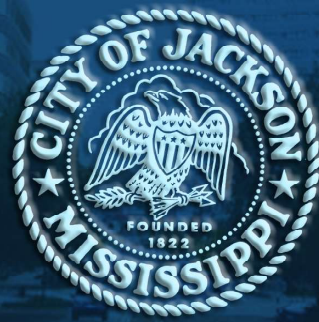


FY
2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended September 30, 2019
Department of Administration
Finance Division



Mayor Chokwe A. Lumumba

**CITY OF JACKSON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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August 31, 2020

**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, 2019 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, 2019. 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 awards 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 generally accepted accounting principles 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 2019 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 included as a component unit of the City because of its fiscal dependency on the City of Jackson. Four Proprietary Funds, which provide a variety of services on a fee-for-services basis, are among those funds whose financial operations are included in the CAFR. These Proprietary Funds are the Water/Sewage Disposal System, Madison Sewage Disposal System, Transportation, and Sanitation.

Organizationally, the 2019 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 of approximately 579,000 residents that 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 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, and 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. Serving as the largest municipality and the state capital, the COVID-19 pandemic has greatly affected the economy and labor force. From March to April 2020 (the most recent numbers available from the Bureau of Labor Statistics at the time of this printing), the Jackson metropolitan surrounding area had an unemployment rate that jumped from 4.3 percent to 13.8 percent, creating a 10-year high that surpassed the historic high of 9.8 percent in January of 2010. COVID-19 has shown a bright spotlight, which has emphasized the inequalities of systemic racism. The City of Jackson has built a strategic plan focused on decreasing inequality, and the economic effects of the pandemic have demonstrated the wisdom of the focus.

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 capital project 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:

Enterprise Resources Planning (ERP) System Launch. The City of Jackson implemented the first phase of MUNIS, the ERP system, which represents the execution of a major operational efficiency initiative. Phase one of the project implemented the financial module, resulting in new capacities, efficiencies, and accountability. The City will move to implement phases two and three over the next two years, which will encompass the entirety of City departments.

Strategic Plan. Under the leadership of Mayor Chokwe Antar Lumumba, the City of Jackson has undergone a thorough strategic planning process centered around the notion of a “dignity economy”, aiming to increase the city’s growth through inclusive policies, programs and investments. After assuming the office in July of 2017, Mayor Lumumba’s administration has focused on five areas of growth for its residents: healthy citizens, affordable homes in safe neighborhoods, a thriving educational system, occupational opportunities in a growing tax base and a city that is open and welcoming to visitors. It is through this lens that the city has explored what assets are available in the community, inclusive of non-profit partnerships, funding opportunities and resident potential as well as undertaking bold initiatives to “invest in the inherent dignity of every citizen in Jackson.”

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 includes the reconstruction of State Street from Hartfield Street to Sheppard Road and the West County Line Road Interchange at US Highway 51. The projects include an investment from the city of approximately \$15,000,000.

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 will 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 come 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 with 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 investor demand for such revenue streams.

Sustainable Jobs. One of the challenges that Jackson and many other mid-sized, majority-minority cities face is that low-wage and low-skilled service jobs constitute most occupational opportunities for underinvested and historically marginalized communities. These positions provide little opportunity for economic mobility and often calcify communities into intergenerational cycles of poverty. The City has developed Pathways to Human Dignity, a program that seeks to coalesce workforce and economic growth to create an environment of future-proof jobs. These future-proof jobs are not threatened by automation and new technologies, but rather, are sustainable, 21st century jobs that build a pathway of economic mobility. The Pathways to Human Dignity Initiative brings focus to three areas: Building and Investment-Ready Environment, Building a Work-Ready Population, and Building an Innovation-Ready Culture.

