ 11,515	\$ -	\$ 805	\$ 10,710	\$ 830
Issuance discount	(136)	-	-	(136)	-
Total Component Unit	\$ 11,379	\$ -	\$ 805	\$ 10,574	\$ 830

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

7. The City's legal debt margin for the issuance of general obligation bonds was \$54,523,000 at September 30, 2017.

8. Annual Maturities Requirements

The annual requirements to amortize all long-term debts outstanding of September 30, 2017, including interest, by source of retirement are as follows (in thousands):

Debt Service Fund (Special Tax Levy)

<u>General Obligation Bonds</u>			
<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2018	\$ 4,932	\$ 2,985	\$ 7,917
2019	4,742	5,826	10,568
2020	4,446	8,958	13,404
2021	4,065	9,414	13,479
2022	3,655	9,911	13,566
2023 – 2027	13,100	34,398	47,498
2028 – 2032	8,263	26,450	34,713
2033 – 2037	<u>2,682</u>	<u>27,490</u>	<u>30,172</u>
Total	\$ <u>45,885</u>	\$ <u>125,432</u>	\$ <u>171,317</u>

<u>State Revolving Loan MDA</u>			
<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2018	\$ 11	\$ 94	\$ 105
2019	10	95	105
2020	7	98	105
2021	5	71	76
2022	3	73	76
2023 - 2027	<u>9</u>	<u>190</u>	<u>199</u>
Total	\$ <u>45</u>	\$ <u>621</u>	\$ <u>666</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

MS Development Bank Loan			
Fiscal Year	Interest	Principal	Total
2018	\$ 31	\$ 294	\$ 325
2019	31	294	325
2020	31	294	325
2021	31	294	325
2022	31	294	325
2023 - 2027	14	120	134
Total	\$ 169	\$ 1,590	\$ 1,759

Limited Obligation Bonds			
Fiscal Year	Interest	Principal	Total
2018	\$ 117	\$ 554	\$ 671
2019	90	588	678
2020	62	606	668
2021	38	380	418
2022	107	312	419
2023 - 2027	746	467	1,213
2028 - 2032	59	639	698
Total	\$ 1,219	\$ 3,546	\$ 4,765

General Fund (General Fund Revenues)

Obligation Under Capital Leases			
Fiscal Year	Interest	Principal	Total
2018	\$ 235	\$ 2,875	\$ 3,310
2019	209	1,638	1,847
2020	171	1,677	1,848
2021	134	1,039	1,173
2022	52	675	727
2023 - 2027	359	5,028	5,387
Total	\$ 1,160	\$ 12,932	\$ 14,092

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Fiscal Year	HUD Section 108		
	Interest	Principal	Total
2018	\$ 29	\$ 250	\$ 279
2019	29	650	679
2020	29	650	679
2021	29	650	679
2022	29	650	679
2023 - 2027	145	3,250	3,395
2028 - 2032	29	900	929
Total	\$ 319	\$ 7,000	\$ 7,319

Enterprise Funds - Water/Sewage Disposal System Fund (Water/Sewer Revenue)

Fiscal Year	Revenue Bonds		
	Interest	Principal	Total
2018	\$ 11,084	\$ 8,070	\$ 19,154
2019	10,786	8,370	19,156
2020	10,457	8,705	19,162
2021	10,142	9,015	19,157
2022	9,749	9,406	19,155
2023 – 2027	41,735	47,538	89,273
2028 - 2032	28,748	55,755	84,503
2033 – 2037	13,922	41,796	55,718
2038 - 2042	3,719	25,970	29,689
Total	\$ 140,342	\$ 214,625	\$ 354,967

Fiscal Year	Obligation Under Capital Leases		
	Interest	Principal	Total
2018	\$ 43	\$ 756	\$ 799
2019	37	159	196
2020	34	162	196
2021	31	165	196
2022	28	167	195
2023 - 2027	101	791	892
2028 - 2032	31	771	802
Total	\$ 305	\$ 2,971	\$ 3,276

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Fiscal Year	State Revolving Loans		Total
	Interest	Principal	
2018	\$ 503	\$ 2,169	\$ 2,672
2019	509	2,144	2,653
2020	467	1,862	2,329
2021	428	1,930	2,358
2022	388	1,970	2,358
2023 – 2027	1,475	7,806	9,281
2028 – 2032	790	7,482	8,272
2033 – 2037	174	6,224	6,398
Total	\$ 4,734	\$ 31,587	\$ 36,321

Fiscal Year	MS Development Bank Loan		Total
	Interest	Principal	
2018	\$ -	\$ 717	\$ 717
2019	-	717	717
2020	-	717	717
2021	-	717	717
2022	-	717	717
2023 – 2026	-	61	61
Total	\$ -	\$ 3,646	\$ 3,646

Jackson Redevelopment Authority (Urban Renewal Project Revenues)

Jackson Redevelopment Authority
Urban Renewal Bonds

Fiscal Year	Interest	Principal	Total
2018	\$ 461	\$ 830	\$ 1,291
2019	381	3,680	4,061
2020	276	560	836
2021	254	585	839
2022	231	605	836
2023 – 2027	775	2,375	3,150
2028 - 2032	238	2,075	2,313
Total	\$ 2,616	\$ 10,710	\$ 13,326

The City has unconditionally and irrevocably agreed to grant and contribute to the Jackson Redevelopment Authority from the General Fund of the City sums sufficient to pay the principal of and interest on the bonds issued by the Jackson Redevelopment Authority for urban renewal purposes, as the same shall mature and become due. Principal and interest maturities for 2017 were paid by contributions from the General Fund of \$1,296,968.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

There are a number of requirements contained in various revenue bond ordinances. As indicated in Note 1(D)(15) the Water/Sewage Disposal System Fund's debt services and operation and maintenance funds were below the required amounts at September 30, 2017.

9. Annual Maturities Requirements

The annual requirements to amortize all debt outstanding for the City and the component unit as of September 30, 2017, including interest are as follows (in thousands):

<u>Fiscal Year</u>	<u>City of Jackson</u>	<u>Jackson Redevelopment Authority</u>
2018	\$ 35,749	\$ 1,291
2019	36,924	4,061
2020	39,433	836
2021	38,578	839
2022	38,217	836
2023 – 2027	157,333	3,150
2028 – 2032	129,917	2,313
2033 – 2037	92,288	-
2038 – 2042	<u>29,689</u>	<u>-</u>
Total	<u>\$ 598,128</u>	<u>\$ 13,326</u>

10. Revenue Pledge to Secure Debt

The City has pledged its share of general sales tax collected by the State of Mississippi (the State) to secure its notes payable to the State for various public improvements and utility improvement projects. The City received general sales tax revenue totaling \$29,350,800 for the current year and made principal and interest payments on the notes payable to the state totaling \$3,537,538 during the current year. As of September 30, 2017, the future principal and interest requirements for the notes payable totaled \$42.3 million, and the maturity dates of the notes payable extend through June, 2035.

The City has pledged incremental ad valorem tax revenues resulting from commercial development projects to secure limited obligation bonds that were issued to fund the projects. The City's incremental ad valorem tax revenues and interfund transfers received in the current year totaled \$616,524, and the City also received \$63,962 from Hinds county in the current year for the county's pledged portion of incremental ad valorem tax revenues. The principal and interest payments made by the City on the limit obligation bonds totaled \$677,285 during the current year. As of September 30, 2017, the future principal and interest requirements on the bonds totaled \$4.8 million, and the maturity dates extend through March, 2030.

The City has pledged Water/Sewage Disposal System Fund revenues, net of operating expenses, a repay revenue bonds issued for utility improvement projects. The Water/Sewage Disposal System Fund had operating income of \$6,278,873 in the current year, and the principal and interest payments made by the City on the revenue bonds totaled \$19,075,040 during the current year. As of September 30, 2017, the future principal and interest requirements for revenue bonds totaled \$355 million, and the maturity dates extend through September, 2041.

H. Short Term Debt

The City issued \$16 million of tax anticipation notes during the year ended September 30, 2017, and the notes were paid at their February, 2017, maturity date. No short-term debt was outstanding as of September 30, 2017.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 5 – GASB 54 Fund Balance Presentation – Classification Total

The City adopted GASB Statement 54 during the year ended September 30, 2017 as such, fund balance of the governmental funds are classified by specific purpose as follows:

	<u>General Fund</u>	<u>1% Infrastructure</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Non Spendable:				
Public Works Supplies Inventory	\$ 721,983	\$ -	\$ -	\$ 721,983
	<u>\$ 721,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,983</u>
Restricted For:				
Public Safety	\$ 587,588	\$ -	\$ 178,178	\$ 765,766
Public Works Projects	-	31,860,333	2,948,231	34,808,564
Human and Cultural Services	161,027	-	2,908,957	3,069,984
Debt Service	-	-	5,992,087	5,992,087
	<u>\$ 748,615</u>	<u>\$ 31,860,333</u>	<u>\$ 12,027,453</u>	<u>\$ 44,636,401</u>
Committed To:				
Public Safety	\$ 1,814,171	\$ -	\$ -	\$ 1,814,171
Public Works Projects	-	-	6,557,060	6,557,060
Human and Cultural Services	-	-	612,962	612,962
Employee Benefits	-	-	55,205	55,205
Tort Claims	4,801,217	-	-	-
Other Purposes	155,686	-	-	-
	<u>\$ 6,771,074</u>	<u>\$ -</u>	<u>\$ 7,225,227</u>	<u>\$ 13,996,301</u>
Assigned To:				
Technology and Communication	\$ 1,275,403	\$ -	\$ -	\$ 1,275,403
Other Purposes	18,800	-	-	18,800
	<u>\$ 1,294,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,294,203</u>
Unassigned	<u>\$ 18,478,153</u>	<u>\$ -</u>	<u>\$ (193,539)</u>	<u>\$ 18,284,614</u>
Total Fund Balances	<u><u>\$ 28,014,028</u></u>	<u><u>\$ 31,860,333</u></u>	<u><u>\$ 19,059,141</u></u>	<u><u>\$ 78,933,502</u></u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information

A. RISK MANAGEMENT

1. Workers Compensation Benefits

The City maintains a self-funded workers' compensation plan accounted for in the General Fund. Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments and case reserves development. Liabilities are based on the ultimate costs of settling claims including inflation and other factors and include provisions for estimated claims adjustment expenses. Benefits paid to employees during fiscal year 2017 were \$2,017,727.

The excess workers' compensation insurance is obtained to cover the City for workers' compensation claims in excess of the City's liability of \$1,000,000. Coverage limit is up to \$750,000 except \$1,000,000 for police, firefighter, and first responders.

2. Unemployment Benefits

The City also maintains an Unemployment Compensation Revolving Fund (Employee Benefit Trust Fund) established pursuant to state law. In addition to funding all valid claims, the City is required to maintain the balance in the fund at not less than 2% of the first \$6,000 paid each employee during the preceding year. As of September 30, 2017, the required amounts were funded. Claims totaled \$140,449 during fiscal year 2017. Estimates of the liability for unpaid claims are based on patterns of claims payments.

3. Group Benefits

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service Fund) to account for the accumulation of revenues, principally contributions from the City of Jackson and employees to be used to fund future liabilities and current payment of employer medical claims and related administration expenditures of the City's group benefit plan. Revenues totaled \$16,360,862 and employee benefit costs were \$16,652,882 during fiscal year 2017. Claims incurred but not reported at September 30, 2017, in the Employees' Group Benefit Fund are provided for based on patterns of claim payments.

4. Tort Liability

In compliance with the Tort Claims Act, Chapter 46 of Title 11 and as amended by the 1993 Legislature, Section 11-46-17(3) requires all municipalities from and after October 1, 1993, to obtain such policies of insurance, establish self-insurance reserves, or provide a combination of insurance and reserves necessary to cover all risks of claims and suits for which the City of Jackson may be liable under the Tort Claims Act.

In order to assure compliance with the Tort Claims Act, House Bill 417 established the Mississippi Tort Claims Board. Municipalities are required to submit plans of insurance, self-insurance and or reserves to the Tort Claims Board for approval.

Municipalities may comply with the requirements of the Tort Claims Act by one of the following methods: (1) Purchase of liability insurance, (2) Pooling of two or more municipalities or other political subdivision to purchase liability insurance or to self-insure, (3) Self-insure with the establishment of a self-insurance reserve fund.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

A. RISK MANAGEMENT (Continued):

4. Tort Liability (Continued):

The City of Jackson is in compliance by using method number three as indicated above. The 2017 fiscal year budget had the monies necessary to establish the reserve fund at the required funding level. Estimates of the liability for unpaid claims are actuarially determined.

For the past three years, the settlement amount for claims against the City has not exceeded the amount of insurance coverage maintained by the City.

The following table provides a reconciliation of changes in the liabilities for claims for years ended September 30, 2017 and 2016:

	Employees' Group Benefit Fund	Tort Claims	Unemployment Benefits Fund	Workers' Compensation Benefits
2017:				
Beginning Balance	\$ 825,821	\$ 3,741,849	\$ 14,915	\$ 5,130,185
Current Year Claims/Changes in Estimates	16,652,882	703,038	140,449	1,715,400
Claims Payments	<u>16,333,666</u>	<u>649,754</u>	<u>150,261</u>	<u>2,017,727</u>
Ending Balance	<u>\$ 1,145,037</u>	<u>\$ 3,795,133</u>	<u>\$ 5,103</u>	<u>\$ 4,827,858</u>
2016:				
Beginning Balance	\$ 411,233	\$ 2,562,989	\$ -	\$ 5,375,638
Current Year Claims/Changes in Estimates	15,897,474	1,769,418	153,648	1,567,118
Claims Payments	<u>15,482,886</u>	<u>590,558</u>	<u>138,733</u>	<u>1,812,571</u>
Ending Balance	<u>\$ 825,821</u>	<u>\$ 3,741,849</u>	<u>\$ 14,915</u>	<u>\$ 5,130,185</u>

5. Other Risks:

Commercial insurance is obtained to protect the City from excess losses greater than \$175,000 per individual per year for medical claims in the Employees' Group Benefit Internal Service Fund.

The commercial policy also includes various amounts of additional coverage ranging from \$25,000 to \$250,000. Commercial property crime carries a limit of \$25,000 per occurrence for computer fraud, employee theft, forgery or alteration, funds transfer fraud, money and securities-inside buildings, money and securities-outside buildings. The property deductible is \$100,000; crime deductible is \$5,000; unintentional errors and omissions coverage is \$1,000,000 per occurrence; and catastrophe coverage is \$25,000,000 per occurrence. Amounts of settlements have not exceeded insurance coverage in the past three years.

B. COMMITMENTS

Federal Grants

The City participates in a number of state and federally funded grant programs, principal of which are Community Development Block Grant, Federal Highway Administration, Department of Transportation and Department of Justice grants. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

B. COMMITMENTS (Continued):

At September 30, 2016, the City had disallowed expenditures resulting from a monitoring performed by the grantor agency, U. S. Department of Housing and Urban Development, Community Development Block Grant, for grant numbers B-97-MC-28-0003, B-98-MC-28-0003, B-99-MC-28-0003, B-10-MC-28-0003, B-11-MC-28-0003 and B-12-MC-28-0003. A settlement has been reached with the grantor to reimburse the Community Development Block Grant program with non-federal funds of \$1,007,207 over the next two fiscal years. This amount is reflected as an interfund payable from the General Fund to the Federal Grant special revenue fund, which reflects the amount as part of its liability for unearned grant revenue at September 30, 2017.

C. WATER AND SEWER OPERATION & MAINTENANCE FUND

As specified in Section 6.03 (d) of the General Bond Resolution, a transfer may be made from the Water and Sewer Contingent Fund when a deficiency occurs in the deposit amount for the Water and Sewer Operation and Maintenance Fund. On September 30, 2015, a transfer of \$5,450,710 was made from the Water and Sewer Contingent Fund to the Water and Sewer Operation and Maintenance Fund. This transfer was specified in Section 6.03 (a) of the General Bond Resolution established in the order of priority for depositing monies received in the Water and Sewer Revenue Fund into the various Water and Sewer Funds as created by Section 6.03 of the General Bond Resolution. The Water and Sewer Operation and Maintenance Fund has first priority on revenues of the Water and Sewer System. Since the Water and Sewer Operation and Maintenance Fund had a deficiency of \$5,450,710 in meeting its deposit amount, the transfer from the Water and Sewer Contingent Fund to the Water and Sewer Operation and Maintenance Fund was made to meet the deposit amount specified in Section 6.03 (a) of the General Bond Resolution. As specified by Section 6.03 (d) of the General Bond Resolution for the Water and Sewer Contingent Fund is funded. As of September 30, 2017, the transfer from the Water and Sewer Contingent Fund has been fully restored.

D. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 24, 2018, which represents the date the comprehensive annual financial report was available to be issued.

As of September 30, 2017 the City had been approved for a \$10,361,920 loan from the Mississippi Department of Health but had not yet drawn any proceeds from the loan. The loan will be payable in monthly installments, including interest at 1.95%, over 20 years and is secured by the City's portion of general sales tax revenues receivable from the State of Mississippi.

E. CONTINGENT LIABILITIES:

Litigation

The City is defendant in a number of legal actions and claims seeking actual and punitive damages. Contingencies totaling \$3,795,133 for which it is probable a loss has been incurred and are subject to reasonable estimation are recognized in the financial statements in the governmental funds. The City is vigorously defending all matters of litigation and believes there will be no material adverse financial effect.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

F. JOINT VENTURES

The following provides the summary financial information of the Jackson/Hinds Library System as of and for the year ended September 30, 2017 (in thousands):

	<u>Jackson/Hinds Library System</u>
Total assets	<u>623</u>
Total liabilities	157
Total fund balances	<u>466</u>
	<u>623</u>
Total revenues	4,415
Total expenditures	<u>(4,452)</u>
Net increase (decrease) in fund balances	<u>(37)</u>
 Total long-term debt	 <u> -</u>

The Jackson/Hinds Library System is funded equally by the City and Hinds County.

G. EMPLOYEES' RETIREMENT SYSTEM:

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi-employer, cost-sharing pension plan and an agent multi-employer pension plan as described below:

Public Employees' Retirement System

1. Plan Description and Provisions

The City of Jackson, Mississippi contributes to the Public Employees Retirement System of Mississippi ("PERS"), a cost-sharing multiple- employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the PERS Board of Trustee's authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued)

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

2. Description of Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the City of Jackson, Mississippi is required to contribute at an actuarially determined rate. The City’s contribution rate was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Jackson, Mississippi contributions (excluding amounts withheld from members’ salaries) to PERS for the year ended September 30, 2017, were \$9,523,772, which was equal to the required contributions for the year.

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

At September 30, 2017, the City reported a liability of \$157,007,623 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the ratio of the City’s contributions to the pension plan relative to contributions of all participating entities for the measurement year. At June 30, 2017, the City’s proportion was 0.944498 percent, which was a decrease of 0.129218 percent from its 1.0737160 percent proportion for the year ended June 30, 2016.

For the year ended September 30, 2017, the City recognized PERS pension expense of \$12,035,600. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

A. Governmental Activities:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,998,548	\$ 1,015,036
Net Difference between projected and actual earnings on pension plan investments	-	1,786,039
Changes of assumptions	3,091,860	237,045
Changes in the City’s proportion	118,290	12,764,450
City contributions subsequent to the measurement date	2,754,539	-
Total	\$ 7,963,237	\$ 15,802,570

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued)

B. Business-Type Activities:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 257,149	\$ 130,604
Net Difference between projected and actual earnings on pension plan investments	-	229,806
Changes of assumptions	397,824	30,500
Changes in the City’s proportion	111,560	3,519,012
City contributions subsequent to the measurement date	354,422	-
Total	\$ 1,120,955	\$ 3,909,922

3. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Collective Deferred Outflows of Resources and Deferred Inflows of Resources. Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographics factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members.

At September 30, 2017, \$3,108,961 was reported as deferred outflows of resources related to pensions resulting from City PERS contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Amount
2018	\$ 4,531,186
2019	4,140,464
2020	2,032,796
2021	3,032,815
Total	\$ 13,737,261

4. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary changes	3.25% – 18.50%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, with males rates set forward one year.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

Following is a summary of actuarial assumption changes in 2017:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U. S. Broad	27%	4.60%
International Equity	18	4.50
Emerging Markets Equity	4	4.75
Global	12	4.75
Fixed Income	18	0.75
Real Estate	10	3.50
Private Equity	8	5.10
Emerging Debt	2	2.25
Cash	1	0.00
<i>Total</i>	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be at the current contribution rate (15.75%). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to change in the discount rate. The following table presents the City’s proportionate share of the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point-lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued)

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of net pension liability	\$ 205,925,980	\$ 157,007,623	\$ 116,394,758

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

City's Firefighters and Police Officers Disability and Relief- Municipal Retirement Systems Pension Plan

1. Plan Description

The City of Jackson contributes to the Municipal Retirement Systems Fire and Police Disability and Relief Fund (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi. The City's uniformed police officers and firefighters employed prior to April 1, 1976, participate in MRS. Firefighters and police officers employed subsequent to April 1, 1976, are members of the Public Employees' Retirement System of the State as previously described. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Legislation may be amended only by the State of Mississippi Legislature. At June 30, 2017, the date of the most recent actuarial verification, there were 568 retired participants and beneficiaries currently receiving benefits. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

As of most recent measurement date of the net pension liability, membership data for the pension plan is as follows:

<u>Members Category</u>	<u>Pension</u>
Retirees and beneficiaries currently receive benefits	568
Former members entitled to benefits but yet receiving them	-
Former members – not entitled to benefits	-
Active members:	-
Vested	-
Non-vested	-
Total Participants	568

Benefits Provided: Plan members who are vested and retire at or after age 65 or those who retire with at least 20 years of creditable service regardless of age are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.5% of their average compensation for each year of creditable

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued)

service up to and including 20 years plus 1.7% for each additional year of creditable service over 20 years, not to exceed a total retirement allowance of 66.67% of average compensation. Average compensation is the average of the employee’s earnings during the last six month period of service. A cost of living adjustment is made annually for eligible retirees and beneficiaries based on the change in the Consumer Price Index, not to exceed a total adjustment of 19.5%. MRS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member’s accumulated contributions and interest are paid to the designated beneficiary.

2. Description of Funding Policy

Under the funding policy adopted in 2011, the employer contribution rate, expressed as a millage rate tax applied to assessed property values, is established that will generate an ultimate asset reserve level equal to a reasonable percentage (initially 100% - 150%) of the next year’s projected benefit payments. At that point, employer contributions are set equal to the fiscal year’s projected benefit payments and adjusted as necessary to maintain the assets at the established reserve level. This calculation is performed using projected cash flow analysis using the current market value of assets as of the valuation date, a 6.5% assumption on investment earnings, and an assumption that assessed property values will remain level over time. During the year ended September 30, 2017, the only remaining active MRS member contributed the required 10% of his covered payroll to the Plan until he became inactive during the year, and the City of Jackson contributed the avails of 4.22 mill tax levy. The contribution requirements for MRS are established, and may only be amended, by the State of Mississippi Legislature. Required contributions for active members may range from a minimum of 7% to a maximum of 10% of annual salaries and the avails of the City’s tax levy. Annual MRS tax levy increases are limited to 1/2 mill per year. Contributions from other funds may be provided.

The City of Jackson’s contributions to MRS for the year ended September 30, 2017, were \$5,292,839, which was equal to the required contributions for the year.

3. Net Pension Liability

The “Net Pension Liability” (NPL) is the difference between the “Total Pension Liability: (TPL) and the plan’s “Fiduciary Net Position” (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits to projected salary and service, and automatic cost of living adjustments (COLA’s). In addition, ad hoc COLA’s are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plan. The City’s net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

<u>Net Pension Liability</u>	
Measurement Date	<u>June 30, 2017</u>
Total Pension Liability	\$ 109,172,997
Fiduciary Net Poition	<u>56,253,335</u>
Net Pension Liability	<u>\$ 52,919,662</u>

A schedule of Net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with FY 2015) and is presented in the Required Supplementary Information Section.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued)

4. Schedule of Changes in Net Pension Liability

The change in Net Pension Liability, for the Disability and Relief municipal pension plan, for the fiscal year ended September 30, 2017 is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Change in Net Pension Liability:			
Service cost	\$ -	\$ -	\$ -
Interest on the total pension liability	8,297,602	-	8,297,602
Benefit terms changes	-	-	-
Difference between expected and actual experience	(305,474)	-	(305,474)
Changes of assumptions	213,769	-	213,769
Employer's contributions	-	5,247,946	(5,247,946)
Employees' contributions	-	2,363	(2,363)
Pension plan net investment income	-	7,314,024	(7,314,024)
Benefit payments, including refunds of employee contributions	(12,197,472)	(12,197,472)	-
Administrative expense	-	(104,958)	104,958
Other changes	-	(29,110)	29,110
Net Changes	(3,991,575)	(232,793)	(4,224,368)
Net Pension Liability Beginning	113,164,572	56,020,542	57,144,030
Net Pension Liability Ending	\$ 109,172,997	\$ 56,253,335	\$ 52,919,662

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued)

5. Pension Expense

For the year ended September 30, 2017, the City recognized MRS pension expense of \$5,074,353. Pension expense recognized by the plan is as follows:

	Pension Expense
Service cost	\$ -
Interest on the total pension liability	8,297,602
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(305,474)
Expensed portion of current-period changes of assumptions	213,769
Members contributions	(2,363)
Projected earnings on plan investments	(4,068,323)
Expensed portion of current-period difference between actual and projected earnings on plan investments	(649,141)
Administrative expense	104,958
Other	29,110
Recognition of beginning deferred outflows of resources as pension expense	1,454,215
Total Pension Expense for MRS	\$ 5,074,353

6. Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City at September 30, 2017 for the Disability and Relief municipal plan are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 573,807	\$ -
Net difference between projected and actual earnings on pension plan investments	1,168,931	-
Total	\$ 1,742,738	\$ -

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued):

At September 30, 2017, \$573,807 reported as deferred outflows of resources related to pensions resulting from city MRS contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2017 will be recognized in pension expense as follows:

Year Ended September 30		Amount
2018	\$	805,075
2019		805,074
2020		207,919
2021		(649,137)
Total	\$	1,168,931

7. Actuarial Assumptions

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. 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 net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point-lower (6.75%) or 1-percentage-point higher (8.75%) than current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Plan's net pension liability	\$ 61,065,615	\$ 52,919,662	\$ 45,788,717

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued):

8. Schedule of Assumptions

Schedule of Assumptions	Disability and Relief Municipal Pension
Valuation date	June 30, 2017
Actuarial cost method	Entry Age
Amortization method	Level dollar payment
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75% net of pension plan investment expense, including inflation at 3%
Projected salary increases	4.0%- 5.5%, including wage inflation at 3.75%

Mortality rates. The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the RP-2014 Healthy Annuitant Blue Collar Mortality table projected with Scale BB to 2022 with males rates set forward one year and adjusted by 106% for males at all ages and as follows for females: 90% for ages less the 76, 95% for age 76, 105% for age 78, and 110% for ages 79 and greater. The RP-2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females was used for the period after disability retirement.

Assumption changes. Since the previous valuation, assumed rates of mortality have been revised to reflect the results of the experience investigation for the four-year period ending June 30, 2016 and adopted by the MRS Board on April 25, 2017.

H. OTHER POSTEMPLOYMENT BENEFITS

Effective for the 2009 fiscal year, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expenses/expenditures and related liabilities (assets), note disclosures, and required supplementary information. This Statement requires recognition of the cost of other postemployment benefits during the periods when employees render their services and disclosure about actuarially accrued liabilities related to past services and the status and progress of funding the benefits. The requirements of GASB statement No. 45 were implemented prospectively beginning October 1, 2007.

Plan Description

The City’s OPEB plan is a single-employer plan that provides post-employment healthcare coverage to eligible individuals. Eligible individuals include all regular, full-time employees of the City, as well as permanent part-time employees who work at least 20 hours per week, and their spouses and dependent children. Employees must have earned at least 25 years of service with the City in order to be eligible for retiree healthcare coverage. Coverage continues at the election of the retiree until age 65. Retirees must pay the required monthly premium for either single or family coverage, as applicable, which was \$325 and \$675 respectively, as of September 30, 2017. As of September 30, 2017, 120 retirees are eligible to receive benefits under the plan. The plan was established under authority of the City Council and may be amended or abolished by council action.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

H. OTHER POSTEMPLOYMENT BENEFITS (Continued):

Annual OPEB cost and Net OPEB Obligation

The City's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the actuarial valuation performed by an outside actuary consultant. The following table shows the components of the government's annual OPEB cost for the year and the amount actually contributed to the plan during the year:

	Governmental Activities	Business-type Activities	Total OPEB Plan
Annual Required Contribution	\$ 5,447,650	\$ 742,350	\$ 6,190,000
Interest on net OPEB obligation	1,292,827	176,173	1,469,000
Adjustment to ARC	<u>(2,839,995)</u>	<u>(387,005)</u>	<u>(3,227,000)</u>
Annual OPEB cost (expense)	3,900,482	531,518	4,432,000
Less: Contributions made	<u>(1,043,766)</u>	<u>(142,234)</u>	<u>(1,186,000)</u>
Increase in net OPEB obligation	2,856,716	389,284	3,246,000
Net OPEB obligation beginning	<u>32,436,460</u>	<u>4,873,540</u>	<u>37,310,000</u>
Net OPEB obligation end of year	<u>\$ 35,293,176</u>	<u>\$ 5,262,824</u>	<u>\$ 40,556,000</u>

Trend Information for OPEB Plan:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/15	\$ 5,593,000	22%	\$ 34,176,000
9/30/16	\$ 4,343,000	28%	\$ 37,310,000
9/30/17	\$ 4,432,000	27%	\$ 40,556,000

Funding status and funding progress

The City funds the plan on a pay-as-you-go basis. As of March 1, 2017, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$40,791,000 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. The covered payroll was \$56,563,000 and the ratio of the UAAL to the covered payroll was 72.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future.