Building an Investment-Ready Environment

This theme coalesces employers, industry, capital and various partnerships to incentivize investment. Toward that end Pathways has engaged the following partners and initiatives:

Milken Institute. Cities across the south are investing in municipal broadband networks. Most recently, the cities of Jackson, MS; Chattanooga, TN; and Huntsville, AL have invested in robust municipal broadband networks. These networks can be leveraged to build rural broadband rings, which extend municipal broadband resources into rural communities that are devoid of broadband resources. In these situations, municipal broadband networks could best be leveraged to provide critical communications resources for resilient infrastructure with the additional benefit of building infrastructure for rural economic development. The City of Jackson, MS proposes to leverage its 100G municipal broadband loop to connect surrounding rural municipalities, creating a Central Mississippi Rural Broadband Network (CMRBN). The CMRBN

would be owned through an enterprise of the City of Jackson. This enterprise would consist of a public private partnership (PPP) and profit-sharing agreement with communications venture capital (VC) groups and franchise agreements (similar to current telecommunications franchise agreements) with surrounding municipalities. The City of Jackson would serve as the public sector and project sponsor. As the project sponsor, the City would build PPP relationships and partnerships (franchise agreements) with rural, ring-city municipalities. Engaged in predevelopment, approvals that could affect the project timeline are Right of Way (ROW) access, permitting requirements for all build outs, and pole attachment agreements. The City of Jackson has retained the services of Baller, Stokes & Lide, a law firm with expertise in communications issues, for the verification of home rule ability to enter broadband provisions as a city and contract development for franchise agreements. The City of Jackson has constructed the fundamental broadband backbone infrastructure through the installation of a 100G point-of-presence (POP) and broadband ring. This infrastructure has been constructed through partnerships with Cogent Communications and LiteCloud Transport Services.

Mosaic Genius. *Tech Tools for Sustainability* is a focused approach to helping 15-25 Jackson-based entrepreneurs integrate technological (tech) tools into their existing business with the hope that these tools will result in greater success for the entrepreneur. Small businesses and businesses in underserved communities often lack tech tools that enable them to sustain and scale business operations. COVID-19 shined a light on this reality and the need to be a tech-enabled business. Tech-enabled businesses are no longer a luxury but a necessity for a stable marketplace and economy. There are specific areas of tech every small business needs to scale. The first is artificial intelligence. Data supports the fact that advancements in artificial intelligence will boost the economy by up to 14% by 2030. While this is good news for some companies, smaller companies are not equipped to make this transition. Significant focus will be spent on this very important area. The next area of focus is digital marketing and communications. Storytelling is at the core of communications for social entrepreneurs. The utilization of digital forms of communication increase the number of people to be reached and ultimately, the impact of the entrepreneur. The final area is security. While tech is a great tool, it does not come without issues and challenges. It is important for entrepreneurs engaging in increased tech capabilities to make certain that security is a top priority for their stakeholders, clients, and benefactors.

Upon successful completion of Phase I, qualifying businesses will have the opportunity to participate in a business accelerator. This unique opportunity will help prepare entrepreneurs for investment including introductions to venture philanthropy and venture capital, to support the continued growth of their company.

Small and Disadvantaged Business Program with Sheltered Market. Cognizant of the economic merits of a thriving small business community and the historical challenges of disadvantaged groups to compete in biased and discriminatory markets, the City of Jackson is developing a Small Business Program with an imbedded disadvantaged business program. The

SBP will feature a sheltered market and a scalable capacity building structure for growth and capacity building for small businesses in the City of Jackson.

The City of Jackson is building a sheltered market into the 2021 budget. The sheltered market will reserve 10% of discretionary spending in the budget, approximately \$25,000,000, to create a fund to provide the necessary funding, for which only certified small or minority firms can bid. In this market, at least 35% of any work must be completed by the minority firm's workforce. If the minority firm subcontracts, then 35% of the subcontracted work must be performed by a minority firm.

Imbedded into the Small and Disadvantaged Business Program are resources for management and technical assistance. The focus on capacity building led the City to embed resources for legal operations, accounting and technical assistance. Further, the City has partnered with HOPE Credit Union and JP Morgan Chase to build a technical assistance program. This program will build capital to compete and establish lines of credit, and the City will implement a timely payment system to avoid periods of stretched capitol for the small business.

Kauffman Foundation. The City of Jackson has partnered with the Kauffman Foundation, through the National League of Cities - City Innovation Ecosystems to create the right policies, programs, and practices to ensure our community can thrive in the global, innovation-driven economy. This funding allows Jackson to partner with national experts, and receive technical assistance, seed funding, and peer learning. The first year of the partnership will focus on the following topics:

1. Using data and evidence to adjust legacy procurement processes to be more inclusive of young businesses, especially those owned by women and people of color.
2. Rethinking how your city solicits technology solutions for civic problems to be more attractive to potential partnerships with startups and technology-based entrepreneurs.
3. Diversifying the leadership of your entrepreneurial ecosystem and economic development organizations to include more woman entrepreneurs.

Historically, the City of Jackson has maintained an Equal Business Opportunity (EBO) program. While these programs have increased the amount of minority business participation, the City's program has done little to build capacities in minority businesses. Many minority businesses in Jackson serve as pass-through entities, in which a majority firm includes a minority firm in the bidding process, however, rather than partnering with the minority firm, the majority firm inflates the City's project cost in order to give a fee to the minority firm that never actually participates in the project. This situation does not build capacity in minority businesses and does not build wealth in the community.

Jackson Major Corporations Action Table. The City of Jackson has brought together CEOs of major corporations to create a forward-thinking business climate. The group seeks to

create action towards the growth of businesses in the Jackson region through design, refinement and execution of growth strategies. Members are invited bring both a critical and enthusiastic lens to the administration's work as we co-create a more business friendly environment in Jackson.

Building a Work-Ready Population

Aspen Institute. To create a network of workforce development partners, the City was referred to the Aspen Institute, Economic Opportunity program. The Aspen Institute is partnering with the City to present the Workforce Leadership Academy, an eight- to ten-month academy designed to develop a network of workforce development leaders who are not only able to lead their own programs or organizations, but who can also work collaboratively to build effective workforce systems.

The Workforce Leadership Academy creates and supports a peer-learning community of workforce leaders from nonprofit organizations, business associations, community colleges and universities, union-based training efforts, and public agencies. Participants in the Academy work with leading practitioners from around the country, learn about practical planning tools, and have the rare opportunity to reflect on and develop effective workforce strategies to strengthen their local workforce system. Participants also engage in leadership development activities, including a 360-degree leadership assessment. Fellows are selected in a competitive application process and are typically senior-level managers with authority to implement program changes. The cohort of leaders represents the following organizations and companies: Woodward Hines Foundation, University of Mississippi Medical Center, Jackson Medical Mall Foundation, Mississippi Department of Rehabilitation, Springboard to Opportunities, Mississippi Institutions of Higher Learning, Building Healthy Military Families, Hinds Community College, Mississippi Early Learning Alliance, Mississippi Economic Council, Refill Café, LLC, The Skills Foundation, United Way of the Capital Area, Dependable Source Corps Center for Community and Workforce Development, Jackson State University and Tougaloo College.

Social Progress Imperative. The W.K. Kellogg Foundation funding allowed the City to partner with the Social Progress Imperative (SPI). SPI partnered with the City to build an idea of social progress in Jackson (see below). The SPI index measures data in three categories: basic human needs, foundations of wellbeing, and opportunity. This provides a means to measure quality of life in real-time and allows the City to model interventions and measure their impacts. For example, opportunity can be determined across the City through measures of personal rights, personal freedom and choice, inclusiveness, and access to education. These measures are mapped, and areas of high and low social progress can be measured through the lens of opportunity.

The specific data under each subcategory can be used to measure the impact of interventions. For example, personal freedom and choice can be measured by childcare deserts, walkability index, disconnected youth and alternative transportation usage. Interventions such as permits

for new childcare facilities, building sidewalks, creating youth centers, and/or changing or adding public transportation routes can be measured to observe their direct impact on social progress. The interventions can be measured by zip code and community progress can be measured and observed. The overall impact of the index can be viewed by census tract (groups of 2,000 residents), which create scorecards by neighborhood.

Green Jobs and Climate Change. Climate change is the existential threat of the 21st century. The City of Jackson has set a goal of climate neutrality and seeks to reach this goal through climate mitigation and adaptation strategies. The climate mitigation efforts focus on the reduction of greenhouse gasses, while the climate adaptation strategies are based on reducing vulnerability to the effects of climate change. *Economic Pathways to Human Dignity* uses both mitigation and adaptation strategies to increase workforce and economic development to create resiliencies to the effects of climate change.

The workforce and economic development ecosystem needed for climate mitigation and adaptation strategies produces “green jobs,” which provide an excellent platform for a future-proof workforce. Renewable energy, retrofitting for energy efficiency, and renovations for energy efficiency are growing markets in need of a trained and skilled workforce. The City of Jackson has aligned a set of partners to build a future-proof workforce through strategies of climate mitigation and adaptation.