Although, the actuarial accrued liability for the OPEB plan has decreased, the City has not provided funding for the plan.

The schedule of funding progress in the Required Supplementary Information Section presents multiyear trend information.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 6 – Other Information (Continued):

H. OTHER POSTEMPLOYMENT BENEFITS (Continued):

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the March 1, 2017 actuarial valuation, the projected unit credit method was used. It is amortized over a 15 year open period using a level-dollar payment method. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses and including inflation at 2.75%) and an annual healthcare cost trend rate of 8.00% for 2018, reduced by decrements to an ultimate trend rate of 5.00% by 2024. Currently there are no assets set aside that are legally held exclusively for OPEB.

Assumption Changes from Prior Valuation

Following is a summary of assumption changes in the March 1, 2017 actuarial valuation:

- The mortality basis has been updated from a 2013 project of RP-2000 Mortality Table for annuitants to a 2015 projection:
- The assumed increase in healthcare costs for the period after February 28, 2017 has been increased from 5.58% per year graded down to 5.00% per year to 8.00% per year graded down to 5.00% per year:
- The amount of expected per capital claims cost at age 60 for the period March 1, 2017 through February 28, 2018 has been decreased from \$9.361 to \$7.725:
- The assumed increase in health care costs with each year of age has been increased from 3.00% per year to 3.5% per year; and
- The liability for dental coverage has been eliminated since the City has moved the dental benefit to a fully insured program that is fully paid for by the covered employees and retirees and no implied dental subsidy has been assumed.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 7 – Prior Period Adjustment:

In 2017, the City discovered errors in the previously issued financial statements for the year ended September 30, 2016. As the result, prior period adjustments were necessary to correct the net position, fund balance, and agency fund payable to others amounts as of September 30, 2016. Following is a summary of these error corrections.

GOVERNMENTAL ACTIVITIES

Net position at September 30, 2016, as previously reported	<u>(58,860,721)</u>
Record amounts improperly reflected in an agency fund	30,147,423
Record additional property taxes, franchise fees, and similar receivables	6,777,058
Correct building and equipment assets acquired through capital leases	4,522,137
Remove incorrect liability balances	2,744,307
Remove portion of general obligation debt being repaid by an enterprise fund	2,005,600
Record prepaid insurance asset	877,116
Correct overstated deferred inflows of resources	847,774
Record amount due from the Unemployment Compensation Revolving Fund	332,000
Correct understated deferred outflows of resources related to pensions	254,071
Correct understated cash balance	57,439
Correct understated deferred inflows of resources related to pensions	(315,512)
Correct understate allowance for doubtful loans receivable	(317,821)
Remove old incorrect receivable balances	(1,177,719)
Correct long-term debt for building and equipment capital leases	(4,149,150)
Remove incorrectly reflected net pension asset	(8,862,288)
Correct understated net pension liability	<u>(16,869,879)</u>
Total prior period adjustment	<u>16,872,556</u>
Net position at September 30, 2016, as restated	<u><u>(41,988,165)</u></u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 7 – Prior Period Adjustment (Continued):

BUSINESS-TYPE ACTIVITIES

Net position at September 30, 2016, as previously reported	<u>287,487,717</u>
Record a building acquired through a capital lease	2,818,121
Remove incorrect liability balances	1,369,736
Correct understated deferred outflows of resources related to pensions	49,062
Correct understated deferred inflows of resources related to pensions	(157,094)
Correct overstated cash balance	(272,701)
Record portion of general obligation debt being repaid by the enterprise fund	(2,005,600)
Record long-term debt for a building capital lease	(2,602,708)
Correct understated net pension liability	(3,230,291)
Correct understated allowance for doubtful accounts receivable	<u>(17,022,475)</u>
Total prior period adjustment	<u>(21,053,950)</u>
Net position at September 30, 2016, as restated	<u><u>266,433,767</u></u>

GENERAL FUND

Fund balance at September 30, 2016, as previously reported	<u>15,050,421</u>
Record additional property taxes, franchise fees, and similar receivables	4,423,067
Remove incorrect liability balances	2,528,975
Record amount due from the Unemployment Compensation Revolving Fund	332,000
Correct overstated cash balance	(68,797)
Remove incorrect receivable balances	(331,866)
Record amount due to capital project funds	<u>(387,158)</u>
Total prior period adjustment	<u>6,496,221</u>
Fund balance at September 30, 2016, as restated	<u><u>21,546,642</u></u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 7 – Prior Period Adjustment (Continued):

1% INFRASTRUCTURE TAX CAPITAL PROJECT FUND

Fund balance at September 30, 2016, as previously reported	<u>-</u>
Record amounts improperly reflected in an agency fund	30,147,423
Record sales taxes receivable	<u>2,282,283</u>
Total prior period adjustment	<u>32,429,706</u>
Fund balance at September 30, 2016, as restated	<u><u>32,429,706</u></u>

NONMAJOR GOVERNMENTAL FUNDS

Fund balance at September 30, 2016, as previously reported	<u>16,345,527</u>
Remove incorrect liability balances	541,884
Record amounts due from the General Fund to capital project funds	387,158
Correct understated cash balance	126,236
Record additional property taxes receivable	71,708
Record deferred inflow for unavailable long-term loans receivable	(91,672)
Record allowance for uncollectible loans receivable	(317,821)
Record amount due to the General Fund from a special revenue fund	(337,570)
Remove incorrect receivable balances	<u>(422,963)</u>
Total prior period adjustment	<u>(43,040)</u>
Fund balance at September 30, 2016, as restated	<u><u>16,302,487</u></u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 7 – Prior Period Adjustment (Continued):

WATER/SEWAGE DISPOSAL SYSTEM ENTERPRISE FUND

Net position at September 30, 2016, as previously reported	268,768,708
Record a building acquired through a capital lease	2,818,121
Remove incorrect liability balances	1,309,161
Correct understated deferred outflows of resources related to pensions	54,672
Correct understated deferred inflows of resources related to pensions	(152,559)
Record portion of general obligation debt being repaid by the enterprise fund	(2,005,600)
Record long-term debt for a building capital lease	(2,602,708)
Correct understated net pension liability	(2,933,223)
Correct understated allowance for doubtful accounts receivable	(14,347,174)
Total prior period adjustment	(17,859,310)
Net position at September 30, 2016, as restated	250,909,398

SANITATION ENTERPRISE FUND

Net position at September 30, 2016, as previously reported	6,115,255
Correct understated deferred outflows of resources related to pensions	40,476
Remove incorrect liability balances	38,736
Correct understated deferred inflows of resources related to pensions	(10,770)
Correct understated net pension liability	(435,585)
Correct understated allowance for doubtful accounts receivable	(2,675,301)
Total prior period adjustment	(3,042,444)
Net position at September 30, 2016, as restated	3,072,811

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 7 – Prior Period Adjustment (Continued):

NONMAJOR ENTERPRISE FUNDS

Net position at September 30, 2016, as previously reported	12,603,754
Correct overstated net pension liability	138,517
Remove incorrect liability balances	21,839
Correct overstated deferred inflows of resources related to pensions	6,235
Correct overstated deferred outflows of resources related to pensions	(46,086)
Correct overstated cash balance	(272,701)
Total prior period adjustment	(152,196)
Net position at September 30, 2016, as restated	12,451,558

EMPLOYEES' GROUP BENEFIT INTERNAL SERVICE FUND

Net position at September 30, 2016, as previously reported	-
Remove incorrect liability balances	2,345
Remove incorrect receivable balances	(117,625)
Total prior period adjustment	(115,280)
Net position at September 30, 2016, as restated	(115,280)

TRUST FUNDS

Net position at September 30, 2016, as previously reported	630,637
Record amount due to the General Fund	(332,000)
Total prior period adjustment	(332,000)
Net position at September 30, 2016, as restated	298,637

CITY OF JACKSON
Notes to Financial Statements
September 30, 2017

Note 7 – Prior Period Adjustment (Continued):

AGENCY FUNDS

Payable to others at September 30, 2016, as previously reported	<u>30,460,633</u>
Record sales taxes receivable	1,346,097
Remove amounts improperly reflected in an agency fund to a capital project fund	<u>(30,147,423)</u>
Total prior period adjustment	<u>(28,801,326)</u>
Payable to others at September 30, 2016, as restated	<u><u>1,659,307</u></u>

City of Jackson
Required Supplementary Information
Schedule of Funding Progress
Other Post-Employment Benefits (OPEB) Plan
Last Ten Fiscal Years
(Dollar amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a)/c]
10/1/2008	-	52,430	52,430	0.00%	69,894	75.0
10/1/2009	-	36,875	36,875	0.00%	66,782	55.2
10/1/2010	-	36,875	36,875	0.00%	66,782	55.2
5/1/2012	-	45,498	45,498	0.00%	N/A	N/A
5/1/2014	-	42,463	42,463	0.00%	64,572	65.8
3/1/2017	-	40,791	40,791	0.00%	56,563	72.1

CITY OF JACKSON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-OPEB
For the Year Ended September 30, 2017

Assumption Changes from Prior Valuation

Following is a summary of assumption changes in the March 1, 2017 actuarial valuation:

- (1) The mortality basis has been updated from a 2013 projection of the RP-2000 Mortality Table for annuitants to a 2015 projection;
- (2) The assumed increase in healthcare costs for the period after February 28, 2017 has been increased from 5.58% per year graded down to 5.00% per year to 8.00% per year graded down to 5.00% per year;
- (3) The amount of expected per capita claims cost at age 60 for the period March 1, 2017 through February 28, 2018 has been decreased from \$9.361 to \$7.725;
- (4) The assumed increase in healthcare costs with each year of age has been increased from 3.00% per year to 3.50% per year; and
- (5) The liability for dental coverage has been eliminated since the City has moved the dental benefit to a fully insured program that is fully paid for by the covered employees and retirees and no implied dental subsidy has been assumed.

CITY OF JACKSON
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability and the City's Contributions
to the Public Employees Retirement System of Mississippi (PERS)
Last Three Fiscal Years

	2017	2016	2015
City's proportion of the net pension liability	\$ 157,007,624	165,975,320	134,815,609
City's proportionate share of the net pension liability	0.944498%	1.073716%	1.110675%
City's covered payroll for the measurement years ended June 30th	\$ 60,590,070	68,688,190	69,388,616
City's proportionate share of the net pension liability as a percentage of its covered payroll	259.13%	241.64%	194.29%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%

	2017	2016	2015
Contractually required Contributions	\$ 9,523,772	10,201,773	11,504,087
Actual Contributions	9,523,772	10,201,773	11,504,087
Contribution deficiency (excess)	\$ -	-	-
City's covered payroll for fiscal year ended September 30th	\$ 60,468,391	64,753,114	69,494,819
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%

CITY OF JACKSON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PERS
For the Year Ended September 30, 2017

Changes of pension assumptions:

2017:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016:

- The assumed rate of interest credited to employee contributions was changed from 3.5% to 2.0%.

2015:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and from 8.00% to 7.75%, respectively.

Changes in pension benefit provision:

2016:

- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

Earlier years of pension information: Because GASB statement no. 68 was first implemented by the City of Jackson for the year ended September 30, 2015, all ten years of the required supplementary information in accordance with GASB statement no. 68 was not available. Additional years of data will be added as they become available.

CITY OF JACKSON
Required Supplementary Information
Schedule Of Employer Net Pension Liability and the City's Contribution
to the Fire and Police Disability and Relief Fund (MRS)
Last Three Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 5,247,946	\$ 5,099,174	\$ 5,544,877
Annual Contributions	<u>5,247,946</u>	<u>5,099,714</u>	<u>5,544,877</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	N/A	N/A	N/A
Contribution as a percentage of covered payroll	N/A	N/A	N/A

Payroll-related information is not provided because the plan is closed to new entrants and there were very few remaining active members.

CITY OF JACKSON
Required Supplementary Information
Schedule of Employer Net Position Liability and the City's Contributions to the Fire and Police
Disability and Relief Fund (MRS)
Last Three Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service Cost	\$ -	\$ -	\$ -
Interest	8,297,602	8,619,793	8,901,563
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(305,474)	(462,872)	(91,754)
Changes of assumptions	213,769	-	3,676,246
Benefit payments, including refunds of employee contributions	<u>(12,197,472)</u>	<u>(12,430,953)</u>	<u>(12,633,969)</u>
Net change in total pension liability	(3,991,575)	(4,274,032)	(147,914)
Total pension liability - beginning	113,164,572	117,438,604	117,586,518
Total pension liability - ending (a)	<u>\$ 109,172,997</u>	<u>\$ 113,164,572</u>	<u>\$ 117,438,604</u>
 Plan fiduciary net position			
Contributions - employer	\$ 5,247,946	\$ 5,099,714	\$ 5,544,877
Contributions - member	2,363	6,022	4,750
Net investment income	7,314,024	306,774	2,166,108
Benefit payments, including refunds of employee contributions	(12,197,472)	(12,430,953)	(12,633,969)
Administrative Expense	(104,958)	(101,994)	(114,673)
Other	<u>(29,110)</u>	<u>175,260</u>	<u>-</u>
Net change in plan fiduciary net position	232,793	(6,945,177)	(5,032,907)
Plan net position - beginning	56,020,542	62,965,719	67,998,626
Plan net position - ending (b)	<u>\$ 56,253,335</u>	<u>\$ 56,020,542</u>	<u>\$ 62,965,719</u>
 Net pension liability - ending (a) - (b)	\$ 52,919,662	\$ 57,144,030	\$ 54,472,885
 Plan fiduciary net position as a percentage of the total pension liability	51.53%	49.50%	53.62%
 Covered payroll *	N/A	N/A	N/A
 Net pension liability as a percentage of covered payroll*	N/A	N/A	N/A

*Payroll-related information is not provided because the plan is closed to new entrants and there are very few remaining active members.

CITY OF JACKSON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-MRS
For the Year Ended September 30, 2017

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2017 were based on the June 30, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level Dollar Closed
Remaining amortization period	19 years
Asset valuation method	Five-year smoothed market
Inflation	3.00%
Salary increases	4.00% - 5.50%, including inflation at 3.00%
Investment rate of return	7.75%, net of pension plan investment expenses, including inflation at 3.75%

The following changes in actuarial assumptions or methods were made:

2017: Assumed rates of mortality have been revised to reflect the results of the experience investigation for the four-year period ending June 30, 2016 and adopted by the Board on April 25, 2017.

2016: None

2015: The post-retirement mortality tables have been changed.

The price of inflation assumption has been reduced from 3.50% to 3.00%.

The real rate of return net of investment expenses has been changed from 4.50% to 4.75%. Due to this change and the change in price inflation, the investment return assumption has been changed from 8.00% to 7.75%.

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance
GENERAL FUND (001,002,003,004,010,011,159,300,305)				
REVENUES				
Licenses and Permits:				
Privilege Licenses	337,160	337,160	355,325	18,165
Building Permits	1,157,499	1,157,499	599,369	(558,130)
A/C & Duct Permits	57,179	57,179	47,011	(10,168)
Plumbing Permits	51,611	51,611	22,829	(28,782)
Electric Permits	162,785	162,785	149,270	(13,515)
Gas Permits	24,790	24,790	23,635	(1,155)
Maintenance Fees	5,000	5,000	6,926	1,926
Landscape Permits	325	325	91	(234)
Historic Preservation	1,000	1,000	2,476	1,476
Dance Hall & Rec Fees	2,500	2,500	3,714	1,214
Transit Merchants	3,800	3,800	1,000	(2,800)
Aircraft Regist Fees	8,000	8,000	8,604	604
Boarding, Lodging, Rooming License	250	250	530	280
Adult Entertainment License	5,000	5,000	5,022	22
Special Event Fee	8,000	8,000	12,170	4,170
Sign --Misc.	2,500	2,500	8,683	6,183
Sign Permits	34,000	34,000	44,050	10,050
Sign Registration	10,000	10,000	9,260	(740)
Signs Temporary	4,000	4,000	4,100	100
Fire Inspections Permits	17,500	17,500	51,115	33,615
Commerical Burn Permit	400	400	400	-
Comb. & Flam. Liquid Permit	12,100	12,100	15,750	3,650
Fireworks Display Permit	1,800	1,800	900	(900)
Zoning Permits	37,500	37,500	38,085	585
Taxicab License Fees	1,100	1,100	720	(380)
TOTAL LICENSES & PERMITS	1,945,799	1,945,799	1,411,035	(534,764)
Fines and Forfeitures:				
Misdemeanor Fines	548,800	548,800	372,306	(176,494)
Vehicle Parking Fines	72,069	72,069	57,271	(14,798)
Moving Traffic Violations	1,166,778	1,166,778	943,968	(222,810)
City Court Cost	16,000	16,000	7,577	(8,423)
Warrant Fee	129,720	129,720	76,182	(53,538)
Animal Control Citations	700	700	337	(363)
Municipal Court Computer	17,000	17,000	12,950	(4,050)
Municipal Court Driver Impr Fee	38,000	38,000	2,135	(35,865)
Administrative Fee - Del C	308,000	308,000	212,768	(95,232)
Contempt Fee - Municipal Court	68,900	68,900	40,678	(28,222)
Computerized Crime Prevention- Police	24,000	24,000	14,477	(9,523)
Municipal Court Enhancement	172,703	318,966	131,229	(187,737)
Jackson Enhancement Fee	90,000	90,000	65,596	(24,404)
Bad Check Fees	2,000	2,000	1,471	(529)
Daily Storage Fee - Vehicle	49,470	49,470	47,875	(1,595)
Wrecker Fee	85,000	85,000	75,245	(9,755)
Expungement Fee - Municipal	7,000	7,000	7,550	550
Jackson Collection Fee	170,000	170,000	114,922	(55,078)
Docket Fee - Municipal Cout	125,320	125,320	95,927	(29,393)
Dropped Charge Fee - Mun Court	4,500	4,500	1,350	(3,150)
Cash Bond Clearing Account	-	-	(23,748)	(23,748)
Rearrangement Fee - Mun Court	25,000	25,000	13,363	(11,637)
TOTAL FINES AND FORFEITURES	3,120,960	3,267,223	2,271,429	(995,794)

City of Jackson
General Fund (Continued)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance
GENERAL FUND (001,002,003,004,010,011,159,300,305)				
REVENUES				
INTERGOVERNMENTAL REVENUE				
FEDERAL				
Police Overtime - FBI/DEA Grant	50,000	50,000	31,235	(18,765)
DEA - Ms Gulf Coast (HIDTA)	13,480	13,480	34,141	20,661
DEA - Assest & Forfeiture	60,463	60,463	65,029	4,566
TOTAL INTERGOVERNMENTAL - FEDERAL	123,943	123,943	130,405	6,462
STATE				
Alcohol Permits - ABC	260,000	260,000	315,451	55,451
Gasoline Tax	29,000	29,000	72,722	43,722
Municipal Revolving Fund	86,528	86,528	86,528	-
State Fire Protection	1,112,838	1,112,838	971,516	(141,322)
Pro-Rata State Sales Tax	31,660,000	31,660,000	27,374,138	(4,285,862)
Sewer Grant Repmt - Sales Tax	-	-	2,365,091	2,365,091
Homestead Exemption	1,639,902	1,639,902	1,703,278	63,376
Homestead Exemption Charge	10,000	10,000	14,252	4,252
State Reimb. Police Trng. Academy	-	-	4,500	4,500
MS - National Park Service	-	-	-	-
Wireless Radio Communication	-	76,742	-	(76,742)
Bus & Truck Privilege Tax	353,768	353,768	369,517	15,749
MDOT-Summer Youth Reimbursement	-	-	32,593	32,593
MDOT-Litter Pickup-JPD	15,000	15,000	14,890	(110)
TOTAL INTERGOVERNMENTAL - STATE	35,167,036	35,243,778	33,324,476	(1,919,302)
LOCAL				
Pro-Rata County Road Tax	550,000	550,000	599,201	49,201
Smith robertson museum	-	-	6,516	6,516
TOTAL INTERGOVERNMENTAL - LOCAL	550,000	550,000	605,717	55,717
ADMISSIONS, FEES, RENTALS				
Parking Meters	150,000	150,000	158,152	8,152
Local Records Fee	4,000	4,000	3,910	(90)
Mun Aud-Mezzanine Rent	2,500	2,500	-	(2,500)
Mun Aud-Thalia Mara Hall Rent	300,000	300,000	195,922	(104,078)
Mun Auditorium - Green Room Rent	-	-	-	-
Mun Auditorium - Concession	2,200	2,200	-	(2,200)
Smith Robertson Museum - Donation	3,000	3,000	1,975	(1,025)
Smith Robertson Museum - Admissions	5,000	5,000	8,950	3,950
Smith Robertson Mus - Room Rent	5,000	5,000	4,745	(255)
Senior Center Reservation	2,500	2,500	338	(2,162)
Smith Robertson - Gift Shop	750	750	382	(368)
Arts CTR - Concessions	700	700	-	(700)
Arts CTR - Rent on Community	9,000	9,000	7,087	(1,913)
Arts CTR - Parking Lot	3,000	3,000	-	(3,000)
Special Program-CMPDD Rent	2,500	2,500	-	(2,500)
Planetarium - Admiss Tax Ex.	30,350	30,350	20,512	(9,838)
Planetarium - Admissions	28,454	28,454	13,592	(14,862)
Planetarium - Misc. Income	-	-	240	240
Planetarium - Special Programs	3,000	3,000	3,250	250
Planetarium - Discovery Shop	1,000	1,000	83	(917)
Carnival Inspection Fee	-	-	50	50
Daycare Fire Inspection-AF	15,125	15,125	6,650	(8,475)
Fire Water Flow Test Fee	4,400	4,400	2,200	(2,200)
Fire Reports & etc.	37,200	37,200	14,750	(22,450)
Accident Report Fee	145,000	145,000	134,425	(10,575)
Background Check Fee	8,000	8,000	8,090	90
Bail Bondsman Mug Shot Fee	45	45	15	(30)
Bail Bondsman ID Card Fee	500	500	-	(500)
Fingerprinting	15,000	15,000	19,785	4,785
Verification of Record Fee	35,820	35,820	21,650	(14,170)

City of Jackson
General Fund (Continued)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance
GENERAL FUND (001,002,003,004,010,011,159,300,305)				
Bail Bondsman Applicant	-	-	120	120
Telecommunication Franchise Agreeem	550,000	550,000	583,345	33,345
Rents and Royalties	11,100	11,100	11,100	-
Tower Rentals	3,025,000	3,025,000	3,364,926	339,926
Rent Pistol Range	5,700	5,700	4,642	(1,058)
Sprinkler-Hydro Static-Pump	-	-	1,560	1,560
Fire Alarm Acceptance Test	-	-	780	780
Fire Re-Inspection	-	-	1,975	1,975
Fire Knox Box	-	-	25	25
Fire Gas Line & Tank Accp	-	-	60	60
Fire Suppression System Te	-	-	600	600
Outdoor Advertising	11,970	11,970	11,970	-
Rental Fee - Fire Museum	-	-	260	260
School Tours Fee - Fire Museum	-	-	798	798
Total Admissions, Fees and Rentals	4,417,814	4,417,814	4,608,914	191,100
Interest Revenues:				
Interest Earned on Investments	600	600	6,301	5,701
Interest Earned on Repos	35,000	35,000	95,222	60,222
Total Interest Earned on Investments	35,600	35,600	101,523	65,923
Revenues				
Miscellaneous Income:				
Public Utility Franchise Fee	5,000,000	5,000,000	4,075,997	(924,003)
Franchise Cable Television	1,462,050	1,462,050	1,362,119	(99,931)
Nuclear Power Plants	1,600,000	1,600,000	1,607,876	7,876
IRS Refund - 941	-	-	69	69
Water/Sewer Franchise Fee	830,597	830,597	972,534	141,937
Time Warner-PA/GA Operation Fund	94,751	94,751	86,500	(8,251)
Sale of Land	50,000	50,000	-	(50,000)
Sale of Fixed Assets	240,000	241,760	137,360	(104,400)
Small Animal Control	1,000	1,000	2,418	1,418
Rabie Vaccination	-	-	99	99
Police-Misc	200,275	200,275	114,047	(86,228)
Police - Sale of Weapons	-	-	11	11
Public Safety Comm Trng Re	-	-	3,473	3,473
Union Station Tenants/JRA	159,542	159,542	94,667	(64,875)
Proceeds of Forfeitures	50,000	50,000	78,782	28,782
Grants & Donation	-	18,159	87,736	69,577
Indirect Cost	2,600,000	2,600,000	2,428,305	(171,695)
Donations - Fire Museum	600	600	-	(600)
Other Departments	334	334	2,344	2,010
I.D. Badge	-	-	180	180
Parking Fee - City Employees	10,000	10,000	8,052	(1,948)
Admin. Fee - Payroll Deduction	10,000	10,000	15,703	5,703
Entergy Refund	-	-	34,488	34,488
Building & Permit - Misc.	100,000	100,000	97,497	(2,503)
Penalty on Demo/Grass/Weed	50,000	50,000	1,409	(48,591)
Site Plan, Review	14,000	14,000	15,061	1,061
Const. Plan Review, Inspection	1,000	1,000	-	(1,000)
Sale of Maps, Plans, Spec	1,000	1,000	118	(882)
Street Index Books	-	-	-	-
Traffic	1,909	1,999	230	(1,769)
Smith Roberston - Nissan Grant	-	28,300	40,000	11,700
PEG-Miscellaneous	481	481	25	(456)
Abstract Fees	8,000	8,000	7,985	(15)
Cellular Rebate	22,000	28,000	32,384	4,384
City Clerk	12,000	12,000	15,138	3,138
Publications	-	-	3,543	3,543
Planning	-	-	60	60
Cemeteries Openings, Closings	6,000	6,000	9,000	3,000
Hoerner Endowment	-	-	9,700	9,700
Fire Department	1,252	1,252	-	(1,252)
Fire Safety Education Program	1,000	1,000	-	(1,000)
Inkind Fees	58,286	58,286	46,117	(12,169)

City of Jackson
General Fund (Continued)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance
GENERAL FUND (001,002,003,004,010,011,159,300,305)				
Cafeteria Plan - Flexible Spending	150,000	150,000	(10,000)	(160,000)
Restitution Repayments	-	-	1,100	1,100
Settlement of Insurance Claims	1,660	52,320	256,258	203,938
Total Miscellaneous Income	<u>12,737,737</u>	<u>12,842,706</u>	<u>11,638,385</u>	<u>(1,204,321)</u>
Operating Transfers In:				
Transfer In/From General Fund	42,000	464,188	-	(464,188)
Transfer In/From Other Funds	1,446,000	1,446,000	-	(1,446,000)
Total Operating Transfers In	<u>1,488,000</u>	<u>1,910,188</u>	<u>-</u>	<u>(1,910,188)</u>
Total From All Sources Other Than Taxation	<u>59,586,889</u>	<u>60,337,051</u>	<u>54,091,884</u>	<u>(6,245,167)</u>
Beginning Fund Balance	<u>980,818</u>	<u>4,184,824</u>	<u>10,950,515</u>	<u>6,765,691</u>
Total Revenue from Sources other than Taxation and Beginning Fund Balance	<u>60,567,707</u>	<u>64,521,875</u>	<u>65,042,399</u>	<u>520,524</u>
Taxes:				
Real Property	35,796,576	35,796,576	35,519,943	(276,633)
Personal Property	14,615,486	14,615,486	15,437,213	821,727
Delinquent Realty	1,000,000	1,000,000	1,157,493	157,493
Delinquent Personal	25,000	25,000	37,449	12,449
Automotive	6,755,327	6,755,327	7,373,075	617,748
Motor Vehicle Rental Tax	900,000	900,000	679,910	(220,090)
Interest on Current	750,000	750,000	835,205	85,205
Interest on Prior Years	500,000	500,000	599,665	99,665
Vehicle Tag Penalty 27-19	-	-	250	250
Hazardous Waste Tax	-	-	135	135
Rail Car Taxes	50,000	50,000	49,881	(119)
Community Improvement	125,000	125,000	79,583	(45,417)
Total Taxes	<u>60,517,389</u>	<u>60,517,389</u>	<u>61,769,802</u>	<u>1,252,413</u>
Total Beginning Fund Balance and Anticipated Revenue from all Sources	<u>121,085,096</u>	<u>125,039,264</u>	<u>126,812,201</u>	<u>1,772,937</u>