The National League of Cities brought resources for Jackson to build a heat preparedness plan through the *Cities Taking Action to Address Health, Equity & Climate Change* Program. In developing the heat preparedness plan, the City partnered with Mississippi 2C to focus on addressing local vulnerabilities to build community resilience in Jackson. The strategy seeks to properly identify and map vulnerable populations by collecting place specific information. To address this need, the project will conduct a survey measuring: perceptions of heat-related threats and vulnerability; availability of social support (family and friends); and knowledge of effective cooling behaviors (proper use of fans and AC systems, as well as clothing, bathing and hydrating).

The partnership with the NLC brought deeper engagement with heat preparedness through the National Oceanographic and Atmospheric Administration’s (NOAA) 2020 Urban Heat Island Mapping Support Project. Through this project, the City received funding support to perform a community science urban heat island (UHI) mapping campaign in Jackson. The data from the heat island effect mapping will be used to inform the heat preparedness plan and align needs-based analysis of heat mitigation and adaptation strategies. The heat preparedness plan presents an opportunity for measurable impact on social progress in the areas of greatest need in Jackson. Further, the projects that result from the heat preparedness plan provide green economy workforce and economic development opportunities for Jackson residents.

Another project-based approach to workforce and economic development was achieved through a partnership with the New York based, BlocPower group. This project will create a four-

dimensional map of energy use in buildings throughout downtown Jackson. The energy efficiency analysis will be used to create green economy workforce and economic development opportunities for Jackson residents.

Makerspace. The City of Jackson has agreed to partner with The Bean Path and the Mississippi Light Collaborative in creating a makerspace. The space will be filled with 3D printers, shop/woodwork equipment, laser cutters, industrial sewing machines, t-shirt printing presses, and circuit equipment for people to learn how to use and be able to make their own products, furniture, clothing, etc. The idea is to help individuals of the community be self-sustainable and provide a source of income for their businesses. This model is similar to the Idea Shop in Starkville, MS, which is the first type of makerspace for the community (i.e. not associated with a university or college). This involves field trips for K-12 students locally and across the state to visit (for minimal cost) and charging memberships for others (individuals and small businesses).

In addition, the makerspace will have collaborative Science, Technology, Engineering, Art and Mathematics (S.T.E.A.M.) programming. S.T.E.A.M. activities include an intergenerational learning and skills hub and the Creative S.T.E.A.M. Lab run by young people for young people 30 years and under. S.T.E.A.M. achieves equity by focusing identifying, supporting and connecting talent from the local communities. Both Bean Path and the Mississippi Light Collaborative will promote design thinking in the maker/S.T.E.A.M. space.

Building an Innovation-Ready Culture

TECH JXN - Technology, Education, Creativity and Healthcare in Jackson. TECH JXN is a three-day conference and explosion of Jackson's assets to promote a culture of innovation and economic development.

Sesame Street in Communities (SSIC) will launch a series of strategic initiatives at TECH JXN, beginning with an interactive day filled with the famous Sesame Street characters. SSIC has three goals: 1) Brand: Raise public awareness of the most challenging issues impacting families and children; 2) Content: Encouraging nurturing connections with key adults in children's lives to foster hope, resilience, and readiness for school; and, 3) Capacity Building: Empower community influencers to form a circle of care to support child and family well-being. SSIC will engage communities around childhood and family trauma, early literacy and other areas through high impact events, professional learning, a web-based hub and coalition building in a three-phase process of onboarding, implementation and sustainability.

The **Fertile Ground Project** uses public art as a medium to inspire dialogue about food access in Jackson, Mississippi. The project is made up of physical installations deployed within food insecure areas across the city, a documentary about food access, community engagement sessions, a podcast series, performance art, a food policy roadmap, and a project Expo. The project brings together an interdisciplinary network of people such as artists, designers,

architects, farmers, chefs, nutritionists, policymakers, and community members to discuss the complexities of the city's food system. TECH JXN attendees will be able to see images and clips from the Fertile Ground Expo as well as learn more about the planning process that went into the city-wide exhibition. This presentation will showcase the various installations and discuss how public art can impact community and catalyze change.

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

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

Categories: 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.

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.

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

I acknowledge with appreciation the thorough, professional, and timely 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 that reads "LaaWanda Jones-Horton". The signature is written in a cursive, flowing style.