City of Jackson
General Fund (Continued)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance
GENERAL FUND (001,002,003,004,010,011,159,300,305)				
POLICE				
Personnel Services	26,565,709	26,565,709	29,313,292	2,747,583
Supplies	2,133,418	2,413,381	1,951,848	(461,533)
Other Services & Charges	3,257,438	3,396,459	3,018,282	(378,177)
Capital Outlay	1,108,227	914,227	27,181	(887,046)
Debt Service	-	-	788,883	788,883
Total	33,064,792	33,289,776	35,099,486	1,809,710
FIRE				
Personnel Services	18,165,517	18,165,517	19,746,497	1,580,980
Supplies	648,108	758,333	602,660	(155,673)
Other Services & Charges	910,070	906,980	633,873	(273,107)
Capital Outlay	928,969	1,385,144	457,928	(927,216)
Debt Service	-	-	839,125	839,125
Total	20,652,664	21,215,974	22,280,083	1,064,109
PUBLIC WORKS				
Personnel Services	6,565,102	6,192,102	5,762,834	(429,268)
Supplies	1,667,876	1,665,166	1,074,977	(590,189)
Other Services & Charges	2,614,208	2,974,283	2,317,935	(656,348)
Capital Outlay	802,488	818,213	-	(818,213)
Debt Service	-	-	740,622	740,622
Total	11,649,674	11,649,764	9,896,368	(1,753,396)
PLANNING & DEVELOPMENT				
Personnel Services	1,689,509	1,687,600	1,724,719	37,119
Supplies	52,052	55,241	57,461	2,220
Other Services & Charges	8,158,100	8,102,000	4,570,135	(3,531,865)
Total	9,899,661	9,844,841	6,352,315	(3,492,526)

City of Jackson
General Fund (Continued)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance
GENERAL FUND (001,002,003,004,010,011,159,300,305)				
HUMAN & CULTURAL SERVICES				
Personnel Services	1,259,450	1,260,540	1,215,895	(44,645)
Supplies	100,448	143,624	89,268	(54,356)
Other Services & Charges	2,509,747	2,581,574	1,686,407	(895,167)
Capital Outlay	549,234	550,350	-	(550,350)
Debt Service	-	-	655,143	655,143
Total	4,418,879	4,536,088	3,646,713	(889,375)
PERSONNEL				
Personnel Services	634,415	649,615	722,327	72,712
Supplies	14,556	13,556	4,565	(8,991)
Other Services & Charges	133,946	129,346	49,886	(79,460)
Debt Service	-	-	50,706	50,706
Total	782,917	792,517	827,484	34,967
ADMINISTRATION				
Personnel Services	5,277,087	5,379,987	5,589,892	209,905
Supplies	541,916	611,492	510,248	(101,244)
Other Services & Charges	4,392,035	4,594,786	2,692,902	(1,901,884)
Capital Outlay	700,240	1,149,928	696,990	(452,938)
Debt Service	-	-	131,475	131,475
Total	10,911,278	11,736,193	9,621,507	(2,114,686)
GENERAL GOVERNMENT				
Personnel Services	4,107,947	4,310,641	4,430,906	120,265
Supplies	263,847	368,893	239,770	(129,123)
Other Services & Charges	25,332,347	27,290,287	5,966,649	(21,323,638)
Capital Outlay	1,090	4,290	-	(4,290)
Debt Service	-	-	367,848	367,848
Total	29,705,231	31,974,111	11,005,173	(20,968,938)
Transfers Out	-	-	12,268,873	12,268,873
Ending Fund Balance	-	-	15,814,199	15,814,199
Total General Fund Expenditures and Ending Fund Balance	121,085,096	125,039,264	126,812,201	1,772,937

City of Jackson
 General Fund (Continued)
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance
STATE TORT CLAIMS FUND (018)				
REVENUES				
Interest Earned on Investments	\$ -	\$ -	\$ 8,568	\$ 8,568
Interest Earned on Repos	-	-	5,641	5,641
Beginning Fund Balance	-	-	3,367,717	3,367,717
Appropriation from General Fund	2,200,000	2,200,000	2,200,000	-
Revenues	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 5,581,926</u>	<u>\$ 3,381,926</u>
EXPENDITURES				
Other Services and Charges	\$ 2,200,000	\$ 2,200,000	\$ 780,709	\$ (1,419,291)
Ending Fund Balance	\$ -	\$ -	4,801,217	4,801,217
Total Expenditures and Ending Fund Balance	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 5,581,926</u>	<u>\$ 3,381,926</u>

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Reconciliation of Budgetary Information to GAAP
For the Year Ended September 30, 2017

GENERAL FUND

This budgetary statement represents a modified General Fund. Certain other funds are combined with the General Fund for financial reporting purposes. For managerial purposes, the City treats the General Fund and State Tort Fund separately. However, the latter does not meet the criteria of a major fund as set forth by GASB and for reporting purposes is presented in combination with the General Fund in order to comply with GAAP. However, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual compares the General Fund and State Tort Fund as adopted in the budget along with the related revenues and expenditures. It does not separately reflect the budget or actual data for other individual funds captured within the General Fund. The table below shows the combination of the General Fund and the State Tort Fund.

	General Fund	State Tort Claims Fund	Eliminations	Combined General Fund
REVENUES				
General property taxes	\$ 61,291,009	\$ -	-	\$ 61,291,009
Franchise taxes	7,139,641	-	-	7,139,641
Licenses and permits	1,402,742	-	-	1,402,742
Intergovernmental	36,091,162	-	-	36,091,162
Fines and forfeitures	2,350,212	-	-	2,350,212
Admissions, fees, rentals and concessions	4,325,763	-	-	4,325,763
Interest	101,523	14,209	-	115,732
Other	3,192,476	-	-	3,192,476
Total revenues	115,894,528	14,209	-	115,908,737
EXPENDITURES				
Current:				
General government	26,559,459	780,709	-	27,340,168
Public safety	55,266,452	-	-	55,266,452
Public works	9,155,746	-	-	9,155,746
Human and Cultural services	2,991,571	-	-	2,991,571
Debt Service:				
Principal	3,116,129	-	-	3,116,129
Interest and service charges	457,673	-	-	457,673
Capital outlay:				
General government	696,990	-	-	696,990
Public safety	485,109	-	-	485,109
Total expenditures	98,729,129	780,709	-	99,509,838
Excess (deficiency) of revenues over (under) expenditures	17,165,399	(766,500)	-	16,398,899
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,200,000	(2,200,000)	-
Transfers out	(12,268,873)	-	2,200,000	(10,068,873)
Proceeds from capitalized leases	-	-	-	-
Sale of capital assets	137,360	-	-	137,360
Total other financing sources (uses)	(12,131,513)	2,200,000	-	(9,931,513)
Net change in fund balances	5,033,886	1,433,500	-	6,467,386
Fund balances at beginning of year, previously reported	11,682,704	3,367,717	-	15,050,421
Prior period adjustment	6,496,221	-	-	6,496,221
Fund balances at beginning of year, as restated	18,178,925	3,367,717	-	21,546,642
Fund balances at end of year - GAAP basis	23,212,811	4,801,217	-	28,014,028
Reconciliation of Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual				
Amounts reported for general fund activities under the budgetary basis are different from the amounts reported under the GAAP basis because:				
Revenues recognized on the budgetary basis for the general fund are recognized when cash is received	(7,398,612)	-	-	(7,398,612)
Fund balances at end of year - budgetary basis	\$ 15,814,199	\$ 4,801,217	\$ -	\$ 20,615,416

**MAJOR GOVERNMENTAL
FUNDS**

City of Jackson
1% Infrastructure Tax
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
1% INFRASTRUCTURE TAX (173)				
REVENUES				
Interest Earned	\$ -	\$ -	\$ 116,172	116,172
Intergovernmental- Sales Tax	22,087,954	28,460,172	14,374,186	(14,085,986)
Beginning Fund Balance	-	-	30,147,423	30,147,423
	<hr/>			
Total Revenues and Beginning Fund Balance	<u>\$ 22,087,954</u>	<u>\$ 28,460,172</u>	<u>\$ 44,637,781</u>	<u>16,177,609</u>
EXPENDITURES				
Other Services and Charges	\$ 21,877,867	\$ 28,250,085	\$ 273,591	(27,976,494)
Capital Outlay	210,087	210,087	14,927,203	14,717,116
Ending Fund Balance	-	-	29,436,987	29,436,987
	<hr/>			
Total Expenditures and Ending Fund Balance	<u>\$ 22,087,954</u>	<u>\$ 28,460,172</u>	<u>\$ 44,637,781</u>	<u>16,177,609</u>

**NON-MAJOR
GOVERNMENTAL FUNDS**

Nonmajor Governmental Funds

Parks and Recreation Special Revenue Fund

To account for the operation and maintenance of all City-owned parks. Financing is provided by a 2- Mill annual property tax levy, admissions, fees and concessions. Appropriations are made from General Fund sources to the extent that such tax levy and other revenues are not sufficient to finance expenditures.

Disability and Relief Special Revenue Fund

To account for the receipt of revenues, principally tax levies, for the pensions of retired and disabled police and fireman employed prior to April 1, 1976.

Federal Grant Special Revenue Fund

To account for proceeds of various federal grant programs.

State Grant Special Revenue Fund

To account for proceeds of state grants or loans other than those grants or loans for Enterprise Fund or Capital Projects Fund items.

Improvement Special Revenue Fund

This fund is used to account for revenues that are restricted for improvements and major repairs to City facilities. The revenues are provided primarily by external grantors.

Library Fund

To account for receipt of revenues, principally tax levies, for the support, upkeep, and maintenance of the Jackson-Hinds Library System (JHLS). Additionally, this fund is used to account for certain lease & maintenance costs related to city owned/leased buildings utilized by JHLS.

Debt Service Fund

This fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other than debt of the Enterprise Funds). Bond ordinances require the City to account for debt service transactions in separate funds, restrict the flow of cash between such funds, and comply with various other covenants. For financial statement reporting, the various debt service funds have been combined.

Nonmajor Governmental Funds (Cont.)

1998 General Obligation Bond Capital Project Fund

To account for proceeds of general obligation bonds of \$35,000,000 issued to finance certain projects including storm drainage systems, construction of a youth detention center, and repairing buildings.

2003 General Obligation Bond Capital Project Fund

To account for proceeds of general obligation bonds of \$20,000,000 issued to finance certain projects including storm drainage systems, repairing and the construction of municipal buildings, infrastructures, and other related improvements.

2009 General Obligation Bond Capital Project Fund

To account for proceeds of general obligation bonds of \$26,210,000 issued to pay the costs of constructing, improving and paving streets, sidewalks, driveways, parkways and public parking facilities.

Capitol Street 2 – Way Capital Project Fund

To account for revenues restricted for improvements to Capitol Street.

2012 General Obligation Note Capital Project Fund

To account for proceeds of general obligation note of \$11,500,000 providing updates to City Facilities and rehabilitation of sewer line projects.

Thalia Mara Hall Renovation Capital Project Fund

To account for proceeds received for the renovation and improvements being made to Thalia Mara Hall.

Museum to Market Capital Project Fund

To account for proceeds received for the walking and biking trail from LeFleur's Bluff State Park to the Mississippi Agriculture Museum.

**City of Jackson
Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2017**

	Special Revenue						
	Parks and Recreation	Disability and Relief	Federal Grant	State Grant	Improvement Fund	Library	Total
ASSETS							
Cash and cash equivalents	\$ 794,696	\$ 492,920	\$ 3,316,889	\$ 134,542	\$ 5,953,443	\$ -	\$ 10,692,490
Receivables	2,345,646	5,227,653	1,621,873	-	3,285,108	2,109,841	14,590,121
Due from other funds	-	-	1,007,207	-	-	-	1,007,207
Total current assets	\$ 3,140,342	\$ 5,720,573	\$ 5,945,969	\$ 134,542	\$ 9,238,551	\$ 2,109,841	\$ 26,289,818
LIABILITIES							
Current Liabilities:							
Accounts payable	\$ 61,384	\$ -	\$ 366,069	\$ -	\$ 328,800	\$ -	\$ 756,253
Unearned grant revenue	-	-	2,118,585	-	-	-	2,118,585
Other liabilities	21,106	504,246	13,238	-	-	-	538,590
Due to other funds	-	-	534,298	-	1,243,024	220,416	1,997,738
Total liabilities	82,490	504,246	3,032,190	-	1,571,824	220,416	5,411,166
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-long-term receivables	-	-	91,672	-	-	-	91,672
Unavailable revenue-property taxes levied for subsequent year	2,314,404	5,161,122	-	-	1,109,667	2,082,964	10,668,157
Total deferred inflows of resources	2,314,404	5,161,122	91,672	-	1,109,667	2,082,964	10,759,829
FUND BALANCES							
Restricted	130,486	-	2,822,107	134,542	-	-	3,087,135
Committed	612,962	55,205	-	-	6,557,060	-	7,225,227
Unassigned	-	-	-	-	-	(193,539)	(193,539)
Total fund balance	743,448	55,205	2,822,107	134,542	6,557,060	(193,539)	10,118,823
Total liabilities, deferred inflows of resources and fund balances	\$ 3,140,342	\$ 5,720,573	\$ 5,945,969	\$ 134,542	\$ 9,238,551	\$ 2,109,841	\$ 26,289,818

(Continued)

Capital Projects

Debt Service	1998 GO Bond	2003 GO Bond	2009 GO Bond	Capitol Street 2-way	2012 GO Note	Thalia Mara Hall Renovation	Museum To Market Project	Total	Total Nonmajor Governmental Funds
\$ 5,928,330	\$ 92,742	\$132,345	\$ 343,165	\$ 1,783,405	\$731,575	\$ 114	\$ 206,355	\$ 3,289,701	\$ 19,910,521
4,495,842	-	-	-	-	-	-	-	-	19,085,963
-	-	-	-	-	-	-	-	-	1,007,207
<u>\$10,424,172</u>	<u>\$ 92,742</u>	<u>\$132,345</u>	<u>\$ 343,165</u>	<u>\$ 1,783,405</u>	<u>\$731,575</u>	<u>\$ 114</u>	<u>\$ 206,355</u>	<u>\$ 3,289,701</u>	<u>\$ 40,003,691</u>
\$ -	\$ 2,770	\$ 92,849	\$ -	\$ -	\$ -	\$ -	\$ 2,248	\$ 97,867	\$ 854,120
-	-	-	-	-	-	-	-	-	2,118,585
-	-	-	-	-	-	-	-	-	538,590
-	-	39,496	-	-	-	-	204,107	243,603	2,241,341
-	2,770	132,345	-	-	-	-	206,355	341,470	5,752,636
-	-	-	-	-	-	-	-	-	91,672
4,432,085	-	-	-	-	-	-	-	-	15,100,242
4,432,085	-	-	-	-	-	-	-	-	15,191,914
5,992,087	89,972	-	343,165	1,783,405	731,575	114	-	2,948,231	12,027,453
-	-	-	-	-	-	-	-	-	7,225,227
-	-	-	-	-	-	-	-	-	(193,539)
5,992,087	89,972	-	343,165	1,783,405	731,575	114	-	2,948,231	19,059,141
<u>\$10,424,172</u>	<u>\$ 92,742</u>	<u>\$132,345</u>	<u>\$ 343,165</u>	<u>\$ 1,783,405</u>	<u>\$731,575</u>	<u>\$ 114</u>	<u>\$ 206,355</u>	<u>\$ 3,289,701</u>	<u>40,003,691</u>

City of Jackson
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended September 30, 2017

	Special Revenue						
	Parks and Recreation	Disability and Relief	Federal Grant	State Grant	Improvement Fund	Library	Total
REVENUES							
General property taxes	\$ 2,372,834	\$ 5,020,907	\$ -	\$ -	\$ 1,020,107	\$ 2,084,643	\$ 10,498,491
Intergovernmental	99,091	145,768	9,507,408	-	2,816,062	59,991	12,628,320
Admissions, fees, rentals and concessions	233,532	-	129,312	-	-	-	362,844
Interest	990	1,159	8,103	145	22,361	-	32,758
Other	32,883	2,732	374,331	-	15,000	-	424,946
Total revenues	<u>2,739,330</u>	<u>5,170,566</u>	<u>10,019,154</u>	<u>145</u>	<u>3,873,530</u>	<u>2,144,634</u>	<u>23,947,359</u>
EXPENDITURES							
Current Operations:							
Personnel services	3,486,722	-	3,011,490	-	-	-	6,498,212
Supplies	292,625	-	604,401	-	21,025	-	918,051
Other services and charges	841,347	5,169,407	4,773,807	-	1,030,614	2,022,536	13,837,711
Capital outlay	183,903	-	2,547,456	-	4,292,781	-	7,024,140
Debt Service:							
Principal	126,598	-	-	-	-	-	126,598
Interest and service charges	14,793	-	-	-	-	-	14,793
Total expenditures	<u>4,945,988</u>	<u>5,169,407</u>	<u>10,937,154</u>	<u>-</u>	<u>5,344,420</u>	<u>2,022,536</u>	<u>28,419,505</u>
Excess (deficiency) of revenues over expenditures	<u>(2,206,658)</u>	<u>1,159</u>	<u>(918,000)</u>	<u>145</u>	<u>(1,470,890)</u>	<u>122,098</u>	<u>(4,472,146)</u>
OTHER FINANCING SOURCES							
Transfers in:							
General Fund	2,522,573	-	1,029,872	-	1,261,034	-	4,813,479
Proceeds from loan	-	-	-	-	496,800	-	496,800
Total other financing sources	<u>2,522,573</u>	<u>-</u>	<u>1,029,872</u>	<u>-</u>	<u>1,757,834</u>	<u>-</u>	<u>5,310,279</u>
Net change in fund balances	<u>315,915</u>	<u>1,159</u>	<u>111,872</u>	<u>145</u>	<u>286,944</u>	<u>122,098</u>	<u>838,133</u>
Fund balances at beginning of year, previously reported	288,157	54,046	3,122,515	134,397	6,055,672	-	9,654,787
Prior period adjustment	139,376	-	(412,280)	-	214,444	(315,637)	(374,097)
Fund balances at beginning of year, as restated	<u>427,533</u>	<u>54,046</u>	<u>2,710,235</u>	<u>134,397</u>	<u>6,270,116</u>	<u>(315,637)</u>	<u>9,280,690</u>
Fund balances at end of year	<u>\$ 743,448</u>	<u>\$ 55,205</u>	<u>\$ 2,822,107</u>	<u>\$134,542</u>	<u>\$ 6,557,060</u>	<u>\$ (193,539)</u>	<u>\$ 10,118,823</u>

Capital Projects

Debt Service	1998 GO Bond	2003 GO Bond	2009 GO Bond	Capitol Street 2-way	2012 GO Note	Thalia Mara Hall Renovation	Museum To Market Project	Total	Total Nonmajor Governmental Funds
\$ 3,907,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,406,479
3,692,129	-	-	-	622,936	-	-	-	622,936	16,943,385
-	-	-	-	-	-	-	-	-	362,844
30,306	435	-	1,174	4,368	2,485	-	-	8,462	71,526
7,111	-	-	-	-	-	-	-	-	432,057
<u>7,637,534</u>	<u>435</u>	<u>-</u>	<u>1,174</u>	<u>627,304</u>	<u>2,485</u>	<u>-</u>	<u>-</u>	<u>631,398</u>	<u>32,216,291</u>
-	-	-	-	-	-	-	-	-	6,498,212
-	-	-	-	-	-	-	-	-	918,051
-	-	3,100	-	-	-	-	-	3,100	13,840,811
-	77,205	536,833	23,415	-	-	-	66,789	704,242	7,728,382
1,125,602	-	-	-	-	-	-	-	-	1,252,200
5,290,180	-	-	-	-	-	-	-	-	5,304,973
<u>6,415,782</u>	<u>77,205</u>	<u>539,933</u>	<u>23,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,789</u>	<u>707,342</u>	<u>35,542,629</u>
<u>1,221,752</u>	<u>(76,770)</u>	<u>(539,933)</u>	<u>(22,241)</u>	<u>627,304</u>	<u>2,485</u>	<u>-</u>	<u>(66,789)</u>	<u>(75,944)</u>	<u>(3,326,338)</u>
165,991	-	539,933	-	-	-	-	66,789	606,722	5,586,192
-	-	-	-	-	-	-	-	-	496,800
<u>165,991</u>	<u>-</u>	<u>539,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,789</u>	<u>606,722</u>	<u>6,082,992</u>
1,387,743	(76,770)	-	(22,241)	627,304	2,485	-	-	530,778	2,756,654
4,275,039	166,742	-	365,406	1,154,349	729,090	114	-	2,415,701	16,345,527
329,305	-	-	-	1,752	-	-	-	1,752	(43,040)
<u>4,604,344</u>	<u>166,742</u>	<u>-</u>	<u>365,406</u>	<u>1,156,101</u>	<u>729,090</u>	<u>114</u>	<u>-</u>	<u>2,417,453</u>	<u>16,302,487</u>
<u>\$ 5,992,087</u>	<u>\$ 89,972</u>	<u>\$ -</u>	<u>\$ 343,165</u>	<u>\$ 1,783,405</u>	<u>\$ 731,575</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 2,948,231</u>	<u>\$ 19,059,141</u>

City of Jackson
Parks and Recreation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
PARKS AND RECREATION FUND (005)				
REVENUES				
Aircraft Registration	\$ 500	\$ 345	\$ 344	(1)
Homestead Exemption	65,000	68,173	68,172	(1)
Homestead Exemption Chargeback	-	576	575	(1)
Grove Park Green Fees	-	11,236	11,311	75
Grove Park Electric Golf Cart Rent	20,000	6,352	6,379	27
Sonny Guy Green Fees	55,000	16,449	16,499	50
Sonny Guy Electric Golf Cart Rent	55,000	11,130	11,150	20
Buddy Butts Fields/Driving RG	1,500	-	-	-
Swimming Fees	25,000	10,354	13,025	2,671
Athletic Fees	80,000	42,808	42,432	(376)
Gym User Fees	25,000	14,982	15,168	186
Parks Building Rentals	47,900	40,960	28,815	(12,145)
Park Field Rentals	58,800	10,380	10,295	(85)
Parks Concessions	4,000	147	188	41
Parks Programs Registration	35,000	1,101	1,090	(11)
Jones Center Rentals	30,000	7,232	8,542	1,310
Dance, Karate & Aerobics	6,000	1,055	1,055	-
Parks- Other	-	38,279	38,278	(1)
TennisFees-Battlefield Park	6,000	258	258	-
Vendor Fees - Par	-	1,760	1,760	-
Mynelle Garden - Photography	10,000	1,278	1,278	-
Mynelle Garden - Garden Admissions	14,000	5,573	5,630	57
Mynelle Garden - Garden Rentals	1,000	562	562	-
Mynelle Garden - Garden Weddings	4,000	1,643	1,643	-
Mynelle Garden - Garden Gift Shop Sales	1,000	164	165	1
Rents & Royalties	25,000	16,710	18,010	1,300
Interest on Investments	-	47	630	583
Interest on Checking	-	322	360	38
Sale of Fixed Assets	-	4,235	4,235	-
Grants & Donation	-	-	30,000	30,000
Other Department	-	15,181	15,700	519
Entergy Refunds	-	5,449	5,449	-
Settlement of Insurance Claims	-	7,498	7,498	-
Beginning Fund Balance	1,377,415	287,493	403,114	115,621
Transfers In/From General Fund	558,051	2,059,375	2,522,573	463,198
Total Revenue from Sources other than Taxation	<u>2,505,166</u>	<u>2,689,107</u>	<u>3,292,183</u>	<u>603,076</u>
Taxes				
Real Property	1,432,723	1,417,709	1,417,709	-
Personal Property	584,970	617,850	617,849	(1)
Delinquent Real	6,968	37,382	37,382	-
Delinquent Personal	1,800	1,597	1,596	(1)
Automotive	270,375	291,476	291,475	(1)
Total Taxes	<u>2,296,836</u>	<u>2,366,014</u>	<u>2,366,011</u>	<u>(3)</u>
Total Beginning Fund Balance and Anticipated Revenue from all Sources	<u>\$ 4,802,002</u>	<u>\$ 5,055,121</u>	<u>\$ 5,658,194</u>	<u>603,073</u>
EXPENDITURES				
Personnel Services	\$ 3,203,347	\$ 3,312,018	\$ 3,486,722	174,704
Supplies	374,221	402,548	292,624	(109,924)
Other Services and Charges	1,166,549	1,277,170	841,348	(435,822)
Capital Outlay	57,885	63,385	183,903	120,518
Debt Service	-	-	141,391	141,391
Ending Fund Balance	-	-	712,206	712,206
Total Expenditures and Ending Fund Balance	<u>\$ 4,802,002</u>	<u>\$ 5,055,121</u>	<u>\$ 5,658,194</u>	<u>603,073</u>

City of Jackson
Disability and Relief Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
DISABILITY AND RELIEF FUND (055)				
REVENUES				
Real Property	\$ 3,082,359	\$ 3,002,298	\$ 3,002,298	-
Personal Property	1,221,796	1,304,419	1,304,419	-
Delinquent Realty	-	78,972	78,972	-
Delinquent Personal	-	3,193	3,192	(1)
Automotive	575,147	612,919	612,919	-
Aircraft Registration	-	727	727	-
Homestead Exemption	111,673	145,042	145,041	(1)
Interest Income	-	794	1,159	365
Employee Contributions	-	2,732	2,732	-
Beginning Fund Balance	-	-	54,046	54,046
Total Revenues and Beginning Fund Balance	<u>\$ 4,990,975</u>	<u>\$ 5,151,096</u>	<u>\$ 5,205,505</u>	<u>54,409</u>
EXPENDITURES				
Other Services and Charges	\$ 4,990,975	\$ 5,151,096	\$ 5,150,300	(796)
Ending Fund Balance	-	-	55,205	55,205
Total Expenditures and Ending Fund Balance	<u>\$ 4,990,975</u>	<u>\$ 5,151,096</u>	<u>\$ 5,205,505</u>	<u>54,409</u>

City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
SENIOR AIDES FUND (012)				
REVENUES				
NCSC Senior Aides	\$ 567,673	\$ 480,725	\$ 402,350	(78,375)
Interest on Investments	-	-	34	34
Transfer In/From General Fund	75,306	75,306	93,613	18,307
Beginning Fund Balance	-	-	(12,940)	(12,940)
Total Revenues and Beginning Fund Balance	\$ 642,979	\$ 556,031	\$ 483,057	(72,974)
EXPENDITURES				
Personnel Services	\$ 623,639	\$ 541,646	\$ 563,884	22,238
Supplies	8,611	5,826	9,448	3,622
Other Services and Charges	10,729	4,279	3,095	(1,184)
Capital Outlay	-	4,280	-	(4,280)
Ending Fund Balance	-	-	(93,370)	(93,370)
Total Expenditures and Ending Fund Balance	\$ 642,979	\$ 556,031	\$ 483,057	(72,974)
FEDERAL GRANT FUND (019, 063, 069, 083, 084, 087, 103, 106, 117, 119, 139)				
REVENUES				
Interest Income	\$ -	\$ -	\$ 300	300
Other Revenue	-	-	100,075	100,075
Beginning Fund Balance	-	-	975,276	975,276
Total Revenues and Beginning Fund Balance	\$ -	\$ -	\$ 1,075,651	1,075,651
EXPENDITURES				
Supplies	\$ -	\$ -	\$ -	-
Other Services and Charges	-	-	-	-
Ending Fund Balance	-	-	1,075,651	1,075,651
Total Expenditures and Ending Fund Balance	\$ -	\$ -	\$ 1,075,651	1,075,651
EDI - FARISH STREET HISTORIC - MEDGAR EVERS (067)				
REVENUES				
EDI- Farish Street	\$ 697,945	\$ 697,945	\$ -	(697,945)
Total Revenues	\$ 697,945	\$ 697,945	\$ -	(697,945)
EXPENDITURES				
Other Services and Charges	\$ 210,345	\$ 210,345	\$ -	(210,345)
Capital Outlay	487,600	487,600	-	(487,600)
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ 697,945	\$ 697,945	\$ -	(697,945)