LaaWanda Jones-Horton, Director
Department of Administration



Government Finance Officers Association

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Achievement
for Excellence
in Financial
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**City of Jackson
Mississippi**

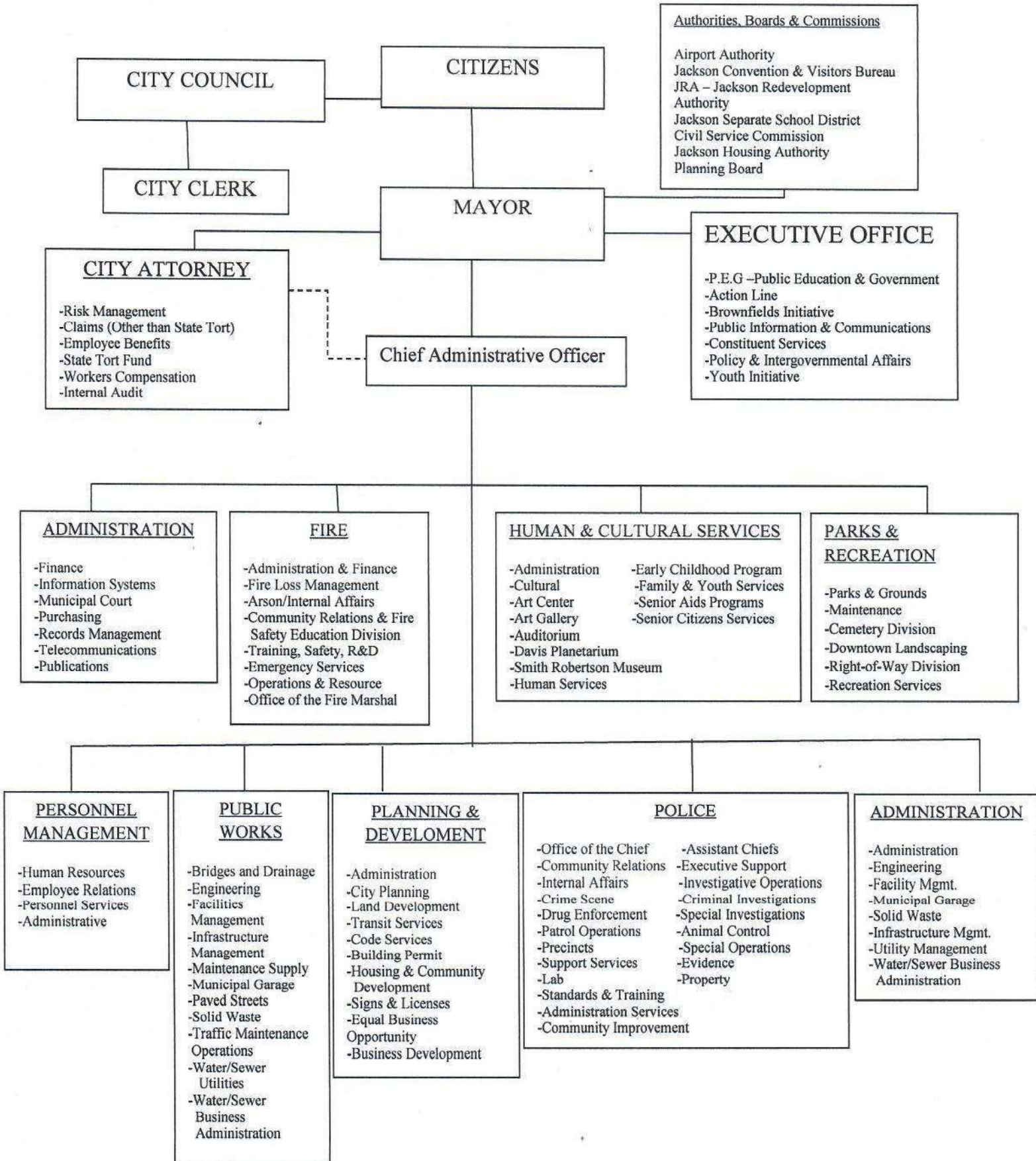
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF JACKSON ORGANIZATIONAL CHART



**CITY OF JACKSON
MAYOR, CITY COUNCIL AND CITY OFFICIALS
SEPTEMBER 30, 2019**

EXECUTIVE

Chokwe Antar Lumumba
MAYOR

LEGISLATIVE

CITY COUNCIL

Ashby Foote
Ward 1

Melvin Priester, Jr.
Ward 2

Kenneth Stokes
Ward 3

De'Keither Stamps
Ward 4
Vice President of Council

Charles Tillman
Ward 5

Aaron Banks
Ward 6

Virgi Lindsay
Ward 7
President of Council

Kristi Moore
City Clerk

EXECUTIVE BRANCH

Dr. Robert Blaine
Chief Administrative Officer

Dr. Safiya Omari
Chief of Staff

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

James Davis
Willie Owens
Robert Miller
Jordan Hillman
Adriane Dorsey-Kidd
Ison Harris
Wilma Scott
LaaWanda Horton
Timothy Howard

TANN, BROWN & RUSS CO., PLLC
CERTIFIED PUBLIC ACCOUNTANTS
1501 LAKELAND DRIVE, SUITE 300
JACKSON, MISSISSIPPI 39216-4841
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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, 2019, 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, which represent 100% of the assets, net position, and revenues of the City's discretely presented component units. 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, 2019, 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.

Emphasis of Matter

The accompanying financial statements have been prepared assuming the City of Jackson, Mississippi, including its component units, will continue as a going concern. As discussed in Note 6(E), the Capital City Convention Center Commission, which is a discretely presented component unit of the City of Jackson, Mississippi, has incurred losses from operations and has limited unrestricted working capital, which raise substantial doubt about the Capital City Convention Center Commission's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 6(E). The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 81 through 103 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 August 31, 2020, 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 & Russell Co.

August 31, 2020

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, 2019. 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 - xii 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 \$258 million (*net position*). Of this amount, there is negative (\$275) 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 \$0.7 million.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported *combined* ending fund balances of \$80.6 million, a decrease of \$4.3 million in comparison with the prior year. Approximately 32% of this total amount is \$25.9 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 \$25.9 million, or 23% of total general fund expenditures.
- The City of Jackson's total long-term debt decreased by \$11 million (3 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. Complete financial statements are also issued by and available from these component units.

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, 1% Infrastructure Tax Capital Project Fund, and Federal Grants Special Revenue Fund which are considered to be major funds. Data from the other thirteen (13) 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. Budgetary comparison statements have been provided to demonstrate compliance with the budget for governmental funds.

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-Ridgeland 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 the governmental activities 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 and school property tax collected by the county.

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 27-83 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 General Fund and major special revenue fund budgets and progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on page 84-107 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. Combining and individual fund statements and schedules can be found on pages 108-135 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 \$258 million at the close of September 30, 2019.

By far the largest portion of the City of Jackson's net position (192 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 183,237	\$ 179,105	\$ 56,825	\$ 70,076	\$ 240,062	\$ 249,181
Capital assets	337,921	316,379	476,975	489,069	814,896	805,448
Total assets	521,158	495,484	533,800	559,145	1,054,958	1,054,629
Deferred Outflow s of Resources	5,780	4,346	1,279	679	7,059	5,025
Long-term liabilities outstanding	404,508	397,521	271,946	278,817	676,454	676,338
Other Liabilities	25,998	20,492	17,020	16,270	43,018	36,762
Total Liabilities	430,506	418,013	288,966	295,087	719,472	713,100
Deferred Inflow s of Resources	82,822	86,473	1,526	2,557	84,348	89,030
Net position:						
Net investment in capital assets	259,506	229,661	235,404	242,146	494,910	471,807
Restricted	36,814	43,488	1,284	3,491	38,098	46,979
Unrestricted	(282,710)	(277,805)	7,899	16,543	(274,811)	(261,262)
Total net position	<u>\$ 13,610</u>	<u>\$ (4,656)</u>	<u>\$ 244,587</u>	<u>\$ 262,180</u>	<u>\$ 258,197</u>	<u>\$ 257,524</u>

The City of Jackson's total net position increased by \$0.7 million during the current fiscal year.