City of Jackson
Federal Grants Special Revenue Fund (Continued)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
COPS TECHNOLOGY GRANT (072)				
REVENUES				
Cops Technology Grant	\$ -	\$ 83,404	\$ -	(83,404)
Total Revenues	<u>\$ -</u>	<u>\$ 83,404</u>	<u>\$ -</u>	<u>(83,404)</u>
EXPENDITURES				
Capital Outlay	\$ -	\$ 83,404	\$ -	(83,404)
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 83,404</u>	<u>\$ -</u>	<u>(83,404)</u>
EARLY CHILDHOOD FUND (081)				
REVENUES				
USDA Food Revenue (Daycare)	\$ 304,900	\$ 263,500	\$ 228,828	(34,672)
OCY- Partnership	868,301	868,301	658,563	(209,738)
Interest on Investments	-	-	1,716	1,716
Other Revenues	126,000	109,000	130,509	21,509
Operating In/From General Fund	354,652	261,200	399,005	137,805
Beginning Fund Balance	-	-	419,231	419,231
Total Revenues and Beginning Fund Balance	<u>\$ 1,653,853</u>	<u>\$ 1,502,001</u>	<u>\$ 1,837,852</u>	<u>335,851</u>
EXPENDITURES				
Personal Services	\$ 1,248,817	\$ 1,241,382	\$ 1,259,358	17,976
Supplies	285,872	122,001	103,814	(18,187)
Other Services and Charges	119,164	135,833	126,231	(9,602)
Capital Outlay	-	2,785	-	(2,785)
Ending Fund Balance	-	-	348,449	348,449
Total Expenditures and Ending Fund Balance	<u>\$ 1,653,853</u>	<u>\$ 1,502,001</u>	<u>\$ 1,837,852</u>	<u>335,851</u>
CDBG FUND (085)				
REVENUES				
Transfer In from General Fund	\$ -	\$ -	\$ 33,859	33,859
CDBG - Housing & Community Development Grant	2,305,125	4,774,416	2,775,181	(1,999,235)
City Matching Funds	-	487,377	-	(487,377)
Lead Based Hazard Grant	-	1,384,181	39,928	(1,344,253)
Interest on Investments	-	-	1,486	1,486
Program Income/Other Department	-	-	43,673	43,673
Beginning Fund Balance	-	-	(30,146)	(30,146)
Total Revenues and Beginning Fund Balance	<u>\$ 2,305,125</u>	<u>\$ 6,645,974</u>	<u>\$ 2,863,981</u>	<u>(3,781,993)</u>
EXPENDITURES				
Personal Services	\$ 612,246	\$ 782,460	\$ 562,391	(220,069)
Supplies	18,713	52,915	6,587	(46,328)
Other Services and Charges	1,668,967	5,805,400	931,934	(4,873,466)
Capital Outlay	5,199	5,199	1,800,936	1,795,737
Transfers to Other Funds	-	-	50,000	50,000
Ending Fund Balance	-	-	(487,867)	(487,867)
Total Expenditures and Ending Fund Balance	<u>\$ 2,305,125</u>	<u>\$ 6,645,974</u>	<u>\$ 2,863,981</u>	<u>(3,781,993)</u>

City of Jackson
Federal Grants Special Revenue Fund (Continued)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
EMERGENCY SHELTER GRANT (086)				
REVENUES				
Emergency Shelter Grant	\$ 172,634	\$ 381,546	\$ 80,480	(301,066)
Beginning Fund Balance	-	-	(5,689)	(5,689)
Total Revenues and Beginning Fund Balance	<u>\$ 172,634</u>	<u>\$ 381,546</u>	<u>\$ 74,791</u>	<u>(306,755)</u>
EXPENDITURES				
Personal Services	\$ 31,250	\$ 31,250	\$ 6,256	(24,994)
Other Services and Charges	141,384	350,296	145,114	(205,182)
Ending Fund Balance	-	-	(76,579)	(76,579)
Total Expenditures and Ending Fund Balance	<u>\$ 172,634</u>	<u>\$ 381,546</u>	<u>\$ 74,791</u>	<u>(306,755)</u>
METRO MEDICAL RESPONSE SYSTEM (093)				
REVENUES				
DHHS - MMRS	\$ -	\$ -	\$ 129,216	129,216
MMRS Grant-Metro Med Response	320,891	320,891	-	(320,891)
Interest on Investment	-	-	431	431
Total Revenues	<u>\$ 320,891</u>	<u>\$ 320,891</u>	<u>\$ 129,647</u>	<u>(191,244)</u>
EXPENDITURES				
Supplies	\$ -	\$ 3,400	\$ 3,295	(105)
Other Services and Charges	2,000	91,850	67,405	(24,445)
Capital Outlay	318,891	225,641	58,927	(166,714)
Ending Fund Balance	-	-	20	20
Total Expenditures and Ending Fund Balance	<u>\$ 320,891</u>	<u>\$ 320,891</u>	<u>\$ 129,647</u>	<u>(191,244)</u>
HOME PROGRAM (120)				
REVENUES				
Home Program	\$ 1,815,821	\$ 3,246,048	\$ 1,454,139	(1,791,909)
Other Revenue	-	-	7,230	7,230
Beginning Fund Balance	-	-	(248,031)	(248,031)
Total Revenues and Beginning Fund Balance	<u>\$ 1,815,821</u>	<u>\$ 3,246,048</u>	<u>\$ 1,213,338</u>	<u>(2,032,710)</u>
EXPENDITURES				
Personnel Services	\$ 118,265	\$ 118,265	\$ 97,935	(20,330)
Supplies	4,800	4,800	1,624	(3,176)
Other Services and charges	1,692,756	3,117,983	1,295,610	(1,822,373)
Capital Outlay	-	5,000	-	(5,000)
Ending Fund Balance	-	-	(181,831)	(181,831)
Total Expenditures and Ending Fund Balance	<u>\$ 1,815,821</u>	<u>\$ 3,246,048</u>	<u>\$ 1,213,338</u>	<u>(2,032,710)</u>

City of Jackson
Federal Grants Special Revenue Fund (Continued)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
HOPWA GRANT FUND (122)				
REVENUES				
HOPWA Grant-Dept. of HUD	\$ 5,085,270	\$ 5,085,270	\$ 493,549	(4,591,721)
Beginning Fund Balance	-	-	(1,539)	(1,539)
Total Revenues and Beginning Fund Balance	\$ 5,085,270	\$ 5,085,270	\$ 492,010	(4,593,260)
EXPENDITURES				
Personnel Services	\$ 137,474	\$ 137,474	\$ 24,406	(113,068)
Supplies	3,000	3,000	-	(3,000)
Other Services and charges	4,944,796	4,944,796	678,648	(4,266,148)
Ending Fund Balance	-	-	(211,044)	(211,044)
Total Expenditures and Ending Fund Balance	\$ 5,085,270	\$ 5,085,270	\$ 492,010	(4,593,260)
TITLE III AGING (125)				
REVENUES				
Title IIIB Outreach	\$ 10,000	\$ 10,000	\$ 10,000	-
Title IIIB Transportation	125,115	125,115	128,680	3,565
Title III Congregate Meals	67,066	80,666	128,319	47,653
SSBG Title XX Home Delivery	245,855	262,200	296,277	34,077
Interest Earned on Repos	-	-	4,005	4,005
Senior Citizens Special Events	-	-	2,595	2,595
Title III Congregate Donation	10,000	5,000	8,852	3,852
Title III Transportation Donation	960	-	-	-
Title XX-Transportation Donation P.I.	-	3,000	664	(2,336)
Transfer In/From General Fund	391,154	325,637	343,831	18,194
Beginning Fund Balance	-	-	1,102,658	1,102,658
Total Revenues and Beginning Fund Balance	\$ 850,150	\$ 811,618	\$ 2,025,881	1,214,263
EXPENDITURES				
Personnel Services	\$ 132,695	\$ 139,895	\$ 144,225	4,330
Supplies	392,250	346,418	474,532	128,114
Other Services and charges	325,205	325,305	301,920	(23,385)
Ending Fund Balance	-	-	1,105,204	1,105,204
Total Expenditures and Ending Fund Balance	\$ 850,150	\$ 811,618	\$ 2,025,881	1,214,263

City of Jackson
Federal Grants Special Revenue Fund (Continued)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
AMERICORPS (134)				
REVENUES				
Americorp Capital City Rebuild	\$ 242,740	\$ 242,740	\$ 205,944	(36,796)
Interest Earned on Investment	-	-	44	44
Grants & Donation	-	-	2,258	2,258
Transfer In/From General Fund	127,190	127,190	153,725	26,535
Transfer In/From CDBG	50,000	50,000	50,000	-
Beginning Fund Balance	-	-	3,499	3,499
Total Revenues and Beginning Fund Balance	<u>\$ 419,930</u>	<u>\$ 419,930</u>	<u>\$ 415,470</u>	<u>(4,460)</u>
EXPENDITURES				
Personnel Services	\$ 381,172	\$ 338,371	\$ 276,628	(61,743)
Supplies and Materials	5,876	5,876	2,588	(3,288)
Other Services and Charges	32,882	75,683	84,107	8,424
Ending Fund Balance	-	-	52,147	52,147
Total Expenditures and Ending Fund Balance	<u>\$ 419,930</u>	<u>\$ 419,930</u>	<u>\$ 415,470</u>	<u>(4,460)</u>
EDI - SPECIAL PROJECT (185)				
REVENUES				
EDI-Special Project	\$ 462,320	\$ 82,958	\$ 81,244	(1,714)
Total Revenues	<u>\$ 462,320</u>	<u>\$ 82,958</u>	<u>\$ 81,244</u>	<u>(1,714)</u>
EXPENDITURES				
Other Services and Charges	\$ 462,320	\$ 82,958	-	(82,958)
Capital Outlay	-	-	81,244	81,244
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 462,320</u>	<u>\$ 82,958</u>	<u>\$ 81,244</u>	<u>(1,714)</u>
ED BYRNE MEMORIAL GRANT FUND (186, 352, 353, 356, 359)				
REVENUES				
Edward Byrne Mem Justice Grant	\$ 458,365	\$ 718,864	-	(718,864)
Total Revenues	<u>\$ 458,365</u>	<u>\$ 718,864</u>	<u>\$ -</u>	<u>(718,864)</u>
EXPENDITURES				
Supplies	\$ -	\$ 33,600	-	(33,600)
Other Services and charges	171,954	201,954	-	(201,954)
Capital Outlay	286,411	483,310	-	(483,310)
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 458,365</u>	<u>\$ 718,864</u>	<u>\$ -</u>	<u>(718,864)</u>

City of Jackson
Federal Grants Special Revenue Fund (Continued)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
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KABOOM GRANT-PLAYGROUND EQUIPMENT (354)

REVENUES

KABOOM-Playground Equipment	\$ 131,475	\$ 102,632	\$ -	(102,632)
Beginning Fund Balance	-	-	29,887	29,887
Total Revenues and Beginning Fund Balance	\$ 131,475	\$ 102,632	\$ 29,887	(72,745)

EXPENDITURES

Supplies	\$ -	\$ -	\$ -	-
Other Services and Charges	71,250	102,632	-	(102,632)
Capital Outlay	60,225	-	-	-
Ending Fund Balance	-	-	29,887	29,887
Total Expenditures and Ending Fund Balance	\$ 131,475	\$ 102,632	\$ 29,887	(72,745)

SAMHSA - 1 U79 SMO61630-01 (355)

REVENUES

Transfers In from General Fund	\$ -	\$ -	\$ 5,839	5,839
City Matching Funds	-	310,847	314,149	3,302
SAMHSA - 1 U79 SMO61630-01	848,162	869,162	1,109,729	240,567
Beginning Fund Balance	-	-	(279,239)	(279,239)
Total Revenues and Beginning Fund Balance	\$ 848,162	\$ 1,180,009	\$ 1,150,478	(29,531)

EXPENDITURES

Personnel	\$ 80,892	\$ 80,892	\$ 76,406	(4,486)
Supplies	2,180	1,751	2,512	761
Other Services and Charges	757,090	1,095,366	1,076,743	(18,623)
Capital Outlay	8,000	2,000	-	(2,000)
Ending Fund Balance	-	-	(5,183)	(5,183)
Total Expenditures and Ending Fund Balance	\$ 848,162	\$ 1,180,009	\$ 1,150,478	(29,531)

TIGER GRANT (357)

REVENUES

Tiger Grant	\$ -	\$ 16,102,946	\$ 591,935	(15,511,011)
Interest Earned on Investment	-	-	88	88
Beginning Fund Balance	-	-	(186,253)	(186,253)
Total Revenues and Beginning Fund Balance	\$ -	\$ 16,102,946	\$ 405,770	(15,697,176)

EXPENDITURES

Other Services and Charges	\$ -	\$ 16,102,946	\$ 63,000	(16,039,946)
Capital Outlay	-	-	606,348	606,348
Ending Fund Balance	-	-	(263,578)	(263,578)
Total Expenditures and Ending Fund Balance	\$ -	\$ 16,102,946	\$ 405,770	(15,697,176)

City of Jackson
State Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
STATE GRANTS FUNDS (073,109,123,179,180)				
REVENUES				
Intergovernmental Revenue-THALIA MARA HALL	\$ 97,968	\$ -	\$ -	-
Intergovernmental Revenue-MEMA	-	30,000	-	(30,000)
Interest	-	-	145	145
Beginning Fund Balance	-	-	134,397	134,397
Total Revenues and Beginning Fund Balance	<u>\$ 97,968</u>	<u>\$ 30,000</u>	<u>\$ 134,542</u>	<u>104,542</u>
EXPENDITURES				
Other Services and Charges	\$ 97,968	\$ -	\$ -	-
Capital Outlay	-	30,000	-	(30,000)
Ending Fund Balance	-	-	134,542	134,542
Total Expenditures and Ending Fund Balance	<u>\$ 97,968</u>	<u>\$ 30,000</u>	<u>\$ 134,542</u>	<u>104,542</u>

City of Jackson
Improvement Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
BUSINESS IMPROVEMENT TAX ASSESSMENT (007)				
REVENUES				
Real Property Taxes	\$ 1,016,170	\$ 1,019,835	\$ 1,019,834	(1)
Beginning Fund Balance	-	-	14,995	14,995
Total Revenues and Beginning Fund Balance	\$ 1,016,170	\$ 1,019,835	\$ 1,034,829	14,994
EXPENDITURES				
Other Services and Charges	\$ 1,016,170	\$ 1,019,835	\$ 1,019,834	(1)
Ending Fund Balance	-	-	14,995	14,995
Total Expenditures and Ending Fund Balance	\$ 1,016,170	\$ 1,019,835	\$ 1,034,829	14,994
CAPITAL IMPROVEMENT FUND (047, 141, 172, 213, 214,215, 216, 217, 223)				
REVENUES				
Interest Earned	\$ -	\$ -	\$ 22,361	22,361
Intergovernmental-Federal- (USDA Soil Conservation)	23,625	23,625	-	(23,625)
Intergovernmental-Federal- (MDOT)	2,037,314	2,037,314	-	(2,037,314)
Intergovernmental-State - (MDOT)(TRAFFIC)	1,183,814	1,183,814	707,723	(476,091)
Intergovernmental-State- (USDA Soil Conservation)	475	475	-	(475)
Intergovernmental-State - (DFA-Thalia Mara)	248,908	248,908	-	(248,908)
Intergovernmental-State - (MDOT)	500,000	500,000	-	(500,000)
Intergovernmental-State - (DFA Parham Bridges)	-	100,000	-	(100,000)
Intergovernmental-Local - (Street Resurfacing)	650,000	650,000	-	(650,000)
Intergovernmental-Local - (JKS Convention)	57,180	-	-	-
Grants and Donations	-	15,000	15,000	-
Proceeds of Long Term Debt	-	496,800	496,800	-
Beginning Fund Balance	6,544,218	6,629,142	6,188,292	(440,850)
Transfer In/From General Fund	1,153,951	1,261,034	1,261,034	-
Total Revenues and Beginning Fund Balance	\$ 12,399,485	\$ 13,146,112	\$ 8,691,210	(4,454,902)
EXPENDITURES				
Supplies	\$ 1,184,040	\$ 660,003	\$ 21,025	(638,978)
Other Services and Charges	11,156,069	12,426,733	10,780	(12,415,953)
Capital Outlay	59,376	59,376	4,292,781	4,233,405
Ending Fund Balance	-	-	4,366,624	4,366,624
Total Expenditures and Ending Fund Balance	\$ 12,399,485	\$ 13,146,112	\$ 8,691,210	(4,454,902)

City of Jackson
Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
LIBRARY FUND				
REVENUES				
Property Taxes	\$ -	\$ -	\$ 2,079,699	2,079,699
Intergovernmental	-	-	59,991	59,991
Beginning Fund Balance	-	-	(337,570)	(337,570)
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,802,120</u>	<u>\$ 1,802,120</u>
EXPENDITURES				
Other Services and Charges	\$ -	\$ -	\$ 2,022,536	2,022,536
Ending Fund Balance	-	-	(220,416)	(220,416)
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,802,120</u>	<u>\$ 1,802,120</u>

City of Jackson
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
BOND AND INTEREST FUND (020,0244,0246,0247,0249,0251,0252,0253,0255,0256,0257,0315,0316,0317)				
REVENUES				
Current Realty Taxes	\$ 2,249,684	\$ 2,249,684	\$ 2,330,699	81,015
Current Personal Taxes	891,738	891,738	961,947	70,209
Delinquent Realty	-	-	107,797	107,797
Delinquent Personal	-	-	2,842	2,842
Ad Valorem Tax on Automotive	419,775	419,775	477,983	58,208
Aircraft Registration	-	-	530	530
Homestead Exemption	1	1	104,985	104,984
Homestead Exemption	-	-	881	881
Interest Earnings	-	-	30,306	30,306
Capital City Convention Commission	-	-	3,521,771	3,521,771
Other Departments	-	-	7,111	7,111
County Taxes	59,393	65,244	63,962	(1,282)
Proceeds of Long Term Debt	-	16,000,000	-	(16,000,000)
Transfer In/From General Fund	-	165,991	165,991	-
Transfer In/From Water/Sewer	2,043,427	2,043,427	-	(2,043,427)
Transfer In/From Other Funds	6,190,701	7,459,035	-	(7,459,035)
Beginning Fund Balance	-	-	4,567,307	4,567,307
Total Revenue and Beginning Fund Balance	\$ 11,854,719	\$ 29,294,895	\$ 12,344,112	(16,950,783)
EXPENDITURES				
Other Services & Charges	\$ 11,854,719	\$ 29,294,895	\$ -	(29,294,895)
Debt Service	-	-	6,415,782	6,415,782
Ending Fund Balance	-	-	5,928,330	5,928,330
Total Expenditures and Ending Fund Balance	\$ 11,854,719	\$ 29,294,895	\$ 12,344,112	(16,950,783)

City of Jackson
1998 General Obligation Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
G.O. BONDS 1998 CONSTRUCTION FUND (156)				
REVENUES				
Interest Earned on Repos	\$ -	\$ -	\$ 435	435
Beginning Fund Balance	178,739	178,739	166,742	(11,997)
Total Revenues and Beginning Fund Balance	<u>\$ 178,739</u>	<u>\$ 178,739</u>	<u>\$ 167,177</u>	<u>(11,562)</u>
EXPENDITURES				
Other Services and Charges	\$ 178,739	\$ 178,739	\$ -	(178,739)
Capital Outlay	-	-	77,205	77,205
Ending Fund Balance	-	-	89,972	89,972
Total Expenditures and Ending Fund Balance	<u>\$ 178,739</u>	<u>\$ 178,739</u>	<u>\$ 167,177</u>	<u>(11,562)</u>

City of Jackson
2003 General Obligation Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
G.O.PUB IMPROVEMENT CONSTRUCTION BOND (148)				
REVENUES				
Intergovernment-Federal (MDOT)	\$ 1,116.00	\$ 1,116.00	\$ -	(1,116)
Intergovernment-STATE (MDOT-LYNCH)	4,252,031	4,252,031	-	(4,252,031)
Interest Earned on Investments	2,000	2,000	-	(2,000)
Transfer In from General Fund	-	-	539,933	539,933
Beginning Fund Balance	2,000,154	2,000,154	-	(2,000,154)
Total Revenues and Beginning Fund Balance	\$ 6,255,301	\$ 6,255,301	\$ 539,933	(5,715,368)
EXPENDITURES				
Personnel Services	\$ 17,120.00	\$ 17,120.00	\$ -	(17,120)
Other Services and Charges	6,198,681	6,198,681	3,100	(6,195,581)
Capital Outlay	39,500	39,500	536,833	497,333
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ 6,255,301	\$ 6,255,301	\$ 539,933	(5,715,368)

City of Jackson
2009 General Obligation Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
G.O. BONDS 2009 STREET CONSTRUCTION FUND (168)				
REVENUES				
Interest Earned on Repos	\$ -	\$ -	\$ 1,174	1,174
Beginning Fund Balance	365,160	365,160	365,406	246
Total Revenues and Beginning Fund Balance	<u>\$ 365,160</u>	<u>\$ 365,160</u>	<u>\$ 366,580</u>	<u>1,420</u>
EXPENDITURES				
Other Services and Charges	\$ 365,160	\$ 365,160	\$ -	(365,160)
Capital Outlay	-	-	23,415	23,415
Ending Fund Balance	-	-	343,165	343,165
Total Expenditures and Ending Fund Balance	<u>\$ 365,160</u>	<u>\$ 365,160</u>	<u>\$ 366,580</u>	<u>1,420</u>

City of Jackson
Capitol Street 2 - Way
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
CAPITOL STREET 2-WAY PROJECT (171)				
REVENUES				
Intergovernment-Federal (MDOT)	\$ -	\$ -	\$ 198,977	198,977
Intergovernment-State (MDA)	1,135,107	1,135,107	552,223	(582,884)
Interest Earned on Repos	-	-	4,368	4,368
Beginning Fund Balance	-	-	1,027,837	1,027,837
Total Revenues and Beginning Fund Balance	\$ 1,135,107	\$ 1,135,107	\$ 1,783,405	648,298
EXPENDITURES				
Other Services and Charges	\$ 1,135,107	\$ 1,135,107	\$ -	(1,135,107)
Ending Fund Balance	-	-	1,783,405	1,783,405
Total Expenditures and Ending Fund Balance	\$ 1,135,107	\$ 1,135,107	\$ 1,783,405	648,298

City of Jackson
2012 General Obligation Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget		Final Budget		Actual Amount	Variance
2012 G.O. NOTE-CAPITAL PROJECT FUND (190)						
REVENUES						
Interest Earned	\$ -	\$	-	\$	2,485	2,485
Beginning Fund Balance	729,104		729,104		729,090	(14)
Total Revenues and Beginning Fund Balance	<u>\$ 729,104</u>	\$	<u>729,104</u>	\$	<u>731,575</u>	<u>2,471</u>
EXPENDITURES						
Other Services and Charges	\$ 676,598	\$	676,598	\$	-	(676,598)
Capital Outlay	52,506		52,506		-	(52,506)
Ending Fund Balance	-		-		731,575	731,575
Total Expenditures and Ending Fund Balance	<u>\$ 729,104</u>	\$	<u>729,104</u>	\$	<u>731,575</u>	<u>2,471</u>

City of Jackson
Thalia Mara Hall Renovation
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
THALIA MARA HALL RENOVATION (172)				
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	-
Beginning Fund Balance	-	-	114	114
Total Revenues and Beginning Fund Balance	\$ -	\$ -	\$ 114	114
EXPENDITURES				
Other Services and Charges	\$ -	\$ -	\$ -	-
Ending Fund Balance	-	-	114	114
Total Expenditures and Ending Fund Balance	\$ -	\$ -	\$ 114	114

City of Jackson
Museum To Market Project
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance
MUSEUM TO MARKET PROJECT (351)				
REVENUES				
Intergovernment-State (MDOT)	\$ 1,000,000	\$ 1,000,000	\$ -	(1,000,000)
Grants & Donation	43,646	43,646	-	(43,646)
Transfer In from General Fund	-	-	66,789	66,789
Total Revenues and Beginning Fund Balance	<u>\$ 1,043,646</u>	<u>\$ 1,043,646</u>	<u>\$ 66,789</u>	<u>(976,857)</u>
EXPENDITURES				
Other Services and Charges	\$ 1,043,646	\$ 1,043,646	\$ -	(1,043,646)
Capital Outlay	-	-	66,789	66,789
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 1,043,646</u>	<u>\$ 1,043,646</u>	<u>\$ 66,789</u>	<u>(976,857)</u>

**NON-MAJOR
PROPRIETARY FUNDS**

Nonmajor Proprietary

Madison-Ridgeland Sewage Disposal System Fund

To account for costs of construction, operation and maintenance of the East Madison County Sewage Disposal System. The City of Ridgeland, Mississippi is responsible for the service contracts with Madison County participating in the system.

Transportation Fund

To account for operational costs of the City's transit system. Deficiencies in the revenues over expenses are financed by the City.

City of Jackson
Combining Statement of Net Position
Proprietary Funds - Nonmajor Funds
As of September 30, 2017

	Madison- Ridgeland Sewage	Transportation	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 1,849,958	\$ 1,849,958
Intergovernmental Receivable	-	531,560	531,560
Total Current Asset	-	2,381,518	2,381,518
Property, Plant and Equipment, at Cost			
Land	-	450,000	450,000
Buildings	-	8,516,502	8,516,502
Water plant, distribution system and equipment	587,818	410,690	998,508
Automotive and other equipment	5,278	12,959,630	12,964,908
	593,096	22,336,822	22,929,918
Less: accumulated depreciation	(286,617)	(9,502,066)	(9,788,683)
	306,479	12,834,756	13,141,235
Construction in progress	-	278,871	278,871
Net property, plant and equipment	306,479	13,113,627	13,420,106
Total Assets	306,479	15,495,145	15,801,624
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	-	131,392	131,392
Total deferred outflows of resources	-	131,392	131,392

City of Jackson
Combining Statement of Net Position
Proprietary Funds - Nonmajor Funds
As of September 30, 2017

	Madison- Ridgeland Sewage	Transportation	Totals
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 13	\$ 915,629	\$ 915,642
Compensated absences	-	5,077	5,077
Current portion of long term debt:			
Capital lease obligations	-	92,020	92,020
Total current liabilities	<u>13</u>	<u>1,012,726</u>	<u>1,012,739</u>
Other Post Employment Benefits liability	-	115,597	115,597
Net pension liability	-	612,329	612,329
Long Term Debt (less amounts classified as current liabilities):			
Compensated absences	-	12,933	12,933
Capital lease obligations	-	34,111	34,111
Total long-term debt	<u>-</u>	<u>774,970</u>	<u>774,970</u>
Total liabilities	<u>13</u>	<u>1,787,696</u>	<u>1,787,709</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	<u>-</u>	<u>22,067</u>	<u>22,067</u>
Total deferred inflows of resources	<u>-</u>	<u>22,067</u>	<u>22,067</u>
NET POSITION			
Net investment in capital assets	306,479	12,987,496	13,293,975
Unrestricted	<u>(13)</u>	<u>829,278</u>	<u>829,265</u>
Total Net Position	<u>306,466</u>	<u>13,816,774</u>	<u>14,123,240</u>

City of Jackson
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds - Nonmajor Funds
For the Year Ended September 30, 2017

	<u>Madison- Ridgeland Sewage</u>	<u>Transportation</u>	<u>Totals</u>
Operating Revenues:			
Sales to Customers	\$ 103,386	\$ 425,540	\$ 528,926
Other Revenue	-	357	357
	<u>103,386</u>	<u>425,897</u>	<u>529,283</u>
Operating Expenses:			
Personnel Services	-	410,650	410,650
Supplies	-	453,677	453,677
Other services and charges	101,062	5,329,847	5,430,909
Depreciation	16,400	858,957	875,357
Total operating expenses	<u>117,462</u>	<u>7,053,131</u>	<u>7,170,593</u>
Operating Income (loss)	<u>(14,076)</u>	<u>(6,627,234)</u>	<u>(6,641,310)</u>
Nonoperating Revenues (Expenses):			
Noncapital grants		4,808,134	4,808,134
Interest revenue	-	2,754	2,754
Interest and service charges on long term debt and capitalized lease obligations	-	(719)	(719)
Total nonoperating revenues (expenses)	<u>-</u>	<u>4,810,169</u>	<u>4,810,169</u>
Loss before transfers	<u>(14,076)</u>	<u>(1,817,065)</u>	<u>(1,831,141)</u>
Transfers In:			
General Fund	-	3,502,823	3,502,823
Change in Net Position	<u>(14,076)</u>	<u>1,685,758</u>	<u>1,671,682</u>
Total net position - beginning	320,542	12,283,212	12,603,754
Prior period adjustment	-	(152,196)	(152,196)
Total net position - beginning, restated	<u>320,542</u>	<u>12,131,016</u>	<u>12,451,558</u>
Total net position - ending	<u>\$ 306,466</u>	<u>\$ 13,816,774</u>	<u>\$ 14,123,240</u>

City of Jackson
Combining Statement of Cash Flows
Proprietary Funds - Nonmajor Funds
For the Year Ended September 30, 2017

	Madison- Ridgeland Sewage	Transportation	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 103,386	\$ 425,540	\$ 528,926
Receipts from other revenue	-	357	357
Payments to suppliers	(103,396)	(6,217,878)	(6,321,274)
Payments to employees	-	(316,090)	(316,090)
Net cash used for			
Operating activities	<u>(10)</u>	<u>(6,108,071)</u>	<u>(6,108,081)</u>
Cash Flows from Noncapital Financing Activities			
Operating grants	-	5,928,932	5,928,932
Transfers In	-	3,214,810	3,214,810
Net cash provided by noncapital and related financing activities	<u>-</u>	<u>9,143,742</u>	<u>9,143,742</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	(1,127,606)	(1,127,606)
Principal paid on capital debt	-	(56,746)	(56,746)
Interest paid on capital debt	-	(6,250)	(6,250)
Net cash provided by capital and related financing activities	<u>-</u>	<u>(1,190,602)</u>	<u>(1,190,602)</u>
Cash Flow from Investing Activities:			
Interest on investments	-	2,754	2,754
Net cash provided by investing activities	<u>-</u>	<u>2,754</u>	<u>2,754</u>
Net increase (decrease) in cash and cash equivalents	(10)	1,847,823	1,847,813
Cash and cash equivalents at beginning of year	10	2,135	2,145
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 1,849,958</u>	<u>\$ 1,849,958</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating loss	\$ (14,076)	\$ (6,627,234)	\$ (6,641,310)
Depreciation expense	16,400	858,957	875,357
Increase (decrease) in accounts payable and accrued expenses	(2,334)	(434,354)	(436,688)
Increase (decrease) in compensated absences	-	5,148	5,148
Increase (decrease) in net pension liability and deferred inflows (outflows)	-	73,683	73,683
Increase (decrease) in other post-employment benefit liabilities	-	15,729	15,729
Total adjustments	<u>14,066</u>	<u>519,163</u>	<u>533,229</u>
Net cash provided by operating activities	<u>\$ (10)</u>	<u>\$ (6,108,071)</u>	<u>\$ (6,108,081)</u>

FIDUCIARY FUNDS

Fiduciary Funds

Unemployment Compensation Revolving Fund

To account for money held in trust to fund unemployment claims pursuant to State law.

Charitable Trust Fire and Police Fund

To account for contributions from the public sector which are held in trust for police and fire allowable claims.

Mausoleum Trust Fund

To account for funds to be used for maintenance and upkeep of the Henry Mausoleum located in Kernaghan Cemetery.

Tax Collections Agency Funds

To account for receipt of tax collections for and subsequent payment to the Jackson Municipal Separate School District, Capital City Community Convention Center, and Jackson Convention & Visitors Bureau.

**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2017**

	<u>Unemployment Compensation Revolving Fund</u>	<u>Charitable Trust Fire and Police Fund</u>	<u>Mausoleum Trust Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 665,069	\$ 9,377	\$ -	\$ 674,446
Investment at fair value: Certificate of deposit	-	-	32,667	32,667
Total assets	<u>\$ 665,069</u>	<u>\$ 9,377</u>	<u>\$ 32,667</u>	<u>\$ 707,113</u>
Liabilities and Net Position				
Liabilities:				
Claims payable	\$ 5,103	\$ -	\$ -	\$ 5,103
Due to other funds	<u>425,000</u>	<u>-</u>	<u>-</u>	<u>425,000</u>
Total liabilities	<u>430,103</u>	<u>-</u>	<u>-</u>	<u>430,103</u>
Net Position:				
Held in trust for unemployment benefits and other purposes	<u>234,966</u>	<u>9,377</u>	<u>32,667</u>	<u>277,010</u>
Total net position	<u>234,966</u>	<u>9,377</u>	<u>32,667</u>	<u>277,010</u>
Total liabilities and net position	<u>\$ 665,069</u>	<u>\$ 9,377</u>	<u>\$ 32,667</u>	<u>\$ 707,113</u>

**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Unemployment Compensation Revolving Fund</u>	<u>Charitable Trust Fire and Police Fund</u>	<u>Mausoleum Trust Fund</u>	<u>Total</u>
Additions:				
Interest	\$ 2,243	\$ 56	\$ 23	\$ 2,322
Contributions from other funds	<u>116,500</u>	<u>-</u>	<u>-</u>	<u>116,500</u>
Total additions	<u>118,743</u>	<u>56</u>	<u>23</u>	<u>118,822</u>
Deductions:				
General government: Unemployment claims	<u>140,449</u>	<u>-</u>	<u>-</u>	<u>140,449</u>
Total deductions	<u>140,449</u>	<u>-</u>	<u>-</u>	<u>140,449</u>
Change in Net Position	<u>(21,706)</u>	<u>56</u>	<u>23</u>	<u>(21,627)</u>
Net position beginning, previously reported	588,672	9,321	32,644	630,637
Prior period adjustments	<u>(332,000)</u>	<u>-</u>	<u>-</u>	<u>(332,000)</u>
Net position at beginning of year, restated	<u>256,672</u>	<u>9,321</u>	<u>32,644</u>	<u>298,637</u>
Net position at end of year	<u>\$ 234,966</u>	<u>\$ 9,377</u>	<u>\$ 32,667</u>	<u>\$ 277,010</u>

**CITY OF JACKSON
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Cash Equivalents</u>	<u>Taxes Receivable</u>	<u>Total Assets</u>	<u>Payables to Others</u>	<u>Total Liabilities</u>
Capital City Community Convention Center					
Balance at October 1, 2016, as restated	\$ 12,334	\$ 758,444	\$ 770,778	\$ 770,778	\$ 770,778
Additions	4,529,563	(20,135)	4,509,428	4,509,428	4,509,428
Deductions	<u>4,529,475</u>	<u>-</u>	<u>4,529,475</u>	<u>4,529,475</u>	<u>4,529,475</u>
Balance at September 30, 2017	<u>\$ 12,422</u>	<u>\$ 738,309</u>	<u>\$ 750,731</u>	<u>\$ 750,731</u>	<u>\$ 750,731</u>
Jackson Convention & Visitors Bureau					
Balance at October 1, 2016, as restated	\$ 300,876	\$ 587,653	\$ 888,529	\$ 888,529	\$ 888,529
Additions	3,539,863	(15,181)	3,524,682	3,524,682	3,524,682
Deductions	<u>3,840,739</u>	<u>-</u>	<u>3,840,739</u>	<u>3,840,739</u>	<u>3,840,739</u>
Balance at September 30, 2017	<u>\$ -</u>	<u>\$ 572,472</u>	<u>\$ 572,472</u>	<u>\$ 572,472</u>	<u>\$ 572,472</u>
Jackson Municipal Separate School District					
Balance at October 1, 2016	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	12,878,410	-	12,878,410	12,878,410	12,878,410
Deductions	<u>12,878,410</u>	<u>-</u>	<u>12,878,410</u>	<u>12,878,410</u>	<u>12,878,410</u>
Balance at September 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total - All Agency Funds:					
Balance at October 1, 2016, as restated	\$ 313,210	\$ 1,346,097	\$ 1,659,307	\$ 1,659,307	\$ 1,659,307
Additions	20,947,836	(35,316)	20,912,520	20,912,520	20,912,520
Deductions	<u>21,248,624</u>	<u>-</u>	<u>21,248,624</u>	<u>21,248,624</u>	<u>21,248,624</u>
Balance at September 30, 2017	<u>\$ 12,422</u>	<u>\$ 1,310,781</u>	<u>\$ 1,323,203</u>	<u>\$ 1,323,203</u>	<u>\$ 1,323,203</u>

CAPITAL ASSETS

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE (1)
SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Governmental funds capital assets:		
Land	\$ 13,472,741	\$ 13,472,741
Buildings	107,642,250	94,042,124
Automotive and equipment:	77,271,930	75,788,942
Infrastructure	315,705,573	278,706,300
Construction in progress	<u>8,323,584</u>	<u>37,348,706</u>
Total governmental funds capital assets	<u>\$ 522,416,078</u>	<u>\$ 499,358,813</u>
 Investment in governmental funds capital assets by source:		
Assets prior to 1985 not segregated by sources	\$ 13,433,441	\$ 13,433,441
General Fund revenues	104,065,794	87,378,251
Special Revenue Fund revenues	100,089,324	96,506,024
Special Assessment bonds	2,123,934	2,123,934
General Obligation bonds	251,853,988	251,216,535
Limited Obligation bonds	4,330,429	4,330,429
Debt Service Fund revenues	65,000	65,000
Federal grants	45,815,093	43,666,124
State grants	208,126	208,126
County grants	<u>430,949</u>	<u>430,949</u>
Total governmental funds capital assets	<u>\$ 522,416,078</u>	<u>\$ 499,358,813</u>

(1) This schedule presents only the capital asset balances (excluding accumulated depreciation) related to governmental funds.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (1)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Assets prior to 1985 not segregated by function and activity	\$ 10,388,572	\$ -	\$ -	\$ 3,044,869	\$ -	\$ 13,433,441
General Government:						
Planning	-	330,382	658,952	495,245	-	1,484,579
Code Services	-	-	-	670,093	-	670,093
Telecommunication	-	5,907,442	37,152	132,555	-	6,077,149
Data Processing / Information System	-	42,257	167,105	6,151,735	-	6,361,097
Vehicle Pool Fund	-	-	-	1,650,523	-	1,650,523
Mayor's Office of Development Assistance	100,000	-	-	104,679	-	204,679
Office Services	-	-	-	146,335	-	146,335
Purchasing	-	-	-	50,452	-	50,452
Finance and Management	-	2,299,392	133,238	288,302	-	2,720,932
Personnel	-	913,546	-	225,894	-	1,139,440
Municipal Court Services	-	-	-	1,466,044	-	1,466,044
Vehicle Maintenance	-	5,816	-	728,791	-	734,607
Minority Business Development	-	-	-	27,598	-	27,598
Total general government	<u>100,000</u>	<u>9,498,835</u>	<u>996,447</u>	<u>12,138,246</u>	<u>-</u>	<u>22,733,528</u>
Urban Development and Housing:						
Neighborhood Enhancement Task	-	-	-	11,125	-	11,125
Redevelopment Projects	87,578	-	-	69,874	-	157,452
Post Office Project	500	-	-	-	-	500
Union Station	-	15,044,796	243,000	-	-	15,287,796
Total urban development and housing	<u>88,078</u>	<u>15,044,796</u>	<u>243,000</u>	<u>80,999</u>	<u>-</u>	<u>15,456,873</u>
Health and Welfare:						
Public Relations/Information	-	-	-	14,829	-	14,829
Senior Services	-	251,344	-	345,674	-	597,018
Day Care Services	-	281,849	16,109	256,428	-	554,386
Senior Centers/Community Centers	-	1,271,615	-	19,813	-	1,291,428
Group Home	46,245	-	-	-	-	46,245
Human and Cultural Services	-	471,638	1,876	54,498	-	528,012
Total health and welfare	<u>46,245</u>	<u>2,276,446</u>	<u>17,985</u>	<u>691,242</u>	<u>-</u>	<u>3,031,918</u>
Public Safety:						
Fire Department	75,000	5,300,973	3,672,248	17,852,462	-	26,900,683
Police Department	123,992	19,181,200	10,784,134	26,492,857	-	56,582,183
Small Animal Control	-	1,366,367	-	17,746	-	1,384,113
Juvenile Justice	-	431,482	4,502,506	86,199	-	5,020,187
Emergency Management	-	-	-	17,914	-	17,914
Communication Center	-	1,292,879	-	300,903	-	1,593,782
Public Safety Garage	-	-	-	29,060	-	29,060
Total public safety	<u>198,992</u>	<u>27,572,901</u>	<u>18,958,888</u>	<u>44,797,141</u>	<u>-</u>	<u>91,527,922</u>
Public Works:						
Cemeteries	-	8,430	-	143,318	-	151,748
Engineering	585,273	1,020,866	49,288,783	5,120,000	513,683	56,528,605
Traffic Engineering	-	17,215	638,701	2,392,214	381,371	3,429,501
Traffic Signals	-	-	2,355,398	324,707	-	2,680,105
Care and Maintenance of Public Buildings	-	8,366,930	8,536,528	89,982	492,948	17,486,388
Building & Ground	-	516,800	-	-	-	516,800
Custodial Services	-	-	-	34,818	-	34,818
Public Works Deputy Dir/Adm	-	-	-	41,124	-	41,124
Public Works Infrastructure Management	-	37,400	15,721,780	998,008	4,728,942	21,486,130
Pest Control	-	-	-	1,426	-	1,426
Streets	354,278	-	133,921,514	-	1,962,517	136,238,309
Storm Drainage	-	-	71,942,748	992,716	244,123	73,179,587
Bridges	-	-	1,787,206	-	-	1,787,206
Soil Conservation	-	120,000	112,159	-	-	232,159
Total public works	<u>939,551</u>	<u>10,087,641</u>	<u>284,304,817</u>	<u>10,138,313</u>	<u>8,323,584</u>	<u>313,793,906</u>
Culture and Recreation:						
Planetarium	-	827,314	34,963	1,342,865	-	2,205,142
Jackson Zoological Park	-	3,000,000	-	465,122	-	3,465,122
Municipal Art Building	-	5,758	29,049	5,907	-	40,714
Parks and Recreation	225,820	19,425,404	8,069,927	3,360,293	-	31,081,444
Teen Center	-	-	-	5,293	-	5,293
Library	-	5,710,933	2,198,621	156,099	-	8,065,653
Smith Robertson Cultural Center	-	1,238,810	340,745	57,595	-	1,637,150
City Auditorium and Art Center	-	10,007,088	511,131	64,922	-	10,583,141
Total culture and recreation	<u>225,820</u>	<u>40,215,307</u>	<u>11,184,436</u>	<u>5,458,096</u>	<u>-</u>	<u>57,083,659</u>
Miscellaneous:						
City Council/Mayor	-	402,665	-	427,895	-	830,560
City Clerk	-	-	-	192,219	-	192,219
City Hall	-	2,526,372	-	-	-	2,526,372
Legal	-	17,287	-	246,356	-	263,643
Mayor's Action Line	-	-	-	34,862	-	34,862
Industrial Park	1,485,483	-	-	-	-	1,485,483
Internal Audit	-	-	-	21,692	-	21,692
Total miscellaneous	<u>1,485,483</u>	<u>2,946,324</u>	<u>-</u>	<u>923,024</u>	<u>-</u>	<u>5,354,831</u>
Total governmental funds capital assets	<u>\$ 13,472,741</u>	<u>\$ 107,642,250</u>	<u>\$ 315,705,573</u>	<u>\$ 77,271,930</u>	<u>\$ 8,323,584</u>	<u>\$ 522,416,078</u>

(1) This schedule presents capital asset balances related to governmental funds.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Governmental Funds Capital Assets September 30, 2016	Additions	Deductions	Governmental Funds Capital Assets September 30, 2017
Assets prior to 1985 not segregated by function and activity	\$ 13,433,441	-	-	\$ 13,433,441
General Government:				
Planning	2,979,704	2,062,518	1,569,582	3,472,640
Code Services	670,093	-	-	670,093
Telecommunication	4,724,541	-	-	4,724,541
Data Processing / Information System	5,813,807	547,290	-	6,361,097
Vehicle Pool Fund	1,650,523	-	-	1,650,523
Mayor's Office of Development Assistance	204,679	-	-	204,679
Office Services	146,335	-	-	146,335
Purchasing	50,452	-	-	50,452
Finance and Management	2,720,932	-	-	2,720,932
Personnel	225,894	-	-	225,894
Municipal Court Services	1,466,044	-	-	1,466,044
Vehicle Maintenance	726,657	7,950	-	734,607
Minority Business Development	27,598	-	-	27,598
Total general government	<u>21,407,259</u>	<u>2,617,758</u>	<u>1,569,582</u>	<u>22,455,435</u>
Urban Development and Housing:				
Neighborhood Enhancement Task	11,125	-	-	11,125
Redevelopment Projects	157,452	-	-	157,452
Post Office Project	500	-	-	500
Union Station	15,287,796	-	-	15,287,796
Total urban development and housing	<u>15,456,873</u>	<u>-</u>	<u>-</u>	<u>15,456,873</u>
Health and Welfare:				
Public Relations/Information	14,829	-	-	14,829
Senior Services	597,018	-	-	597,018
Day Care Services	554,386	-	-	554,386
Senior Centers/Community Centers	1,291,428	-	-	1,291,428
Group Home	46,245	-	-	46,245
Human and Cultural Services	563,693	537,237	474,951	625,979
Total health and welfare	<u>3,067,599</u>	<u>537,237</u>	<u>474,951</u>	<u>3,129,885</u>
Public Safety:				
Fire Department	25,122,030	1,811,848	33,195	26,900,683
Police Department	56,327,878	22,114,393	22,341,914	56,100,357
Small Animal Control	1,384,113	-	-	1,384,113
Juvenile Justice	5,020,187	-	-	5,020,187
Emergency Management	17,914	-	-	17,914
Communication Center	1,593,782	-	-	1,593,782
Public Safety Garage	29,060	-	-	29,060
Total public safety	<u>89,494,964</u>	<u>23,926,241</u>	<u>22,375,109</u>	<u>91,046,096</u>
Public Works:				
Cemeteries	151,748	-	-	151,748
Engineering	56,428,929	112,511	12,835	56,528,605
Traffic Engineering	3,965,499	223,571	-	4,189,070
Traffic Signals	4,005,931	-	100,852	3,905,079
Care and Maintenance of Public Buildings	16,523,544	432,106	-	16,955,650
Building and Ground	-	1,013,600	496,800	516,800
Custodial Services	34,818	-	-	34,818
Public Works Deputy Dir/Adm	41,124	-	-	41,124
Public Works Infrastructure Management	10,058,159	46,228,633	27,118,472	29,168,320
Pest Control	1,426	-	-	1,426
Streets	136,238,309	-	-	136,238,309
Storm Drainage	73,179,587	-	-	73,179,587
Bridges	1,787,206	-	-	1,787,206
Soil Conservation	232,159	-	-	232,159
Total public works	<u>302,648,439</u>	<u>48,010,421</u>	<u>27,728,959</u>	<u>322,929,901</u>
Culture and Recreation:				
Planetarium	2,205,142	-	-	2,205,142
Jackson Zoological Park	3,465,122	-	-	3,465,122
Municipal Art Building	40,714	-	-	40,714
Parks and Recreation	28,650,906	367,806	253,597	28,765,115
Teen Center	5,293	-	-	5,293
Library	8,065,653	-	-	8,065,653
Smith Robertson Cultural Center	1,637,150	-	-	1,637,150
City Auditorium and Art Center	4,425,427	-	-	4,425,427
Total culture and recreation	<u>48,495,407</u>	<u>367,806</u>	<u>253,597</u>	<u>48,609,616</u>
Miscellaneous:				
City Council/Mayor	830,560	-	-	830,560
City Clerk	192,219	-	-	192,219
City Hall	2,526,372	-	-	2,526,372
Legal	263,643	-	-	263,643
Mayor's Action Line	34,862	-	-	34,862
Industrial Park	1,485,483	-	-	1,485,483
Internal Audit	21,692	-	-	21,692
Total miscellaneous	<u>5,354,831</u>	<u>-</u>	<u>-</u>	<u>5,354,831</u>
Total governmental funds capital assets	<u>\$ 499,358,813</u>	<u>75,459,463</u>	<u>52,402,198</u>	<u>\$ 522,416,078</u>

(1) This schedule presents only the capital asset balances related to governmental funds.

**SCHEDULE OF BONDS
OF CITY OFFICIALS**

**CITY OF JACKSON
SCHEDULE OF BONDS OF CITY OFFICIALS
SEPTEMBER 30, 2017**

1) Company: Porter's Insurance Agency
 Limits of liability: Honesty Blanket
 Position Bond Coverage

Position	Coverage per each	Term of bond
All employees except City Council (7) Mayor, City Administrative Officer, Director of Administration, Chief of Police, Deputy Chief of Police, City Clerk, Deputy Clerks(10)	\$100,000	10/01/13 - Indefinite

2) Company: FCCI Insurance Group
 Travelers Casualty and Surety Company of America
 Old Republic Surety Group
 Western Surety Company
 Limits of liability: Surety Bond coverage as follows:

Position	Coverage per each	Term of bond
City Council (7)	\$100,000	12/23/14 - 12/23/18 07/03/17 - 07/03/18 07/01/17 - 07/01/18 07/03/17 - 07/03/18 07/03/17 - 07/03/18 07/03/17 - 07/03/21 07/01/17 - 07/01/18
Mayor	\$100,000	06/28/17 - 06/28/21
City Administrative Officer	\$50,000	08/15/17 - 08/15/21
City Clerk	\$50,000	05/10/17 - 05/10/18
Director of Administration	\$50,000	07/26/17 - 07/26/18
Chief of Police	\$50,000	07/20/17 - 07/20/18
Assistant Police Chief	\$50,000	08/02/17 - 08/02/18
Deputy Chief of Police	\$50,000	12/23/16 - 12/23/17 12/29/16 - 12/29/17 02/02/17 - 02/02/18 06/13/17 - 06/13/18
Assistant City Clerk	\$50,000	02/09/17 - 02/09/18
Deputy Clerks (10)	\$50,000	10/01/16- 10/01/17 11/21/16 - 11/21/17 12/26/16 - 12/26/17 03/23/17 - 03/23/18 08/04/17 - 08/04/18 08/25/17 - 08/25/18 09/07/17 - 09/07/18 09/12/17 - 09/12/18 10/10/17 - 10/10/18 12/07/17 - 12/07/18

STATISTICAL SECTION (UNAUDITED)

This part of the City of Jackson’s comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city’s overall financial health.

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Financial Trends	132
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These schedules contain trend information to help the reader understand how the City of Jackson’s financial performance and well-being have changed over time.

Revenue Capacity	136
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These schedules contain information to help the reader assess the City of Jackson’s most significant local revenue source, the property tax.

Debt Capacity	139
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The schedules present information to help the reader assess the affordability of the City of Jackson’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.

Demographic and Economic information	148
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Jackson’s financial activities take place.

Operating Information	150
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These schedules contain service and infrastructure data to help the reader understand how the information in the City of Jackson’s financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Jackson
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$210,819	\$125,653	\$121,798	\$197,641	\$179,234	\$187,511	\$180,357	\$188,172	\$180,607	\$197,359
Restricted	44,637	5,961	5,926	5,726	13,446	15,040	17,469	23,585	32,587	28,617
Unrestricted	(276,849)	(190,475)	(173,696)	(8,168)	(45,855)	(41,290)	(36,100)	(38,882)	(32,604)	(37,367)
Total governmental activities net position	<u>\$ (21,393)</u>	<u>\$ (58,861)</u>	<u>\$ (45,972)</u>	<u>\$195,199</u>	<u>\$146,825</u>	<u>\$161,261</u>	<u>\$161,726</u>	<u>\$172,875</u>	<u>\$180,590</u>	<u>\$188,609</u>
Business-type activities										
Net investment in capital assets	\$240,550	\$218,760	\$213,137	\$192,012	\$101,011	\$184,185	\$183,735	\$176,170	\$163,408	\$156,309
Restricted	8,261	-	-	-	-	-	-	-	3,861	3,820
Unrestricted	15,928	68,728	59,674	84,672	159,496	73,303	78,501	77,521	82,482	91,591
Total business-type activities net position	<u>\$264,739</u>	<u>\$287,488</u>	<u>\$272,811</u>	<u>\$276,684</u>	<u>\$260,507</u>	<u>\$257,488</u>	<u>\$262,236</u>	<u>\$253,691</u>	<u>\$249,751</u>	<u>\$251,720</u>
Primary government										
Net investment in capital assets	\$451,369	\$344,413	\$334,935	\$389,653	\$371,696	\$371,696	\$364,092	\$364,342	\$344,015	\$353,668
Restricted	52,898	5,961	5,926	5,726	15,041	15,040	17,469	23,585	36,448	32,437
Unrestricted	(260,921)	(121,747)	(114,022)	76,504	113,641	32,013	42,401	38,639	49,878	54,224
Total primary government net position	<u>\$243,346</u>	<u>\$228,627</u>	<u>\$226,839</u>	<u>\$471,883</u>	<u>\$500,378</u>	<u>\$418,749</u>	<u>\$423,962</u>	<u>\$426,566</u>	<u>\$430,341</u>	<u>\$440,329</u>

Source: Statement of Net Position

In FY2015, the City of Jackson implemented GASB 68 which required the reporting of the unfunded pension liability on the Statement of Net Position. The effect of this implementation lowered the City's overall net positions.

City of Jackson
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Expenses	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
General government	\$ 31,782	\$ 40,546	\$ 40,625	\$ 15,780	\$ 40,602	\$ 29,456	\$ 29,312	\$ 32,358	\$ 44,790	\$ 69,721
Public safety	67,089	68,029	64,796	27,031	64,780	57,055	59,166	56,922	55,996	53,664
Public works	14,338	13,375	19,595	14,505	24,661	24,721	21,774	27,451	31,518	25,301
Human and cultural services	16,571	16,297	16,720	7,831	14,311	13,756	16,011	9,645	14,170	14,890
Employee benefits	-	6,485	1,564	8,232	7,860	8,685	8,625	8,764	2,149	1,765
Interest on long-term debt	5,570	7,825	5,912	844	8,230	7,448	5,864	8,830	5,389	5,917
Total governmental activities	135,350	152,557	149,212	74,223	160,444	141,121	140,752	143,970	154,012	171,258
Business-type activities:										
Water/Sewer	65,503	50,962	45,439	55,553	48,891	55,347	41,795	41,064	42,275	45,279
Transportation	7,054	8,200	8,213	7,995	7,554	6,970	8,713	7,956	7,990	7,685
Madison-Ridgeland Sewage	117	60	55	109	82	74	51	-	-	-
Sanitation	10,904	11,996	10,857	10,766	11,699	11,894	11,156	10,244	10,296	10,299
Total business-type activities	83,578	71,219	64,564	74,423	68,226	74,285	61,715	59,264	60,561	63,263
Total primary government	\$ 218,928	\$ 223,776	\$ 213,776	\$ 148,646	\$ 228,670	\$ 215,406	\$ 202,467	\$ 203,234	\$ 214,573	\$ 234,521
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 5,601	\$ 8,439	\$ 9,281	\$ 10,875	\$ 14,204	\$ 15,019	\$ 13,075	\$ 4,951	\$ 6,334	\$ 4,525
Public Safety	2,757	288	195	1,348	823	798	367	3,241	2,824	3,135
Public Works	167	208	195	162	200	253	15	1,206	1,469	1,393
Human and cultural services	607	658	455	464	595	885	619	2,025	1,575	2,813
Operating grants contributions	10,394	13,486	11,912	8,251	12,261	10,114	11,570	17,441	16,681	18,436
Capital grants and contributions	4,190	2,697	5,200	7,016	11,291	1,970	5,025	2,226	6,188	7,912
Total governmental activities	23,716	25,776	27,238	28,116	39,374	29,039	30,671	31,090	35,071	38,214
Business-type activities:										
Charges for services:										
Water/Sewer	\$ 61,212	63,085	59,849	69,423	44,052	47,966	47,578	41,974	41,440	47,468
Transportation	426	406	716	710	677	589	529	431	360	397
Sanitation	10,272	11,606	11,349	11,024	11,311	12,007	11,473	11,258	10,850	11,981
Operating grants contributions	4,977	509	570	506	582	631	706	664	694	832
Capital grants and contributions	338	6,415	2,143	2,516	4,675	2,844	2,568	4,584	1,741	1,534
Total business-type activities	77,225	82,021	74,627	84,179	61,297	64,037	62,854	58,911	55,085	62,212
Net (expense)/revenue										
Governmental activities	(111,634)	(126,781)	(121,974)	(46,108)	(121,070)	(112,082)	(110,081)	(112,880)	(118,941)	(133,044)
Business-type activities	(6,353)	10,802	10,063	9,756	(6,929)	(10,248)	1,139	(353)	(5,476)	(1,051)
Total primary government net expenses	\$ (117,987)	\$ (115,979)	\$ (111,911)	\$ (36,352)	\$ (127,999)	\$ (122,330)	\$ (108,942)	\$ (113,233)	\$ (124,417)	\$ (134,095)
General revenues:										
Governmental activities:										
Taxes										
Property taxes	\$ 75,698	\$ 69,708	\$ 77,881	\$ 77,634	\$ 72,437	\$ 74,856	\$ 68,108	\$ 68,523	\$ 71,298	\$ 65,845
Sales taxes	14,515	36,731	31,937	32,740	32,718	32,701	31,656	31,268	33,598	37,298
Franchise taxes	7,140	8,119	8,975	9,667	8,245	8,218	7,878	8,552	9,234	9,062
Intergovernmental	38,920	-	-	-	-	-	-	-	-	-
Investment earnings	302	52	59	74	145	395	341	187	616	3,021
Gain on sale of capital assets	137	489	318	561	108	166	172	40	-	478
Miscellaneous	-	401	1,071	1,714	577	282	317	204	203	106
Transfers	(4,483)	(2,082)	(3,054)	(6,106)	(9,585)	(5,000)	(10,232)	(4,027)	(4,027)	(4,613)
Total governmental activities	132,229	113,418	117,187	116,284	104,645	111,618	98,240	104,747	110,922	111,197
Business-type activities										
Investment earnings	127	91	124	256	249	472	490	244	812	2,352
Gain on sale of capital assets	48	-	2	59	15	30	76	21	(1,332)	56
Miscellaneous	-	1,700	-	-	-	-	-	-	-	-
Gain on retirement bonds	-	-	-	-	-	-	1,275	-	-	-
Transfers	4,483	2,082	3,054	6,106	9,585	5,000	5,565	4,027	4,027	4,613
Total business-type activities	4,658	3,873	3,180	6,421	9,849	5,502	7,406	4,292	3,507	7,021
Total primary government	\$ 136,887	\$ 117,291	\$ 120,367	\$ 122,705	\$ 114,494	\$ 117,120	\$ 105,646	\$ 109,039	\$ 114,429	\$ 118,218
Change in net position										
Governmental activities	20,595	\$ (13,363)	\$ (4,787)	\$ 70,177	\$ (16,425)	\$ (464)	\$ (11,841)	\$ (8,133)	\$ (8,019)	\$ (21,847)
Business-type activities	(1,695)	14,675	13,243	16,177	2,920	(4,746)	8,545	3,939	(1,969)	5,970
Total primary government	\$ 18,900	\$ 1,312	\$ 8,456	\$ 86,354	\$ (13,505)	\$ (5,210)	\$ (3,296)	\$ (4,194)	\$ (9,988)	\$ (15,877)

Source: Statement of Activities

City of Jackson
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Local and State Sales Taxes	Franchise Tax	State Motor Fuel Tax	State Alcoholic Beverage Tax	Total
2017	75,697	43,866	7,140	168	316	127,187
2016	69,708	36,429	8,119	44	258	114,558
2015	77,880	31,636	8,975	47	254	118,792
2014	61,797	29,440	1,552	30	270	93,089
2013	56,970	29,902	1,590	26	270	88,758
2012	55,855	29,155	1,652	30	268	86,960
2011	54,594	30,798	1,823	28	268	87,511
2010	50,483	29,995	1,890	31	262	82,661
2009	53,256	32,301	1,572	31	274	87,434
2008	48,769	35,428	1,477	31	282	85,987

Source: Statement of Activities

City of Jackson
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General fund										
Nonspendable	722	\$ 1,187	\$ 875	\$ 997	\$ 2,283	\$ 2,160	\$ 1,814	\$ 1,470	\$ 1,327	\$ 1,301
Restricted	749	687	550	517	492	658	437	-	-	-
Committed	6,771	5,066	3,780	3,833	3,585	4,789	6,086	2,659	2,807	2,747
Assigned	1,294	1,179	2,005	2,518	49	49	33	-	-	-
Unassigned	18,478	6,931	5,525	16,579	26,517	26,310	24,757	26,695	24,897	20,760
Total general fund	<u>\$ 28,014</u>	<u>\$ 15,050</u>	<u>\$ 12,735</u>	<u>\$ 24,444</u>	<u>\$ 32,926</u>	<u>\$ 33,966</u>	<u>\$ 33,127</u>	<u>\$ 30,824</u>	<u>\$ 29,031</u>	<u>\$ 24,808</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	43,888	8,261	7,876	8,362	7,210	4,045	3,600	4,876	7,205	4,215
Committed	7,225	8,084	8,188	10,699	13,943	11,692	19,780	21,075	27,311	27,271
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(194)	-	(498)	(1,663)	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 50,919</u>	<u>\$ 16,345</u>	<u>\$ 15,566</u>	<u>\$ 17,398</u>	<u>\$ 21,153</u>	<u>\$ 15,737</u>	<u>\$ 23,380</u>	<u>\$ 25,951</u>	<u>\$ 34,516</u>	<u>\$ 31,486</u>

Source: Governmental Funds - Balance Sheet

City of Jackson
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Taxes	\$ 75,697	\$ 69,945	\$ 69,118	\$ 77,435	\$ 70,026	\$ 69,887	\$ 68,253	\$ 67,772	\$ 69,315	\$ 62,702
Franchise taxes	\$ 7,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,403	1,448	1,973	2,006	2,291	2,676	2,873	2,541	3,453	4,198
Intergovernmental	67,550	46,900	47,489	50,291	55,535	49,721	46,069	48,425	55,498	62,448
Charges for services	4,689	4,581	4,695	4,092	4,152	3,693	3,499	3,314	3,324	3,456
Fines	2,350	2,849	3,457	3,109	3,923	4,166	4,537	4,092	4,245	3,602
Investment earnings	303	52	59	74	145	395	342	186	616	3,020
Special assessments	-	10	21	34	2	6	8	1	19	-
Other	3,625	18,209	18,625	18,626	18,423	16,560	15,923	14,707	13,526	13,331
Total revenues	162,757	143,994	145,437	155,667	154,497	147,104	141,504	141,038	149,996	152,757
Expenditures										
General government	31,118	27,989	28,371	30,515	30,718	29,269	30,977	30,506	39,351	63,886
Public safety	60,507	53,086	54,068	54,738	52,586	57,035	52,606	51,571	53,215	53,572
Culture and recreation	14,113	13,339	14,619	14,242	13,753	8,349	13,370	8,078	12,299	12,835
Public works	10,547	9,175	16,554	30,334	23,232	24,698	19,126	24,430	36,742	26,302
Employee Benefits	-	6,696	7,553	8,070	7,780	8,685	8,625	8,071	2,149	1,765
Capital Outlay	23,838	8,658	7,546	10,463	21,090	10,539	5,749	9,982	15,311	1,379
Debt service										
Principal	4,368	7,150	15,700	6,030	2,780	873	624	3,806	10,731	14,330
Interest	5,763	8,244	6,491	6,013	5,061	6,575	6,424	7,128	5,789	6,419
Total expenditures	150,254	134,337	150,902	160,405	157,000	146,023	137,501	143,572	175,587	180,488
Excess of revenues over (under) expenditures	12,503	9,657	(5,465)	(4,738)	(2,503)	1,081	4,003	(2,534)	(25,591)	(27,731)
Other financing sources (uses)										
Transfer in	5,586	6,435	9,347	15,582	10,400	4,813	7,927	7,201	7,581	6,584
Transfer out	(10,069)	(16,624)	(19,836)	(28,448)	(26,745)	(16,442)	(18,159)	(15,006)	(15,474)	(15,012)
Proceeds from capital leases	-	-	2,095	4,808	12,144	3,098	172	-	-	-
Issuance of debt	497	-	-	-	10,185	402	9,041	27,153	38,280	2,475
Sales of Bonds	-	30,019	-	-	64,940	-	-	-	-	5,155
Sale of capital assets	137	489	318	561	108	166	-	40	-	-
Payments to refunded bond escrow agent	-	(28,440)	-	-	(69,891)	-	(33)	(25,089)	(359)	(124)
Discount on GO bond	-	(88)	-	-	-	-	-	-	-	-
Premium on GO bond issue	-	1,172	-	-	5,738	-	-	1,463	430	-
Proceeds from Tax Increment Bonds	-	-	-	-	-	-	-	-	2,382	2,270
Total other financing sources (uses)	(3,849)	(7,037)	(8,076)	(7,497)	6,879	(7,963)	(1,052)	(4,238)	32,840	1,348
Net change in fund balances	\$ 8,654	\$ 2,620	\$ (13,541)	\$ (12,235)	\$ 4,376	\$ (6,882)	\$ 2,951	\$ (6,772)	\$ 7,249	\$ (26,383)
Debt service as a percentage of noncapital expenditures	8.0%	14.0%	18.3%	8.7%		5.8%	5.7%	8.9%	11.5%	13.1%

City of Jackson
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2017	75,697	43,866	7,140	168	316	127,187
2016	69,945	30,691	8,119	44	258	109,057
2015	69,118	31,636	8,975	47	254	110,030
2014	77,435	29,440	1,552	30	270	108,727
2013	70,026	32,034	1,590	26	270	103,946
2012	69,887	29,155	1,652	30	268	100,992
2011	68,253	30,798	1,823	28	268	101,170
2010	67,772	29,995	1,890	31	262	99,950
2009	69,315	32,301	1,572	31	274	103,493
2008	62,702	35,428	1,447	31	282	99,890

Source: Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance

City of Jackson
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (2)

Fiscal Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value (1)	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value		
2017	\$ 797,544,121	\$ 6,191,509,887	\$ 432,278,120	\$ 1,957,721,687	\$ 1,229,822,241	\$ 8,149,231,574	61.03	10%,15%,and 30%
2016	797,782,302	6,209,794,880	427,318,830	1,940,221,673	1,225,101,132	8,150,016,553	56.26	10%,15%,and 30%
2015	782,206,847	6,106,236,603	429,291,423	1,975,757,483	1,211,498,270	8,081,994,086	56.46	10%,15%,and 30%
2014	792,551,066	6,169,507,167	423,157,579	1,950,263,833	1,215,708,645	8,119,771,000	62.07	10%,15%,and 30%
2013	805,068,802	6,271,511,887	396,924,146	1,871,856,147	1,201,992,948	8,143,368,034	56.54	10%,15%,and 30%
2012	810,977,848	6,317,262,297	413,249,466	1,993,670,330	1,224,227,314	8,310,932,627	56.63	10%,15%,and 30%
2011	809,368,529	6,323,192,313	396,605,625	1,897,105,793	1,205,974,154	8,220,298,106	56.63	10%,15%,and 30%
2010	798,026,041	6,252,141,950	400,770,321	1,887,134,230	1,198,796,362	8,139,276,180	56.72	10%,15%,and 30%
2009	790,601,910	6,190,265,033	423,164,849	1,988,646,047	1,213,766,759	8,178,911,080	56.72	10%,15%,and 30%
2008	658,357,211	5,139,019,840	452,411,093	2,076,697,273	1,110,768,304	7,215,717,113	56.75	10%,15%,and 30%

(1) Ad valorem tax property assessments within the City and the Jackson Municipal Separate School District are fixed at ten percent (10%) of appraised value for homeowner occupied real property, and fifteen percent (15%) of appraised value for all other real and personal property for Fiscal Years 1987-1996. State law required a reappraisal of all property in Mississippi in order to obtain an equitable and uniform appraisal in proportion to current market value, and property was assessed at fifteen percent (15%) beginning in Fiscal Year 1985. The assessed value for motor vehicles and for property owned by public service corporations is determined by an assessment schedule prepared each year by the State of Mississippi Tax Commission, and is set at approximately thirty percent (30%) of appraised value for Fiscal Year 1989 and thereafter.

(2) Includes automotive valuation.

There was an error in reporting the fiscal year 2006 assessed and estimated taxable property. This error is corrected in fiscal year 2007.

City of Jackson
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Jackson			Overlapping Rates					Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	County Debt Service & Operating Milage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts	
2017	56.19	3.08	61.03	38.83	65.91	18.68	84.59	1.76	186.21
2016	53.28	2.98	56.26	38.33	65.91	16.76	82.67	1.77	179.03
2015	48.90	7.56	56.46	38.33	65.91	16.53	82.44	1.57	178.80
2014	56.77	5.30	62.07	38.33	64.79	7.17	71.96	1.49	173.85
2013	53.50	3.04	56.54	38.33	62.58	14.91	77.49	1.49	173.85
2012	53.43	3.20	56.63	38.33	62.66	12.33	74.99	1.40	171.35
2011	53.56	3.07	56.63	44.13	62.58	12.41	74.99	1.40	177.15
2010	50.09	6.63	56.72	39.12	68.91	6.08	74.99	1.31	172.14
2009	51.25	5.47	56.72	39.12	68.91	6.08	74.99	1.31	172.14
2008	52.28	4.47	56.75	39.12	68.91	6.08	74.99	1.28	172.14

Source: Hinds County Tax Collectors, Jackson Public School District, and Jackson/Hinds Library System

City of Jackson
Principal Property Taxpayers
September 30, 2017
(amounts expressed in thousands)

<u>Taxpayer</u>	<u>2017</u>			<u>2008</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Bell South	\$ 25,477	2	2.48%	-		-
Entergy	145,523	1	14.16%	-		-
Atmos Energy	14,254	5	1.39%	-		-
Midcontinent Express Pipeline LLC	21,671	3	2.11%	-		-
AT& T Services	6,202	9	0.60%	-		-
Trustmark National Bank	-		-	-		-
Parkway Properties	-		-	-		-
Central MS Health Systems	-		-	-		-
Entergy Services Inc	13,708	7	1.33%	-		-
Wal-Mart/Sam's Wholesale Club	-		-	-		-
McCarty Holman, Inc.	-		-	-		-
Deposit Guaranty National Bank	-		-	-		-
Jackson Medical	-		-	-		-
Jackson HMA Inc. LLC	5,957	10	0.58%	-		-
Texas Eastern Transmission C	13,952	6	1.36%	-		-
Gulf South Pipeline Co. LP	21,102	4	2.05%	-		-
Delphi Auto Systems LLC	-		-	-		-
Illinois Central Railroad	9,068	8	0.88%	-		-
Eaton Aerospace LLC	-		-	-		-
Mississippi Valley Gas Company	-		-	-		-
Totals	<u>\$ 276,914</u>		<u>26.48%</u>	<u>0.00%</u>		<u>0.00%</u>

Source: Hinds County

City of Jackson
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>Fiscal Year Ended September 30</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2017	\$ 64,507	\$ 62,170	96.4	\$ 1,006	\$ 63,176	97.9
2016	61,601	59,548	96.7	1,229	60,777	98.7
2015	59,436	59,314	99.8	528	59,842	100.7
2014	69,499	66,623	95.9	1,458	68,081	98.0
2013	69,069	61,147	88.5	1,106	62,253	90.1
2012	67,138	60,734	90.5	1,533	62,267	92.7
2011	-	-	-	-	-	-
2010	61,942	59,321	95.8	972	60,293	97.3
2009	61,363	59,602	97.1	376	59,978	97.7
2008	55,147	54,276	98.4	306	54,582	99.0

The data was not available from Hinds County in 2011.

The total tax levy does not include automobile ad valorem taxes.

Beginning Fiscal Year 1988, the majority of school taxes collected were remitted directly to the Jackson Municipal Separate School District by Hinds County, the collecting agency.

City of Jackson
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Governmental Activities									
Fiscal Year	General Obligation Bonds	Limited Obligation Bonds	State Revolving Loan MDA	Miss Development Bank Loan	Section 108 Loan	General Obligation Note	Capital Leases		
2017	\$ 125,432	3,546	\$ 621	\$ 1,590	\$ 7,000	\$ -	\$ 12,932		
2016	125,729	4,080	217	1,884	7,000	2,300	11,640		
2015	124,150	4,576	259	2,159	7,000	4,600	15,677		
2014	139,280	5,111	302	2,452	6,889	6,900	17,880		
2013	135,645	5,622	342	2,747	7,000	9,200	18,167		
2012	131,290	6,102	383	3,040	7,000	402	17,058		
2011	131,720	6,541	430	3,335	7,000	-	18,073		
2010	131,720	4,231	462	2,650	7,000	-	13,520		
2009	134,610	4,522	497	2,847	7,000	-	13,053		
2008	112,535	2,270	534	737	-	-	13,027		

(Continued)

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 138 for personal income and population data.

Business-Type Activities

	<u>Sewer Bonds</u>	<u>State Revolving Loan MDA</u>	<u>Capital Leases</u>	<u>State Revolving Loan (DOH)</u>	<u>MS Development Bank Loan</u>	<u>State Revolving Loan (DEQ)</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$	214,625	\$ 928	\$ 2,971	\$ 222	\$ 3,646	\$ 30,437	\$ 403,950	\$ 7.08%	\$ 2,328
	222,455	4,363	1,169	-	-	27,322	408,159	6.81%	2,352
	227,910	5,021	2,719	-	-	25,633	419,704	7.00%	2,419
	233,660	3,943	4,187	-	-	22,534	443,138	7.39%	2,554
	239,265	2,727	4,137	-	-	15,653	440,505	7.34%	2,539
	154,430	-	3,069	-	-	12,578	335,352	5.59%	1,933
	148,325	-	2,758	-	-	13,799	331,981	5.54%	1,914
	148,920	-	4,704	-	-	15,428	328,635	5.26%	1,894
	155,830	-	5,722	-	-	16,997	341,078	5.59%	1,851
	161,345	-	1,716	-	-	18,508	310,672	4.98%	1,686

City of Jackson
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Assessed Value	Limited Obligation Bonds	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2017	\$ 1,018,692	\$ 3,546	\$ 125,432	\$ 5,992	\$ 122,986	12.07%	\$ 708.80
2016	1,027,889	4,080	125,729	4,275	125,534	12.21%	723.48
2015	1,022,125	4,576	124,150	4,509	124,217	12.15%	715.89
2014	1,048,184	5,111	132,380	4,045	133,446	12.73%	769.08
2013	1,053,718	5,622	135,465	5,149	135,938	12.90%	783.44
2012	1,046,591	6,102	131,290	2,331	135,061	12.90%	778.39
2011	1,034,756	6,541	131,720	1,832	136,429	13.18%	786.27
2010	1,022,263	4,231	131,720	2,577	133,374	13.05%	768.66
2009	1,027,088	4,522	134,610	2,471	136,661	13.31%	741.69
2008	921,948	2,270	112,535	2,257	112,548	12.21%	610.82

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual of Taxable Property on page 128 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 130.

City of Jackson
Direct and Overlapping Governmental Activities Debt
As of September 30, 2017
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Hinds County	\$ 39,830	76.57%	\$ 30,498
Jackson Public Schools	126,035	100.00%	<u>126,035</u>
Subtotal, overlapping debt			<u>156,533</u>
City of Jackson direct debt	128,978	100.00%	<u>128,978</u>
Total direct and overlapping debt			<u><u>\$ 285,511</u></u>

Sources: Assessed value data used to estimate applicable percentages by City of Jackson, Hinds County, and Jackson Public Schools.

Note: Overlapping governments are those that coincide with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Jackson. This process recognizes that, when considering the City of Jackson ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is with the government's boundaries and dividing it by the county's total taxable assessed value.

City of Jackson
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limit	173,963	\$174,666	\$173,182	\$176,428	\$176,090	\$174,971	\$173,629	\$ 173,116	\$175,386	\$160,093
Total net debt applicable to limit	<u>119,440</u>	<u>107,047</u>	<u>105,717</u>	<u>100,148</u>	<u>94,548</u>	<u>73,224</u>	<u>73,261</u>	<u>70,951</u>	<u>74,132</u>	<u>43,375</u>
Legal debt margin	<u><u>54,523</u></u>	<u><u>\$ 67,619</u></u>	<u><u>\$ 67,465</u></u>	<u><u>\$ 76,280</u></u>	<u><u>\$ 81,542</u></u>	<u><u>\$101,747</u></u>	<u><u>\$100,368</u></u>	<u><u>\$ 102,165</u></u>	<u><u>\$101,254</u></u>	<u><u>\$116,718</u></u>
Total net debt applicable to the limit as a percentage of the debt limit										

Legal Debt margin Calculation for Fiscal Year 2017

Assessed value	\$1,226,499
Less Homestead Exemption	<u>(66,749)</u>
Total assessed value	\$1,159,750
Debt limit (15% of total assessed value)	<u>173,963</u>
Debt application to limit:	
General obligation bond indebtedness	125,432
Less: Amount set aside for repayment of General obligation bond debt	<u>(5,992)</u>
Total net debt applicable to limit	<u>\$ 119,440</u>
Legal debt margin	<u><u>\$ 54,523</u></u>

Note: Under state finance law, the City of Jackson's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Jackson
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Water / Sewer Revenue Bonds

Fiscal Year	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017	\$ 61,109	\$ 37,636	\$ 23,473	\$ 7,830	\$ 11,327	1.23
2016	64,785	32,249	32,536	8,570	12,143	1.57
2015	59,883	29,442	30,441	14,063	12,205	1.16
2014	69,472	34,670	34,802	9,180	11,917	1.65
2013	44,186	33,337	10,849	9,380	6,680	0.68 ¹
2012	48,171	33,366	14,805	6,780	4,961	1.26
2011	47,578	32,755	14,823	4,870	6,876	1.26
2010	41,974	26,128	15,846	6,085	7,284	1.19
2009	41,440	27,837	13,603	6,910	7,617	0.94
2008	47,468	29,410	18,058	6,910	7,617	1.24

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

¹ The City of Jackson increased water/sewer rates effective November 19, 2013. The sewer rate increase was 108% and the water rate increase was 29%. Applied fund balance was used for water/sewer shortfall for fiscal year 2013. An engineer consultant will conduct an analysis on the water/sewer system.

**City of Jackson
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (3)	Median Age (4)	Education Level in Years of Formal Schooling (2)	School Enrollment (2)	Unemployment Rate (3)
2017	173,514	5,702,711	32,866	31	12	26,000	4.2%
2016	173,514	5,595,827	32,250	31	12	30,000	5.1%
2015	173,514	5,739,843	33,080	31.3	12	30,000	4.8%
2014	173,514	5,675,296	32,708	31.5	12	30,000	5.9%
2013	173,514	5,801,267	33,434	31.5	12	30,000	6.7%
2012	173,514	5,997,858	34,567	31.0	12	30,000	7.3%
2011	173,514	5,995,776	34,555	32.0	12	30,600	8.4%
2010	173,514	6,247,025	36,003	31.0	12	30,600	7.8%
2009	184,256	6,104,770	33,132	31.9	12	30,600	7.9%
2008	184,256	6,238,540	33,858	31.0	12.3	31,000	6.5%

Data Sources

- (1) Mississippi Census Bureau
- (2) Jackson Public Schools Estimate
- (3) Bureau of Labor Statistics
- (4) U S Census Bureau

**City of Jackson
Principal Employers
Current Year and Nine Years Ago**

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Mississippi	31,556	1	17.13%	27,100	1	14.71%
University of Mississippi	8,000	2	4.34%	9,000	2	4.88%
U.S. Government	5,500	3	2.98%	5,600	3	3.04%
Jackson Public School District	4,814	4	2.61%	4,500	4	2.44%
Baptist Health Systems	2,875	5	1.56%	2,700	5	1.47%
St. Dominic Health Services	2,600	6	1.41%	2,465	6	1.34%
City of Jackson, Mississippi	2,323	7	1.26%	2,300	7	1.25%
Jackson State University	1,500	8	0.81%	1,670	8	0.91%
AT&T	1,300	9	0.71%	1,440	9	0.78%
Central MS Medical Center	1,200	10	0.65%	1,400	10	0.76%
	<u>61,668</u>		<u>33.47%</u>	<u>58,175</u>		<u>31.58%</u>

Source: MetroJackson Chamber of Commerce 2016

City of Jackson
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government	249	266	267	278	302	290	315	307	310	255
Public safety										
Police										
Officers	352	440	389	412	455	499	479	465	-	500
Civilians	208	193	245	280	267	272	261	270	-	299
Fire										
Firefighters and officers	311	338	333	345	316	337	357	342	354	362
Civilians	14	14	24	23	17	11	11	10	11	11
Public works	333	157	395	425	461	484	482	449	466	606
Culture and Recreation	184	260	273	262	318	238	303	370	319	218
Total	1,651	1,668	1,926	2,025	2,136	2,131	2,208	2,213	1,460	2,251

Source: City of Jackson Information System Department.
(1) The dashes indicate data that is not available.

**City of Jackson
Operating Indicators by Function
Last Ten Fiscal Years**

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Function										
Police										
Parking violations	5,535	9,399	9,197	10,098	12,281	17,190	18,101	13,777	11,076	13,223
Traffic violations	17,666	30,405	44,008	41,823	52,425	60,598	57,815	56,587	47,146	38,429
Fire										
Number of calls answered (1)	15,309	716	14,567	14,025	11,825	9,403	-	-	11,577	7,644
Inspections	3,392	3,941	3,205	4,141	4,500	4,635	3,590	3,701	4,510	3,241
Highways and streets										
Street resurfacing (miles) (1)	24.8	24.8	6.2	6.1	4.2	10.6	-	-	68.3	8.3
Potholes repaired (2)	14,999	22,116	30,389	29,921	37,565	29,871	38,776	51,431	3,619	4,154
Sanitation										
Refuse collected (tons/day)	3,381	4,114	5,496	5,361	5,301	7,904	4,523	5,718	5,058	5,848
Recyclables collected (tons/day)	69.09	83.18	81.96	90.06	91.35	89.84	76.89	81.72	80.16	109.88
Culture and recreation										
Community center admissions	80	79	110	64	89	118	53	68	90	34
Water										
New connections (1)	121	-	-	-	-	212	-	198	670	334
Average daily consumption (thousands of gallons) (1)	7,008	-	-	-	-	-	24,024	-	21,080	21,530
Wastewater										
Average daily sewage treatment (thousands of gallons) (1)	43,896	-	-	-	-	-	46,650	47,170	44,650	42,100

Source: Various City of Jackson departments.

(1) The dashes indicate data that is not available.

(2) Prior years have been recorded as the number of pothole calls not the number of potholes repaired.

**City of Jackson
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public safety										
Police stations	6	6	6	6	6	6	6	6	6	5
Fire stations	21	21	21	21	21	21	21	21	21	21
Highways and streets										
Streets (miles)	20	1,201	1,201	1,201	1,201	1,204	1,300	1,447	1,431	1,428
Traffic signals intersection	319	358	358	358	358	358	358	334	334	333
Culture and recreation										
Parks	57	57	57	54	54	54	54	54	54	54
Gymnasiums	5	5	5	5	5	5	5	5	5	5
Swimming pools	9	9	9	9	9	9	9	9	9	9
Tennis courts	61	61	61	61	61	61	61	61	61	61
Community centers	9	10	10	10	10	10	10	10	10	10
Water										
Water mains (miles)	1,000	-	-	-	-	-	-	1,220	1,220	1,220
Fire hydrants	22,000	-	-	-	-	-	-	7,500	7,500	7,500
Maximum daily capacity (thousands of gallons)	17,795.04	-	-	-	-	-	-	25,600,000	25,600,000	256,000,000
Sewer										
Sanitary sewers (miles)	900	-	-	-	-	-	-	911	911	911
Storms sewers (miles)	3,908	-	-	-	-	-	-	460	460	460

Source: Various City of Jackson departments.
(1) The dashes indicate data that is not available.

SINGLE AUDIT

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor
and Honorable Members of the City Council
City of Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Jackson, Mississippi's basic financial statements, and have issued our report thereon dated July 24, 2018

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 through 2017-028.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jackson, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-026 through 2017-039.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

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

Tarun, Brown & Russ Co.

July 24, 2018

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor
and Honorable Members of the City Council
City of Jackson, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Jackson, Mississippi's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2017. City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance requires that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Jackson, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of the City of Jackson, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tamm, Brown & Assoc Co.

July 24, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures	Current Year Expenditures to Subrecipients
<u>U.S. Department of Agriculture</u>				
Food and Nutrition Service (MS Department of Education - Pass Through)				
Child and Adult Care Food Program (USDA)	10.558	V0000718080	\$ 220,856	\$ -
SUBTOTAL CFDA NUMBER 10.558			<u>220,856</u>	<u>-</u>
Summer Food Service Program for Children (MS Department of Education - Pass Through)	10.559	V0000718080	-	-
SUBTOTAL CFDA NUMBER 10.559			<u>-</u>	<u>-</u>
(Central Mississippi Planning and Development District - Pass Through)				
Commodity Supplemental Food Program (Congregate)	10.565	1197-25	37,195	-
Commodity Supplemental Food Program (Home Delivered)	10.565	1517-25	56,528	-
SUBTOTAL CFDA NUMBER 10.565			<u>93,723</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>314,579</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Community Development Block Grant	14.218	B-14-MC-28-0003	1,017,727	1,000
Community Development Block Grant	14.218	B-15-MC-28-0003	1,124,337	38,616
Community Development Block Grant	14.218	B-16-MC-28-0003	1,103,849	178,392
SUBTOTAL CFDA NUMBER 14.218			<u>3,245,913</u>	<u>218,008</u>
Emergency Shelter Grants Program	14.231	E-12-MC-28-0002	2,707	
Emergency Shelter Grants Program	14.231	E-13-MC-28-0002	15,736	14,321
Emergency Shelter Grants Program	14.231	E-14-MC-28-0002	132,927	130,793
SUBTOTAL CFDA NUMBER 14.231			<u>151,370</u>	<u>145,114</u>
HOME Investment Partnership Program	14.239	M-10-MC-28-0200	196,031	196,031
HOME Investment Partnership Program	14.239	M-11-MC-28-0200	88,141	88,141
HOME Investment Partnership Program	14.239	M-12-MC-28-0200	321,810	251,630
HOME Investment Partnership Program	14.239	M-13-MC-28-0200	589,572	167,184
HOME Investment Partnership Program	14.239	M-14-MC-28-0200	82,625	73,838
HOME Investment Partnership Program	14.239	M-15-MC-28-0200	97,493	-
HOME Investment Partnership Program	14.239	M-16-MC-28-0200	54,165	11,098
SUBTOTAL CFDA NUMBER 14.239			<u>1,429,837</u>	<u>787,922</u>
Housing Opportunities for Persons with AIDS	14.241	MS-H13-F001	680,029	649,970
Housing Opportunities for Persons with AIDS	14.241	MS-H15-F001	15,296	15,296
Housing Opportunities for Persons with AIDS	14.241	MS-H16-F001	7,728	7,728
SUBTOTAL CFDA NUMBER 14.241			<u>703,053</u>	<u>672,994</u>
Economic Development Initiative-Special Project, Neighborhood Initiative and Misc Grants	14.251	B-10-SP-MS-0108	264,148	-
Economic Development Initiative-Special Project, Neighborhood Initiative and Misc Grants	14.251	B-10-SP-MS-0109	81,244	-
SUBTOTAL CFDA NUMBER 14.251			<u>345,392</u>	<u>-</u>
Lead-Based Paint Abatement	14.900	MSLHB0631-16	39,928	-
SUBTOTAL CFDA NUMBER 14.900			<u>39,928</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>5,915,493</u>	<u>1,824,038</u>

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures	Current Year Expenditures to Subrecipients
<u>U.S. Department of Labor</u>				
Direct Program:				
Older Americans Act				
(Senior Service America - Pass Through)				
Senior Community Service Employment Program (Title V)	17.235	AD-29496-16-55-A-24	357,860	-
Senior Community Service Employment Program (Digital Inclusion Initiative)	17.235	AD-304-57-17-55-A-24	122,480	-
SUBTOTAL CFDA NUMBER 17.235			480,340	-
TOTAL U.S. DEPARTMENT OF LABOR			480,340	-
<u>U.S. Department of Transportation</u>				
Federal Transit Administration				
Direct Programs:				
Federal Transit Formula Grants	20.507	MS-04-0007-00	500,000	-
Federal Transit Formula Grants	20.507	MS-90-00-88	1,111,195	-
Federal Transit Formula Grants	20.507	MS-90-X092-00	1,329,221	-
Federal Transit Formula Grants	20.507	MS-90-0081-01	679,205	-
Federal Transit Formula Grants	20.507	MS-34-0003	-	-
Federal Transit Formula Grants	20.507	MS-2016-010-00	708,513	-
Federal Transit Formula Grants	20.507	MS-2016-011-00	-	-
Federal Transit Formula Grants	20.507	MS-2017-004-00	-	-
Federal Transit Formula Grants	20.507	MS-2017-005-00	-	-
SUBTOTAL CFDA NUMBER 20.507			4,328,134	-
(Mississippi Department of Transportation-Pass Through)				
Highway Planning and Construction (Lynch Street Improvements)	20.205	DHP-7300-00(001) 104587/801000	48,458	-
Highway Planning and Construction (Capitol Street Improvements)	20.205	STP-7285-00(002) 106058/801000	22,256	-
Highway Planning and Construction (Traffic Calming Project)	20.205	TCP-0250-00(046) 103901/102000	3,570	-
Highway Planning and Construction (Traffic Calming Project)	20.205	TCSP-0250-00(46) 103924/304000	367,658	-
Highway Planning and Construction (ADA Project)	20.205	TCSP-0250-00(0046) 103924-105000	31,771	-
Highway Planning and Construction (Robinson Road Bridge)	20.205	ER-7288-00(002) 107259-701000	590,584	-
Highway Planning and Construction (Mill Street Rehabilitation-Hinds County)	20.205	STP-7621-00(001) 107313-711000	91,265	-
SUBTOTAL CFDA NUMBER 20.205			1,155,562	-

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures	Current Year Expenditures to Subrecipients
National Infrastructure Investments (Tiger Grant)	20.933	STP-0250-00(047) 107200/811000	669,348	-
SUBTOTAL CFDA NUMBER 20.933			669,348	-
(Mississippi Office of Highway Safety-Pass Through) Alcohol Open Container Grant	20.607	15-MD-219-1	-	-
SUBTOTAL CFDA NUMBER 20.607			-	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			6,153,044	-
<u>U. S. Department of Homeland Security</u>				
Mississippi Emergency Management Agency (Pass-Through)				
Hazard Mitigation Grants	97.039	FEMA-0481-DR-MS	1,731,214	-
SUBTOTAL CFDA NUMBER 97.039				
Homeland Security Grant Program	97.067	233-01-0043	129,216	-
SUBTOTAL CFDA NUMBER 97.067				
TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY			1,860,430	-
<u>U.S. Department of the Interior</u>				
Mississippi Department of Archives and History (Pass-Through)				
Historic Preservation Fund Grants-In-Aid	15.904	CLG-2016	10,000	-
SUBTOTAL CFDA NUMBER 15.904				
TOTAL U.S. DEPARTMENT OF THE INTERIOR			10,000	-
<u>Drug Enforcement Administration (Pass-Through)</u>				
Equitable Sharing Program	16.922		65,029	-
SUBTOTAL CFDA NUMBER 16.922				
TOTAL U.S. DEPARTMENT OF THE JUSTICE			65,029	-
<u>U.S. Environmental Protection Agency</u>				
U.S. Environmental Protection Agency Clean Water State Revolving Fund	66.458	SRF-C280886-04	1,505,662	-
SUBTOTAL CFDA NUMBER 66.458				
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			1,505,662	-
<u>Executive Office the President</u>				
High Intensity Drug Trafficking Areas Program	95.001	G17-GC0003A	34,142	-
SUBTOTAL CFDA NUMBER 95.001				
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			34,142	-

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures	Current Year Expenditures to Subrecipients
<u>U.S. Department of Health and Human Services</u>				
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers (Central MS Planning and Development District - Pass Through)				
Title III-B Outreach	93.044	1037-25	10,000	-
SUBTOTAL CFDA NUMBER 93.044			<u>10,000</u>	<u>-</u>
Special Programs for the Aging Title III, Part C, Nutrition Services (Central MS Planning and Development District - Pass Through)				
Congregate Nutrition Program (Non-cash)	93.045	1197-25	91,124	-
SUBTOTAL CFDA NUMBER 93.045			<u>91,124</u>	<u>-</u>
Substance Abuse and Mental Health Services Administration				
Direct Program:				
Comprehensive Community Mental Health Services for Children (SAMHSA)	93.104	14SM61630A	835,673	676,110
SUBTOTAL CFDA NUMBER 93.104			<u>835,673</u>	<u>676,110</u>
(State of MS Office of Child Nutrition - Pass Through)				
Child Care Development Block Grant (OCY-QRS)	93.575	6007754	39,805	
Child Care Development Block Grant (OCY-Slots)	93.575	6007755	618,757	-
SUBTOTAL CFDA NUMBER 93.575			<u>658,562</u>	<u>-</u>
Title XX-Social Services Block Grant (Central MS Planning and Development District - Pass Through)				
Transportation	93.667	1537-25	128,680	
Home Delivered Meals (Non-cash)	93.667	1517-25	239,749	-
SUBTOTAL CFDA NUMBER 93.667			<u>368,429</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,963,788</u>	<u>676,110</u>
<u>Corporation for National and Community Service</u>				
Mississippi Commission for Volunteer Service - Pass Through				
AMERICORPS	94.006	16AC185598	198,789	
AMERICORPS	94.006		-	-
SUBTOTAL CFDA NUMBER 94.006			<u>198,789</u>	<u>-</u>
TOTAL MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE			<u>198,789</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>18,501,296</u>	\$ <u>2,500,148</u>

The accompanying notes are an integral part of this schedule.

CITY OF JACKSON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Jackson under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Jackson, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Jackson.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - CONTINGENCY

The City has responsibility for expending grant funds in accordance with specific instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the City.

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources. Notwithstanding the audits by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Uniform Guidance. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE 4 – LOAN AND LOAN GUARANTEES

In accordance with the Uniform Guidance, loans and loan guarantees include new loans made during the year, plus prior year loans for which the federal government imposes continuing compliance requirements.

NOTE 5 – INDIRECT COSTS

The City did not elect to use the 10% de minimus indirect cost rate.

CITY OF JACKSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2017

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the City were prepared in accordance with GAAP.
2. Material weaknesses were disclosed during the audit of the financial statements and are reported in this schedule. No significant deficiencies that are not considered to be material weaknesses are reported.
3. Instances of noncompliance material to the financial statements were reported.
4. No material weaknesses or significant deficiencies in internal control over the major federal award programs are reported.
5. The auditors' report on compliance for the major federal award programs for the City expresses an unmodified opinion on all major federal programs.
6. No audit findings were required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:

14.218	Community Development Block Grant
14.239	Home Investment Partnership Program
20.205	Highway Planning and Construction
20.507	Federal Transit Formula Grants
20.933	National Infrastructure Investments
66.458	Capitalization Grants for Clean Water State Revolving Funds
93.104	Comprehensive Community Mental Health Services for Children
97.039	Hazard Mitigation Grant
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Organization did not qualify as a low-risk auditee.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001 Material Weakness – Financial Reporting

- Criteria: The City's comprehensive annual financial report (CAFR) is the responsibility of the City's management. Therefore, a proper system of internal control over financial reporting is essential in order to prevent, detect, and correct misstatements in the CAFR.
- Condition: We assisted the City's management with drafting portions of the CAFR because the City did not have adequate internal resources to prepare the CAFR in accordance with generally accepted accounting principles (GAAP).
- Cause: The City determined that it was more cost efficient to utilize the expertise of the auditor to assist with preparing the CAFR during the audit process as opposed to hiring an employee with comparable experience.
- Effect: While we have implemented controls within our CPA firm, our controls cannot be considered as part of the City's controls over the CAFR preparation process. Accordingly, a material weakness in the City's internal controls exists in the CAFR reporting function.
- Recommendation: We recommend that appropriate training be made available to the City's finance department personnel involved in the CAFR preparation process. The Government Finance Officers Association (GFOA) and similar organizations have continuing education training opportunities available in various formats.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-002 Material Weakness – Financial Reporting

- Criteria: The City's management approves the audit adjustments prior to issuance of the CAFR each year, so the audit adjustments should be recorded in the City's accounting system in order for internal financial reports to be consistent with the audited CAFR and to reflect accurate fund balances in the new year.
- Condition: The previous year's audit adjustments weren't properly recorded in the City's accounting system.
- Cause: The continuing effects of some audit adjustments were not apparent to the City's finance department.
- Effect: Internal financial reports were not accurate because of the misposted or unposted audit adjustments.
- Recommendation: We recommend that the finance department post all audit adjustments to the appropriate accounts in the City's accounting system upon completion of the annual audit process.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-003 Material Weakness – Financial Reporting

- Criteria: The City's comprehensive annual financial report (CAFR) is the responsibility of the City's management. Therefore, a proper system of internal control over financial reporting is essential in order to prevent, detect, and correct misstatements in the CAFR.
- Condition: The 2016 CAFR was reissued in November, 2017, in order to correct an \$18 million overstatement of cash and understatement of expense. In addition, prior period adjustments were necessary during the current year audit process to correct additional material misstatements in the previous year's CAFR.
- Cause: The City did not have appropriate resources and controls in place to detect and correct misstatements in a timely manner.
- Effect: The City's prior year CAFR and current year internal financial reports were not accurate.
- Recommendation: We recommend that the City review its CAFR preparation process and revise procedures and controls as necessary to detect and correct misstatements in a timely manner.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-004 Material Weakness – Cash

- Criteria: Reconciliation of the bank accounts to the accounting system is a primary control procedure to ensure that transactions are properly recorded in the accounting system.
- Condition: The operating bank account reconciliations did not agree with the general ledger balances, and discrepancies were not researched and reconciled in a timely manner. Trust bank accounts were not reconciled monthly, and the city was several months behind in recording activity in the accounts.
- Cause: The City has had difficulties in reconciling the collections activity within the Water/Sewer billing system, and changes in personnel during the year appears to have delayed the trust account reconciliation process.
- Effect: The City's internal financial reports did not accurately reflect cash balances and activity.
- Recommendation: We recommend that procedures be implemented to reconcile all bank accounts to the accounting system on a monthly basis. Any differences should be investigated and resolved in a timely manner.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-005 Material Weakness – Receivables

- Criteria: Reconciliation of accounts receivable totals in the accounting system to detailed reports reflecting the individual customer accounts or other detailed balance information is a primary control procedure to ensure that transactions are properly recorded in the accounting system.
- Condition: Water, sewer, and garbage customer receivable balances and various other receivable balances in the accounting system weren't reconciled to the detailed supporting records of balances actually owed to the City by individuals and others.
- Cause: The City has had difficulties in reconciling the activity within the water/sewer billing system, and procedures did not appear to be in place to reconcile other receivable balances to the underlying individual accounts of those who owe the City.
- Effect: The City's internal financial reports did not accurately reflect receivable balances owed to the City and the related revenues.
- Recommendation: We recommend that procedures be implemented to reconcile all receivable balances in the accounting system to the underlying balances owed by individuals and others on a monthly basis. Any differences should be investigated and resolved in a timely manner.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-006 Material Weakness – Receivables

- Criteria: Generally accepted accounting principles require that receivable balances and the related revenues be reflected net of an allowance for amounts estimated to be uncollectible.
- Condition: The City's water, sewer, and garbage customer accounts receivables balances have continued to increase dramatically over the past several years, and the allowances for uncollectible amounts were not adequately adjusted based on the past-due status of the receivables and other factors affecting collectability. In addition, long-term receivables for special assessments and minority business loans were not adequately monitored for collectability and adequacy of the allowance for uncollectible amounts.
- Cause: As a result of difficulties experienced with the billing system, the City had delayed the evaluation of the collectability of receivable balances, and procedures did not appear to be in place for monitoring the collectability of long-term special assessment and loan receivable balances.
- Effect: Without appropriate allowances for uncollectible amounts, the internal financial reports overstated both the receivables asset balances and the related revenues.
- Recommendation: We recommend that procedures be implemented to periodically review and adjust the allowances for uncollectible accounts.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-007 Material Weakness – Capital Assets

- Criteria: In order to adequately track and report capital assets acquired, owned, and disposed of by the City and properly reflect the depreciation expense and disposal gains or losses related to those capital assets, detailed schedules of the capital assets are necessary.
- Condition: Property and equipment detailed schedules and depreciation schedules weren't reconciled to the financial statement balances and many of the descriptions on the detailed schedules were not adequate to properly identify the items reflected. In addition, the depreciation schedules contained depreciation calculation errors.
- Cause: The City's capital assets detailed schedules have not been properly maintained or reviewed for inaccuracies.
- Effect: The City's capital assets and depreciation expense were not accurately reflected.
- Recommendation: We recommend that procedures be implemented to periodically reconcile the capital asset schedules with the balances, acquisitions, and disposals reflected in the accounting system and the property inventory tracking records. In addition, we recommend that the depreciation calculations be thoroughly reviewed to ensure that appropriate useful lives have been assigned to assets and that the calculations are correct.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-008 Material Weakness – Capital Assets

- Criteria: While capital assets such as streets and water/sewer improvements are under construction and not yet in use, these projects are properly reflected as construction-in-progress with no depreciation, and interest costs related to enterprise fund projects are capitalized during this period prior to use.
- Condition: When use of individual construction projects (or portions thereof) began, the projects weren't transferred from the construction-in-progress schedule to the appropriate depreciable capital asset classes in order to stop any interest capitalization on the projects and begin depreciation.
- Cause: Capital projects were not adequately monitored to determine when usage began.
- Effect: Excessive enterprise fund interest was capitalized on projects, which understated interest expense and overstated the capital asset costs, and depreciation expense was understated on projects that were in use.
- Recommendation: We recommend that the capital project schedules be thoroughly reviewed to ensure that projects (or portions thereof) are no longer reflected as construction-in-progress once usage begins.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-009 Material Weakness – Liabilities

- Criteria: Reconciliation of liability account totals in the accounting system to detailed reports reflecting the individual vendor accounts or other detailed balance information is a primary control procedure to ensure that transactions are properly recorded in the accounting system.
- Condition: Accounts payable and other liability detailed reports weren't reconciled to the accounting system.
- Cause: Procedures were not in place to periodically reconcile the underlying amounts owed to individuals and entities to the liability balances reflected in the accounting system.
- Effect: The City's accounting system did not properly reflect the balances owed by the City.
- Recommendation: We recommend that procedures be implemented to reconcile the liability balances in the accounting system to the underlying amounts owed by the City on a monthly basis.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-010 Material Weakness – Liabilities

- Criteria: Reconciliation of payroll liability account totals in the accounting system to detailed reports reflecting the individual balances owed is a primary control procedure to ensure that transactions are properly recorded in the accounting system.
- Condition: Payroll liability accounts for payroll taxes, retirement contributions, group insurance premiums, and garnishment withholdings weren't reconciled to ensure that all payroll withholdings and the City's related share of costs were properly reflected and remitted to the appropriate entities in a timely manner.
- Cause: Procedures were not in place to periodically reconcile the underlying amounts owed to the liability balances reflected in the accounting system.
- Effect: The City's accounting system did not properly reflect the balances owed by the City and some employee benefits payments were not paid in a timely manner.
- Recommendation: We recommend that procedures be implemented to reconcile the payroll liability balances in the accounting system to the underlying amounts owed by the City on a monthly basis.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-011 Material Weakness – Liabilities

- Criteria: Reconciliation of liability account totals in the accounting system to detailed reports reflecting the individual balances making up the total is a primary control procedure to ensure that transactions are properly recorded in the accounting system.
- Condition: A detailed report of the individual customer meter deposits held by the City was not available.
- Cause: Because of difficulties experienced with the water/sewer billing system, the City was unable to generate or develop a report from the water/sewer billing system to reflect the details of customer meter deposits held by the City.
- Effect: The customer meter deposits liability reflected in the accounting system was not reconciled to the individual customer meter deposit amounts reflected in the billing system.
- Recommendation: We recommend that the City develop a report reflecting the individual customer meter deposits and implement procedures to reconcile the individual amounts to the balance in the accounting system on a monthly basis.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-012 Material Weakness – Liabilities

- Criteria: Reconciliation of liability account totals in the accounting system to detailed reports reflecting the individual balances making up the total is a primary control procedure to ensure that transactions are properly recorded in the accounting system.
- Condition: A detailed report of the individual amounts of police seized and forfeited cash held by the City pending court action was not available.
- Cause: A comprehensive system was not in place to track the seized and forfeited balances held by the City pending court decisions on whether the funds will be retained as city revenue or returned to defendants.
- Effect: The police seized and forfeited cash liability reflected in the accounting system was not reconciled to the individual cases pending.
- Recommendation: We recommend that the City develop a report reflecting the individual amounts held by the City pending court action and implement procedures to reconcile the individual amounts to the balance in the accounting system on a monthly basis.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-013 Material Weakness – Liabilities

- Criteria: Reconciliation of liability account totals in the accounting system to detailed reports reflecting the individual balances making up the total is a primary control procedure to ensure that transactions are properly recorded in the accounting system.
- Condition: The employee accrued leave report incorrectly reflected some former employees as still having accrued vacation hours.
- Cause: Procedures were not in place to verify that the accrued leave balances of former employees were removed upon the payment of the accrued leave owed at termination.
- Effect: The employee accrued leave report overstated the balance of accrued leave owed by the City.
- Recommendation: We recommend that the employee accrued leave tracking and reporting procedures be reviewed and revised as necessary to ensure that the balances reported are correct.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-014 Material Weakness – Long-Term Debt

- Criteria: When a lease contains a bargain-purchase option (e.g. \$1) at the end of the lease, generally accepted accounting principles (GAAP) require that the lease be recorded as a capital asset financing transaction.
- Condition: A building capital lease-purchase wasn't reflected as long-term debt or as a capital asset in the City's accounting system.
- Cause: Procedures were not in place to review lease agreements for provisions requiring treatment as financing transactions.
- Effect: The City's long-term debt and capital assets were understated.
- Recommendation: We recommend that procedures be implemented to determine the appropriate treatment of leases upon execution.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-015 Material Weakness – Fund Balances

- Criteria: Revenues and expense are required by GAAP to be separately reflected (rather than netting them), and donations received with restrictions on their use are required to be reflected as restricted fund balances until utilized for intended purpose.
- Condition: Restricted fund balances for special programs were incorrectly reflected as "other liabilities" and some transactions were improperly netted within the liability accounts rather than being reflected as revenues and expenses.
- Cause: Liability accounts were not monitored to ensure that liability account usage was appropriate.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

Effect: The City's liabilities were overstated and revenues, expenses and restricted fund balances were understated.

Recommendation: We recommend that liability accounts be periodically reviewed to ensure that usage of liability accounts is appropriate. In addition, restricted fund balances should be monitored to ensure that the restricted fund balance is released to unrestricted fund balance upon utilization for the intended purpose.

Response: The City's response is reflected in the accompanying corrective action plan.

2017-016 Material Weakness – Fund Balances

Criteria: The City's Unemployment Compensation Revolving Fund is required by state statute to maintain a balance equal to 2% of the first \$6,000 paid to each employee in the preceding year.

Condition: The Unemployment Compensation Revolving Fund's fund balance significantly exceeded the statutory balance of approximated \$235 thousand.

Cause: It appears that the City has been transferring \$210 thousand into the unemployment compensation revolving fund each year regardless of the statutory amount, beginning fund balance or claims incurred, and the balance has been growing as a result.

Effect: The General Fund's unemployment compensation expense was overstated.

Recommendation: We recommend that the procedures for computing the annual General Fund unemployment compensation payments be revised to properly reflect the General Fund expense at the required funding amount.

Response: The City's response is reflected in the accompanying corrective action plan.

2017-017 Material Weakness – Revenues

Criteria: Proper identification of revenues is a primary control to ensure that usage restrictions are adequately monitored and amounts are properly reported in the accounting system.

Condition: Some federal grants, state grants, state loan proceeds, tax forfeiture land sales, and other types of sporadically received revenues were not properly identified and posted to the appropriate accounts in the accounting system.

Cause: Procedures were not in place to review the posting of revenues for appropriateness.

Effect: Revenues were not properly classified in the internal financial reports and some state loan proceeds were not reflected in the long-term debt schedules.

Recommendation: We recommend that procedures for identifying and recording infrequently received types of revenues be reviewed and revised as necessary to ensure that the financial reports correctly reflect the various types of revenues received by the City.

Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-018 Material Weakness – Revenues

- Criteria: Monitoring of lease agreements and payments due from lessees is a primary control to ensure that lessees comply with lease terms and payments are received when due.
- Condition: A tower lease agreement tracking system did not appear to be in place to monitor monthly tower lease revenue due from cellular companies or to monitor remaining lease terms, renewals, inflation adjustments, etc.
- Cause: Because of the quantity and complexity of the City's tower leases, the City has primarily relied on the cellular companies to keep track of their own leases and make payments when due.
- Effect: Tower leases are a significant source of revenue for the City, and the City might not be aware of lessees' underpayment of lease revenue.
- Recommendation: We recommend that the City develop a tracking system for its tower leases and the payments due from the lessees.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-019 Material Weakness – Revenues

- Criteria: New CAFR disclosure requirements for certain types of tax abatement agreements were effective for the City's year ended September 30, 2017, under Governmental Accounting Standards Board statement number 77.
- Condition: Tax abatement agreements information wasn't available to adequately determine if tax abatement agreements exist that need to be disclosed in the CAFR.
- Cause: The City has not maintained adequate records of its tax abatement agreements with companies.
- Effect: Tax abatement agreements for which disclosure is required may exist and not be adequately disclosed in the CAFR.
- Recommendation: We recommend that the City identify existing agreements and implement a tracking system to ensure that any required disclosures related to these agreements are included in the CAFR.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-020 Material Weakness – Revenues

- Criteria: Generally accepted accounting principles only allows the use of agency funds in situations where funds are held in custody for remittance to another entity.
- Condition: The City's 1% infrastructure sales tax revenue was incorrectly reflected in an agency fund upon receipt and was not recognized as revenue until it was spent by the related capital project fund. This treatment in an agency fund is inappropriate since the 1% tax is levied by the City, remitted to the City by the Mississippi Department of Revenue monthly as collected, held in a City bank account, restricted for use by the City for City infrastructure, will be spent by the City, and is not held in custody for remittance to another entity.
- Cause: The City was unaware of the requirements for use of an agency fund.
- Effect: The Infrastructure Tax Capital Project Fund's cash balance and revenues were significantly understated.
- Recommendation: We recommend that the City discontinue use of the 1% Infrastructure Tax Agency Fund and instead record these infrastructure tax revenues directly in the Infrastructure Tax Capital Project Fund.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-021 Material Weakness – Revenues

- Criteria: Special revenue funds are used to monitor the receipt and expenditure of revenues that are restricted for specific purposes.
- Condition: The library ad valorem tax millage was incorrectly reflected in a General Fund liability account out of which the library system was paid a set monthly funding dollar amount (as determined and budgeted by the City, and regardless of the actual tax collections), and the City also directly paid lease and maintenance costs related to City owned or leased buildings utilized by the library system out of this liability account.
- Cause: The City was unaware of the appropriate treatment for these transactions.
- Effect: The City's tax collections were not reflected as revenues, and the City's payments of lease and maintenance costs and funding payments to the library system were not budgeted or reflected as City expenditures. In addition, the accumulated negative balance in the liability account was improperly netted with other General Fund liabilities in the CAFR, which resulted in an understatement of liabilities.
- Recommendation: This activity should be budgeted and reflected in a special revenue fund since it is a dedicated millage for the library system and related costs.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-022 Material Weakness – Expenditures

- Criteria: Generally accepted accounting principles require capital outlay and debt service expenditures to be segregated from operating expenditures. In addition, debt service expenditures are required to be segregated into principal and interest portions.
- Condition: Capital outlay expenditure accounts included items that should have been classified as supplies since they did not meet the City's capitalization criteria, and the Other Services and Charges expenditure accounts included amounts that should have been classified as capital outlay. In addition, debt service payments on capital leases weren't properly segregated into principal and interest expenditure accounts.
- Cause: The City relied upon year-end audit adjustments to correct these mispostings.
- Effect: The City's internal financial reports did not accurately reflect capital outlay and debt service expenditures.
- Recommendation: We recommend that the City's procedures for classifying and recording capital outlay and debt service expenditures be reviewed and revised as necessary to properly reflect these expenditures.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-023 Material Weakness – Expenditures

- Criteria: Generally accepted accounting principles require revenues and expenditures to be segregated rather than netted.
- Condition: County fees charged for the collection of the City's ad valorem taxes were netted from tax revenues rather than being posted as contractual services expense.
- Cause: The City was unaware of the requirement to segregate these expenditures from the revenue.
- Effect: Both revenues and expenditures were understated.
- Recommendation: We recommend that the City's procedures for recording ad valorem tax revenues be revised to ensure that the county collection fees are properly recorded as expenditures.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-024 Material Weakness – Operating Leases

- Criteria: Maintaining copies of executed agreements is a primary control to ensure that the agreements are properly monitored and reported.
- Condition: The City was unable to locate its copies of some long-term land lease agreements under which it is making lease payments.
- Cause: The City's did not maintain copies of some operating lease agreements in its records.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

- Effect: The City's lease payments may not be in accordance with the lease agreements, and some lease agreements may not be properly reported or disclosed in the CAFR.
- Recommendation: We recommend that the City review its existing operating lease obligations to ensure that copies of the operating leases are maintained and accessible.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-025 Material Weakness – Internal Service Fund

- Criteria: The purpose of an internal service fund is to provide goods and services to other funds on a cost reimbursement basis.
- Condition: The Employees' Group Benefit Fund's insurance premiums charged to employees and other funds only covered 42% of the internal service fund's costs, and, as in prior years, the City transferred funds from the General Fund to cover the remaining costs without reflecting the General Fund transfer as group insurance expense in the benefitting funds where the employees' other personnel costs are reflected.
- Cause: The City was unaware of the need to reflect these transfers as group insurance expense in the benefitting funds.
- Effect: The personnel services expenditures in several funds were understated.
- Recommendation: We recommend that the City periodically adjust the premiums charged by the internal service fund to other funds and/or employees in order to cover the costs incurred by the internal service fund in providing the group health benefits.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-026 Material Weakness and Noncompliance – Unclaimed Funds

- Criteria: Funds that have been unclaimed (i.e. uncashed checks) for more than five years are required under the Mississippi Unclaimed Property Act to be remitted to the Mississippi Treasurer's Office at least every three years if a check isn't cashed by the payee, the money is still owed, and the payee can't be located to reissue a check.
- Condition: Approximately 5,000 old outstanding checks (older than a year) dating back as far as 2003 were still reflected as outstanding in the accounting system, and additional amounts of unclaimed payroll checks and accounts payable checks were reflected as liabilities but had not yet been remitted to the Mississippi Treasurer's Office as required.
- Cause: The City was unaware of the requirement to transfer unclaimed funds to the State Treasurer's Office.
- Effect: The City was not in compliance with the Mississippi Unclaimed Property Act.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

Recommendation: We recommend that procedures be implemented to remit unclaimed funds to the Mississippi Treasurer’s Office as required. In addition, we recommend that procedures be implemented to periodically review the outstanding checks schedule to ensure that voided checks have been properly removed from the outstanding checks schedule and any significant old outstanding checks are investigated to determine the reason they have not been cashed by the payees.

Response: The City’s response is reflected in the accompanying corrective action plan.

2017-027 Material Weakness and Noncompliance – Budget Reporting

Criteria: State statutes require that the City Council be provided each month with financial reports that compare the budgeted revenue and expenditure line items with the actual year-to-date revenues received and expenditures paid by the City. In addition, state statutes require that the budget reports only reflect revenues actually received (deposited) by the period end and only reflect actual expenditures that were paid within 30 days after the period end.

Condition: Monthly budget-to-actual financial reports were not submitted to the City Council, the quarterly budget-to-actual reports provided to the City Council didn’t provide detail at the budgeted line-item level as required, and the budget-to-actual schedules were not prepared using the required statutory budget basis.

Cause: The City was unaware of these requirements.

Effect: The City Council was not provided with the required monthly financial reports necessary for them to fulfill their oversight responsibilities, and the budget-to-actual reports prepared by the City were not accurate.

Recommendation: We recommend that the City revise its financial reporting procedures in order to prepare the budget-to-actual financial reports in accordance with the statutory budget basis requirements and to provide complete monthly financial reports to the City Council as required.

Response: The City’s response is reflected in the accompanying corrective action plan.

2017-028 Material Weakness and Noncompliance – Budgeting

Criteria: The Mississippi State Auditor’s Office (OSA) prescribes requirements for municipalities’ financial accounting practices and procedures in its Municipal Audit and Accounting Guide. One of these requirements is that debt service expenditures and interfund transfers must be budgeted separately from other types of expenditures.

Condition: Debt service expenditures and interfund transfers were not separately budgeted as required by the OSA but instead were included in the Other Services and Charges and Capital Outlay budget line items.

Cause: The City was unaware of this requirement.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

Effect: The City's budget and financial reports were not in compliance with the requirements prescribed by the OSA.
Recommendation: We recommend that the City revise its budgeting and financial reporting procedures to comply with the requirements of the Municipal Audit and Accounting Guide.
Response: The City's response is reflected in the accompanying corrective action plan.

2017-029 Noncompliance – Budgeting

Criteria: State statutes require that cumulative budget revisions exceeding 10% per department be published upon adoption in the same manner as the originally adopted budget was published along with certain additional information about the budget revisions. In addition, only one budget revision is allowed during the first quarter of a new City Council term.
Condition: Cumulative budget revisions exceeding 10% per department were not published as required, and the budget was revised more than once in the first quarter of the new City Council's term.
Cause: The City was unaware of these requirements.
Effect: The City was not in compliance with the state budget statutes.
Recommendation: We recommend that the City revise its budget revision procedures to comply with state statutes.
Response: The City's response is reflected in the accompanying corrective action plan.

2017-030 Noncompliance – Budgeting

Criteria: State statutes and regulations require that the City limit its expenditures to the amounts in the approved budget line items except for court-ordered or emergency purchases and capital outlay.
Condition: Several expenditure line items in the budget were exceeded with no known applicable exception to the budget compliance requirement.
Cause: The correction of posting errors and misclassified expenditures as well as items not separately budgeted as required resulted in actual expenditures that exceeded expenditure budget line items.
Effect: The City was not in compliance with state statutes, and City officials could be exposed to fines for budget violations.
Recommendation: We recommend that the City review and revise its budgeting and reporting procedures to ensure that the transactions are properly recorded and budget expenditures are adequately monitored to prevent expenditures in excess of the budgeted line items.
Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-031 Noncompliance – Publication

- Criteria: State statutes and bond covenants require the City to publicize the availability of its audited CAFR upon issuance and to send copies of the audited CAFR to the Mississippi State Auditor’s Office (OSA) and the designated municipal bond repository (Electronic Municipal Market Access system, or EMMA).
- Condition: The City’s 2016 Comprehensive Annual Financial Report (CAFR) was reissued in November, 2017, to correct an \$18 million overstatement of cash and understatement of expenditures but was not publicized or sent to the OSA or EMMA as required.
- Cause: The City was unaware that these requirements applied to reissued audited CAFRs.
- Effect: The City was not in compliance with state statutes and bond covenants, and users of the City’s CAFR may have relied upon the originally issued CAFR after it had been superseded by the reissued CAFR.
- Recommendation: We recommend that the City revise its procedures to ensure that it complies with state statutes and bond covenants.
- Response: The City’s response is reflected in the accompanying corrective action plan.

2017-032 Noncompliance – Publication

- Criteria: State statutes require that the City annually publish Sanitation Fund information about revenues, expenses, major contractors, and the average cost per customer prior to the beginning of each fiscal year.
- Condition: The Sanitation Fund report of revenues, expenses, major contractors, and cost per customer was not published at year end as required.
- Cause: The City was not aware of these requirements.
- Effect: The City was not in compliance with state statutes, and Sanitation Fund customers were not informed as required.
- Recommendation: We recommend that the City revise its publication procedures to ensure that all of the required information is published.
- Response: The City’s response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-033 Noncompliance – Municipal Depository

- Criteria: State statutes require that the City receive municipal depository bids every two years and approve a municipal depository to hold City funds. In addition, other banks must agree to match the approved municipal depository's bid in order to hold City funds.
- Condition: In February, 2017, the City Council approved a bank as the City's municipal depository at a 0.53% interest rate for the two-year depository cycle and indicated that other banks were only to be used for investments. However, as of September 30, 2017, we noted that a bank other than the approved municipal depository still held \$12 million of the City's funds in checking accounts paying only 0.15% rather than matching the interest rate paid by the approved municipal depository.
- Cause: The City was unaware of the requirement that banks other than the approved municipal depository are required to match the interest rate paid by the approved municipal depository.
- Effect: The City was not in compliance with state statutes and received less interest income than it was entitled to receive.
- Recommendation: We recommend that the City revise its procedures for using banks other than the approved municipal depository in order to comply with the applicable requirements.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-034 Noncompliance – Investments

- Criteria: State statutes restrict the types of financial institutions that can hold municipal funds to FDIC or FSLIC insured financial institutions.
- Condition: The City's Fire/Police Charitable Trust Fund had a financial account at a credit union, but credit unions are not eligible to hold municipal funds. In addition, the credit union account reflected a retired city employee as the joint owner of the account.
- Cause: The City was unaware that credit unions were not eligible to hold City funds.
- Effect: The City was not in compliance with state statutes. In addition, having a former employee as a joint account owner allowed an unauthorized individual to have access to the account.
- Recommendation: We recommend that the City move the Fire/Police Charitable Trust Fund's cash to an eligible financial institution.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-035 Noncompliance – Investments

- Criteria: State statutes generally restrict the types of investments that can be held by municipalities to direct investments in government securities.
- Condition: The Tort Claims Reserve Fund held investments in a U.S. Treasury money market fund (rather than direct U.S. Treasury securities), but this type of investment is only allowed for debt-related trust accounts.
- Cause: The City was unaware that this type of investment isn't allowed.
- Effect: The City was not in compliance with state statutes.
- Recommendation: We recommend that the City move the Tort Claims Reserve Fund's investments to an allowable type of investment.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-036 Noncompliance – Personnel

- Criteria: State statutes require employers in Mississippi to utilize the E-Verify online employment eligibility verification system in addition to the I-9 employment eligibility forms required by federal regulations when hiring employees.
- Condition: E-Verify online employment eligibility verifications weren't completed for new employees, and some payroll files didn't contain the I-9 employment eligibility forms required by federal regulations.
- Cause: The City was unaware of the requirement to use the E-Verify online system.
- Effect: The City was not in compliance with state statutes.
- Recommendation: We recommend that the City revise its employee hiring procedures in order to comply with the applicable employment eligibility verification requirements and to adequately document its compliance with those requirements.
- Response: The City's response is reflected in the accompanying corrective action plan.

2017-037 Noncompliance – Court Assessments

- Criteria: State regulations require that the City remit state court assessments to the applicable state agencies on a monthly basis.
- Condition: As of September 30, 2017, the August court assessments had not yet been paid to the applicable state agencies.
- Cause: Procedures were not in place to ensure timely remittance.
- Effect: The City was not in compliance with state statutes.
- Recommendation: We recommend that the City revise its procedures to ensure that state court assessments are remitted to the applicable state agencies in a timely manner.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

2017-038 Noncompliance – Municipal Compliance Questionnaire

- Criteria: The Mississippi State Auditor’s Office regulations require that municipalities complete and approve the annual Municipal Compliance Questionnaire at the City Council’s first regular meeting after the fiscal year end as the City’s certification that it has complied with applicable state statutes and regulations. The Municipal Compliance Questionnaire provides a listing of various compliance requirements along with the source of the requirements.
- Condition: The Municipal Compliance Questionnaire was approved by the City Council in January, 2018, but it should have been approved in October, 2017.
- Cause: The City was unaware of the specific time requirement for approving the Municipal Compliance Questionnaire.
- Effect: The City was not in compliance with state regulations.
- Recommendation: We recommend that the City revise its procedures for approving the Municipal Compliance Questionnaire to ensure timely compliance.
- Response: The City’s response is reflected in the accompanying corrective action plan.

2017-039 Noncompliance – Bond Covenants (Repeated finding. See finding 2016-003.)

- Criteria: Article VI of the July, 2011, revised Revenue Bond debt covenants states that “If the water system net revenues in any fiscal year, as shown by the municipality’s audit, are less than 120% of the annual debt service requirement for such fiscal year or 100% of the sum of (a) the annual debt service requirement on the bonds and all subordinate indebtedness in such fiscal year, (b) the amounts required to be paid during such fiscal year into any debt service reserve fund and the contingent fund, and (c) the amount of all other charges and liens whatsoever payable out of the revenues during such fiscal year, not otherwise provided for in this subsection, then the municipality shall, as promptly as possible, request an independent consulting engineer to make recommendations as to revision of such rates, fees and charges or methods of operating the system which will result in producing the required amount in the following year.” The Water and Sewer Bond Ordinance requires the City to maintain the following restricted funds: 1/12 of the Operation and Maintenance budget as an Operation and Maintenance Fund, 1/12 of the actual debt service as a Debt Service Fund, and 2/12 of the Operation and Maintenance budget as a Contingent Fund.
- Condition: The Water/Sewer Fund’s debt service fund and operation & maintenance fund were below the required amounts at September 30, 2017, and the total debt coverage ratio was below the 100% level required by the bond covenants as of September 30, 2017.
- Cause: Difficulties experienced by the City with its water, sewer, and garbage billing system caused a decrease in customer revenues, and increased repairs to water utility lines caused an increase in expenses.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2017

Effect: The City was not in compliance with the bond covenants and bond ordinance.
Recommendation: We recommend that the City continue its efforts to resolve the billing system problems, enforce its customer collection policies, and replace aging water utility lines. In addition, the City should request an independent consulting engineer to make recommendations regarding revisions to the system's rates and operations.
Response: The City's response is reflected in the accompanying corrective action plan.

FINDINGS AND QUESTIONS COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2017

- 2016-001 Significant Deficiency – Fund Balance for General Fund Below Requirement
- Condition: The General Fund reserve amount was below the 7.5% of operating revenues policy adopted by the City Council.
- Current Status: Corrected.
- 2016-002 Material Weakness – No Aging Report for Water & Sewer Receivables
- Condition: An aging report of customer’s accounts receivable was not provided for September 30, 2016.
- Current Status: Corrected.
- 2016-003 Material Weakness – Noncompliance with Revenue Bond Covenants
- Condition: Pursuant to revenue bonds and related agreements, the City has certain covenants that provide for rates to be set at levels annually to maintain certain debt service coverage ratios. In addition, rates must be set at levels to provide for the payment of current expenses and to provide deposits to meet certain trust fund requirements associated with the bond agreements. The City was not in compliance with the debt covenants.
- Current Status: Not corrected. See finding 2017-039.
- 2016-004 Material Weakness – Timesheets Not Signed and Approved
- Condition: Some time cards selected for testing were not electronically signed by the employee and/or the supervisor indicating review and approval.
- Current Status: Corrected.



CORRECTIVE ACTION PLAN
7/24/18

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The City of Jackson respectfully submits the following corrective action plan for the year ended September 30, 2017.

Name and address of independent public accounting firm: Tann, Brown & Russ Co., PLLC
1501 Lakeland Drive, Suite 300, Jackson, MS 39216

Audit period: Year Ended September 30, 2017

The findings from the September 30, 2017 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule, Section 1 of the schedule, Summary of Audit Results, does not include findings and is not addressed.

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding No. 2017-001

MATERIAL WEAKNESS- FINANCIAL REPORTING

Recommendation: We recommend that appropriate training be made available to the City's finance department personnel involved in the CAFR preparation process. The Government Finance Officers Association (GFOA) and similar organizations have continuing education training opportunities available in various formats.

Action Taken: The City of Jackson is a member of GFOA and often sends employees to training events that they sponsor. The City's plan of action is to enroll all relevant finance employees in the next available GFOA training opportunity.

Finding No. 2017-002

MATERIAL WEAKNESS- FINANCIAL REPORTING

Recommendation: We recommend that the finance department post all audit adjustments to the appropriate accounts in the City's accounting system upon completion of the annual audit process.

Action Taken: The finance department will review all audit adjustments upon completion of the annual audit process to ensure the accounting system is fully updated.

Finding No. 2017-003

MATERIAL WEAKNESS- FINANCIAL REPORTING

Recommendation: We recommend that the City review its CAFR preparation process and revise procedures and controls as necessary to detect and correct misstatements in a timely manner.

Action Taken: The City has reviewed its CAFR preparation process and revised the procedures and controls so as to detect and correct misstatements in a timely manner.

Finding No. 2017-004

MATERIAL WEAKNESS- CASH

Recommendation: We recommend that procedures be implemented to reconcile all bank accounts to the accounting systems on a monthly basis. Any differences should be investigated and resolved in a timely manner.

Action Taken: The procedures regarding the reconciliation of all bank accounts have been updated and the finance staff are in the process of implementing monthly reconciliations.

Finding No. 2017-005

MATERIAL WEAKNESS- RECEIVABLES

Recommendation: We recommend that procedures be implemented to reconcile all receivable balances in the accounting system to the underlying balances owed by individuals and others on a monthly basis. Any differences should be investigated and resolved in a timely manner.

Action Taken: Management intends to develop and implement procedures to reconcile water, sewer, and solid waste accounts receivable balances for customer accounts to the corresponding general ledger balances.

Finding No. 2017-006

MATERIAL WEAKNESS- RECEIVABLES

Recommendation: We recommend that procedures be implemented to periodically review and adjust the allowances for uncollectible accounts.

Action Taken: The City has created a schedule for determining the appropriate adjustments to allowances and will continue to monitor all changes to receivable balances.

Finding No. 2017-007

MATERIAL WEAKNESS- CAPITAL ASSETS

Recommendation: We recommend that procedures be implemented to periodically reconcile the capital assets schedules with the balances, acquisitions, and disposals reflected in the accounting system and the property inventory tracking records. In addition, we recommend that the depreciation calculations be thoroughly reviewed to ensure that appropriate useful lives have been assigned to assets and that the formulas are correct.

Action Taken: The finance department has updated its procedures. Capital asset schedules will be reconciled quarterly and monitored for accuracy.

Finding No. 2017-008

MATERIAL WEAKNESS- CAPITAL ASSETS

Recommendation: We recommend that the capital projects schedules be thoroughly reviewed to ensure that projects (or portions thereof) are no longer reflected as construction-in-progress once usage begins.

Action Taken: The finance department will work closely with personnel in the public works department to ensure projects are properly reflected as construction-in-progress and that depreciation and interest is accounted for accordingly.

Finding No. 2017-009

MATERIAL WEAKNESS- LIABILITIES

Recommendation: We recommend that procedures be implemented to reconcile the liability balances in the accounting system to the underlying amounts owed by the City on a monthly basis.

Action Taken: The City has updated its procedures to utilize subsidiary ledgers to record detailed balance information as it relates to the outstanding liability. The City will also begin to monitor liability accounts as part of its monthly reconciliation process.

Finding No. 2017-010

MATERIAL WEAKNESS- LIABILITIES

Recommendation: We recommend that the procedures be implemented to reconcile payroll liability balances in the accounting system to the underlying amounts owed by the City on a monthly basis.

Action Taken: The City has updated its procedures and will begin to monitor payroll liability accounts as part of its monthly reconciliation process.

Finding No. 2017-011
MATERIAL WEAKNESS-LIABILITIES

Recommendation: We recommend that the City develop a report reflecting the individual customer meter deposits and implement procedures to reconcile the individual amounts to the balance in the accounting system on a monthly basis.

Action Taken: Management intends to develop and implement procedures to reconcile individual customer meter deposits to the meter deposits liability on a monthly basis.

Finding No. 2017-012
MATERIAL WEAKNESS- LIABILITIES

Recommendation: We recommend that the City develop a report reflecting the individual amounts held by the City pending court action and implement procedures to reconcile the individual amounts to the balance in the accounting system on a monthly basis.

Action Taken: The JPD will submit a weekly report to JPD Fiscal Affairs Division of all evidence received by noon each Friday. JPD Fiscal Affairs will generate a weekly report of all evidence which will include cash and property.. JPD will submit a monthly report to Finance. City Legal will compile a quarterly report and submit it to JPD Fiscal Affairs who then will submit it to Finance. An annual report will be compiled and submitted to Finance.

Finding No. 2017-013
MATERIAL WEAKNESS- LIABILITIES

Recommendation: We recommend that the employee accrued leave tracking and reporting procedures be reviewed and revised as necessary to ensure that the balances reported are correct.

Action Taken: The employee accrued leave tracking and reporting procedures were reviewed and revised to ensure that balances are reported correctly. Employee accrued leave is managed at the department level. New reporting procedures will provide for improved communications and data sharing between the departments, payroll and personnel.

Finding No. 2017-014
MATERIAL WEAKNESS- LONG-TERM DEBT

Recommendation: We recommend that procedures be implemented to determine the appropriate treatment of leases upon execution.

Action Taken: Procedures have been implemented to determine the appropriate treatment of leases upon execution. All necessary changes have been made. The City will continue to monitor lease purchase to ensure they are recorded appropriately.

Finding No. 2017-015
MATERIAL WEAKNESS- FUND BALANCES

Recommendation: We recommend that liability accounts be periodically reviewed to ensure that usage of liability accounts is appropriate. In addition, restricted fund balances should be monitored to ensure that the restricted fund balance is released to unrestricted fund balance upon utilization for the intended purpose.

Action Taken: The City has corrected the liability accounts that were incorrectly reflected for special programs. The City will continue to monitor liability accounts as part of its monthly reconciliation process.

Finding No. 2017-016
MATERIAL WEAKNESS- FUND BALANCES

Recommendation: We recommend that the procedures for computing the annual General Fund unemployment compensation payments be revised to properly reflect the General Fund expense at the required funding amount.

Action Taken: The City will be making adjustments to Fund Balance in the Final Closeout of the FY18 budget year and follow the annual calculation amount as described by State Statute.

Finding No. 2017-017
MATERIAL WEAKNESS- REVENUES

Recommendation: We recommend that procedures for identifying and recording infrequently received types of revenues be reviewed and revised as necessary to ensure that the financial reports correctly reflect the various types of revenues received by the City.

Action Taken: Personnel in the finance department will be assigned to monitor all revenues accounts as part of its monthly reconciliation process to ensure proper classification in the internal financial reports.

Finding No. 2017-018
MATERIAL WEAKNESS- REVENUES

Recommendation: We recommend that the City develop a tracking system for its tower leases and the payments due from the lessees.

Action Taken: At its July 17, 2018 meeting, the City Council approved a contract for Baller, Stokes and Lide. A part of the scope of that contract is to review all cell tower regulations and contracts, update City ordinances as it relations to cell towers, and create greater equity between agreements. Further, the City will release an RFP on July 26, 2018 seeking proposals for a new enterprise system which, amongst other things, will allow for the electronic tracking of leases and

payments. Finally, the City has engaged a consulting firm to conduct business process improvements across the City, including with the tower leases.

Finding No. 2017-019

MATERIAL WEAKNESS-REVENUES

Recommendation: We recommend that the City identify existing agreements and implement a tracking system in force to ensure that any required disclosures related to these agreements are included in the CAFR.

Action Taken: We are compiling all the open tax abatement files and their status as recorded in the City Council minutes. The City has engaged a consulting firm to conduct business process improvements across the City, including with tax abatements.

Finding No. 2017-020

MATERIAL WEAKNESS-REVENUES

Recommendation: We recommend that the City discontinue use of the 1% Infrastructure Tax Agency Fund and instead record these infrastructure tax revenues directly in the Infrastructure Tax Capital Project Fund.

Action Taken: The City has discontinued use of the agency fund and is now recording infrastructure tax revenues directly in the capital project fund. We will continue to record these revenues accordingly.

Finding No. 2017-021

MATERIAL WEAKNESS- REVENUES

Recommendation: This activity should be budgeted and reflected in a special revenue fund since it is dedicated millage for the library system and related costs.

Action Taken: The City's view on ad valorem tax millage allocated to the library as a liability therefore a budget was not adopted for a liability. This is the Jackson-Hinds Library System and is operated by a Board of Trustees and according to Section 7 of a Regular City Council Meeting, Tuesday, May 20, 1986 at 7:00 p.m., "The Budget of anticipated revenues and expenditures submitted annually to the City Council by the Board of Trustees in accordance with Section 4h of this ordinance shall be subject to approval by the City Council which shall, within its discretion and according to law, appropriate funds for the operation of the library system."

Finding No. 2017-022

MATERIAL WEAKNESS-EXPENDITURES

Recommendation: We recommend that the City's procedures for classifying and recording capital outlay and debt service expenditures be reviewed and revised as necessary to properly reflect these expenditures.

Action Taken: The City will implement new policies to correctly classify and record capital outlay and debt service expenditures as required by GAAP.

Finding No. 2017-023

MATERIAL WEAKNESS- EXPENDITURES

Recommendation: We recommend that the City's procedures for recording ad valorem tax revenues be revised to ensure that the county collection fees are properly recorded as expenditures.

Action Taken: Per Interlocal agreement with Madison County Tax Collector recorded in minute book 1 page 13 #2(a) for collection of motor vehicle taxes, the City of Jackson agrees to allow the County Tax Collector to retain 5% of the gross collections under this agreement as a commission to the County pursuant to the aforementioned authority. Also, 2(b) for collection of ad valorem taxes on real and personal property, excluding motor vehicles, the City of Jackson agrees to allow the County Tax Collector to retain 5% of the gross collections under this Agreement. Should the retained commission for the collection of taxes on real and personal, excluding motor vehicles, be the less than \$25,000.00 per year, the City agrees to pay the County the difference in the commission withheld per year, the City paid the agreed difference in FY 17 and recorded the amount in other professional services. Per interlocal agreement with Hinds County Tax Collector the City agrees to allow the County Tax Collector to retain 3% in gross collections under the agreement as commission to the County.

Finding No. 2017-024

MATERIAL WEAKNESS- OPERATING LEASES

Recommendation: We recommend that the City review its existing operating lease obligations to ensure that copies of the operating leases are maintained and accessible.

Action Taken: The City will revise procedures to ensure all operating leases are maintained on file.

Finding No. 2017-025

MATERIAL WEAKNESS- INTERNAL SERVICE FUND

Recommendation: We recommend that the City periodically adjust the premiums charged by the internal service fund to other funds and/or employees in order to cover the costs incurred by the internal service fund in providing the group health benefits.

Action Taken: The City will begin to monitor premiums charged to the internal service fund on a quarterly basis and will adjust were necessary.

Finding No. 2017-026

MATERIAL WEAKNESS AND NONCOMPLIANCE- UNCLAIMED FUNDS

Recommendation: We recommend that procedures be implemented to remit unclaimed funds to the Mississippi Treasurer's Office as required. In addition, we recommend that procedures be implemented to periodically review outstanding checks schedule to ensure that voided checks have been properly removed from the outstanding checks schedule and any significant old outstanding checks are investigated to determine the reason they have not been cashed by the payees.

Action Taken: The City will work with the Mississippi Treasurer's Office to ensure compliance with the Mississippi Unclaimed Property Act.

Finding No. 2017-027

MATERIAL WEAKNESS AND NONCOMPLIANCE- BUDGET REPORTING

Recommendation: We recommend that the City revise its financial reporting procedures in order to prepare the budget-to-actual financial reports in accordance with the statutory budget basis requirements and to provide complete monthly financial reports to the City Council as required.

Action Taken: The City has implemented the monthly budget-to-actual report being sent to the Clerk's office on a monthly basis starting in April 2018.

Finding No. 2017-028

MATERIAL WEAKNESS AND NONCOMPLIANCE- BUDGETING

Recommendation: We recommend that the City revise its budgeting and financial reporting procedures to comply with the requirements of the Municipal Audit and Accounting Guide.

Action Taken: The City, Budgets by 4 categories and one of those categories is Other Services and Charges in which Debt Service had its own object code/line. That is where Debt Service is setup, budgeted and paid from their own object code. It is spelled out Object Group is Other Services and Charges and Object Type is Debt Service Object is Retirement Bank Note and Bonds and CAFR Source is Debt Service. (Example)

Finding No. 2017-029

NONCOMPLIANCE-BUDGETING

Recommendation: We recommend that the City revise its budget revision procedures to comply with state statutes.

Action Taken: The City has revised its budget revision procedures to comply with state statutes.

Finding No. 2017-030
NONCOMPLIANCE-BUDGETING

Recommendation: We recommend that the City review and revise its budgeting and reporting procedures to ensure that the transactions are properly recorded and budget expenditures are adequately monitored to prevent expenditures in excess of the budgeted line items.

Action Taken: The City is revising its budgeting and reporting procedures to ensure that transactions are properly recorded and budget expenditures are adequately monitored to prevent expenditures in excess of the budgeted line items. Efforts are underway to require the approval of budget department staff on all expenditures, prior to requests for payment being sent to accounts payable. This extra budget review will prevent expenditures in excess of the budgeted line items.

Finding No. 2017-031
NONCOMPLIANCE- PUBLICATION

Recommendation: We recommend that the City revise its procedures to ensure that it complies with state statutes and bond covenants.

Action Taken: The City has revised its procedures to ensure compliance with all distribution requirements.

Finding No. 2017-032
NONCOMPLIANCE- PUBLICATION

Recommendation: We recommend that the City revise its publication procedures to ensure that all of the required information be published.

Action Taken: Management intends to publish the statutorily required information within the prescribed time limit.

Finding No. 2017-033
NONCOMPLIANCE- MUNICIPAL DEPOSITORY

Recommendation: We recommend that the City revise its procedures for using banks other than the approved municipal depository in order to comply with the applicable requirements.

Action Taken: The City will implement this requirement.

Finding No. 2017-034
NONCOMPLIANCE- INVESTMENTS

Recommendation: We recommend that the City move the Fire/Police Charitable Trust Fund's cash to an eligible financial institution.

Action Taken: The City has corrected this finding and will continue to ensure municipal funds are held in insured financial institutions.

Finding No. 2017-035

NONCOMPLIANCE- INVESTMENTS

Recommendation: We recommend that the City move the Tort Claims Reserve Fund's investments to an allowable type of investment.

Action Taken: The City has requested a change to the investment holding facility and will continue to work with them to bring the investment type into compliance with state statutes.

Finding No. 2017-036

NONCOMPLIANCE- PERSONNEL

Recommendation: We recommend that the City revise its employee hiring procedures in order to comply with the applicable employment eligibility verification requirements and to adequately document its compliance with those requirements.

Action Taken: The Personnel department will revise its employee hiring procedures in order to comply with the applicable employee eligibility verification requirements. Also I-9 forms are not kept in employee personnel files, but in a separate file.

Finding No. 2017-037

NONCOMPLIANCE- COURT ASSESSMENTS

Recommendation: We recommend that the City revise its procedures to ensure that state court assessments are remitted to the applicable state agencies in a timely manner.

Action Taken: The Municipal court will diligently strive to have the state court assessments completed and routed by the 5th of every month to ensure that they are remitted to the applicable state agencies in a timely manner.

Finding No. 2017-038

NONCOMPLIANCE-MUNICIPAL COMPLIANCE QUESTIONNAIRE

Recommendation: We recommend that the City revise its procedures for approving the Municipal Compliance Questionnaire to ensure timely compliance.

Action Taken: The City will revise its procedures to ensure the annual Municipal Compliance Questionnaire is completed and approved at the first regular meeting after the fiscal year end.

Finding No. 2017-039

NONCOMPLIANCE-BOND COVENANTS (REPEATED FINDING. SEE FINDING 2016-003)

Recommendation: We recommend that the City continue its efforts to resolve the billing system problems, enforce its customer collection policies, and replace aging water utility lines. In addition, the City should request an independent consulting engineer to make recommendations regarding revisions to the system's rates and operations.


Action Taken: the City will continue to improve its billing and collection efforts by insuring that the modifications to the General Ledger and the billing system are completed in a timely manner and operating efficiently.

FINDING AND QUESTIONS COSTS- MAJOR FEDERAL AWARDS PROGRAM AUDIT

None reported.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call me at (601) 960-1005.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Robert Blaine', with a stylized flourish at the end.

Dr. Robert Blaine, Interim Director
Department of Administration

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

The Honorable Mayor
And Honorable Members of the City Council
City of Jackson, Mississippi

We have audited the financial statements of the City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2017, and have issued our report thereon dated July 24, 2018. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Mississippi Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced state laws and regulations. Providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures disclosed instances of noncompliance with state laws and regulations which are described in the accompanying schedule of findings and questioned costs as items 2017-026 through 2017-038.

This report is intended solely for the information of the City's Mayor, City Council, the City's management, the Mississippi Office of the State Auditor, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Tann, Brown + Russ Co.

July 24, 2018