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

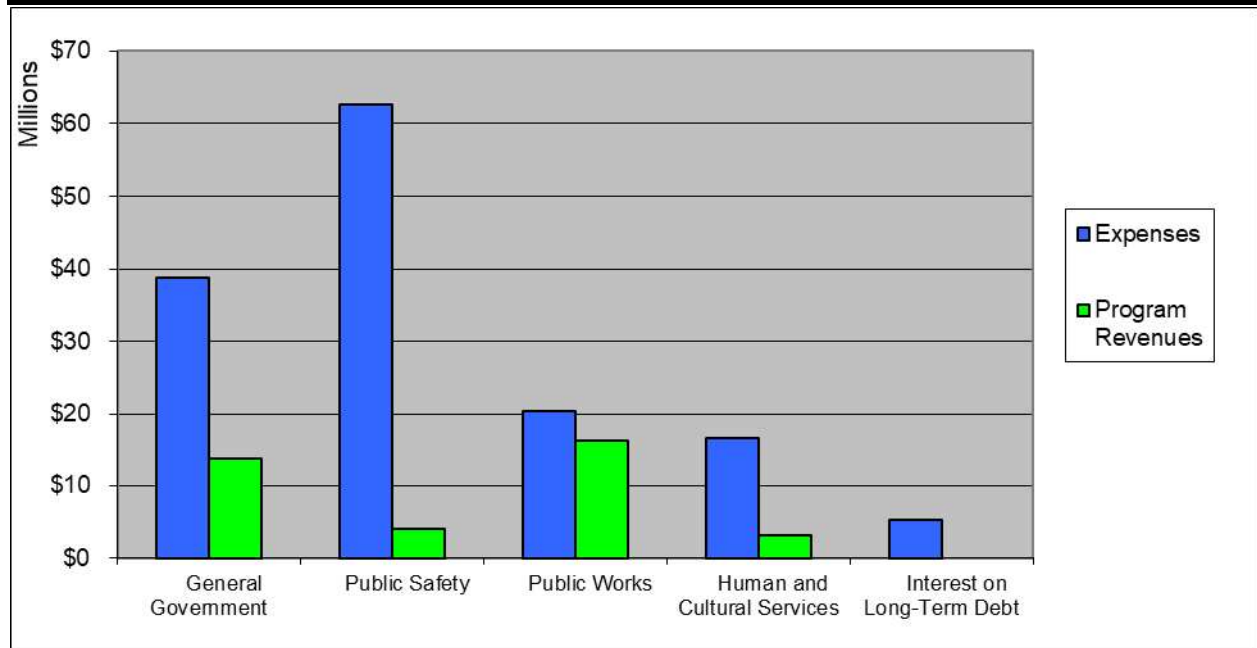
City of Jackson's Changes in Net Position (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 9,429	\$ 8,843	\$ 58,750	\$ 67,726	\$ 68,179	\$ 76,569
Operating grants and contributions	11,756	9,580	5,553	5,312	17,309	14,892
Capital grants and contributions	16,249	10,075			16,249	10,075
General revenues:						
Property taxes	78,482	78,079	-	-	78,482	78,079
Local sales taxes	14,548	14,234	-	-	14,548	14,234
Franchise taxes	7,298	7,510	-	-	7,298	7,510
Other	39,857	40,405	145	149	40,002	40,554
Total revenues	177,619	168,726	64,448	73,187	242,067	241,913
Expenses:						
General government	38,798	35,428	-	-	38,798	35,428
Public safety	62,601	62,809	-	-	62,601	62,809
Public works	20,491	14,713	-	-	20,491	14,713
Human and cultural services	16,710	17,695	-	-	16,710	17,695
Interest on long-term debt	5,330	5,236	-	-	5,330	5,236
Water/Sewer	-	-	77,587	67,911	77,587	67,911
Transportation	-	-	8,680	7,837	8,680	7,837
Madison-Ridgeland Sewage	-	-	113	26	113	26
Sanitation	-	-	11,084	10,657	11,084	10,657
Total expenses	143,930	135,881	97,464	86,431	241,394	222,312
Increase in net position before transfers	33,689	32,845	(33,016)	(13,244)	673	19,601
Transfers	(15,423)	(11,365)	15,423	11,365	-	-
Increase in net position	18,266	21,480	(17,593)	(1,879)	673	19,601
Net position - October 1, 2018	(4,656)	(21,393)	262,180	264,739	257,524	243,346
Prior year adjustment	-	(4,743)	-	(680)	-	(5,423)
Net position - September 30, 2019	\$ 13,610	\$ (4,656)	\$ 244,587	\$ 262,180	\$ 258,197	\$ 257,524

Governmental activities. Governmental activities increased the City of Jackson's net position by \$18.3 million.

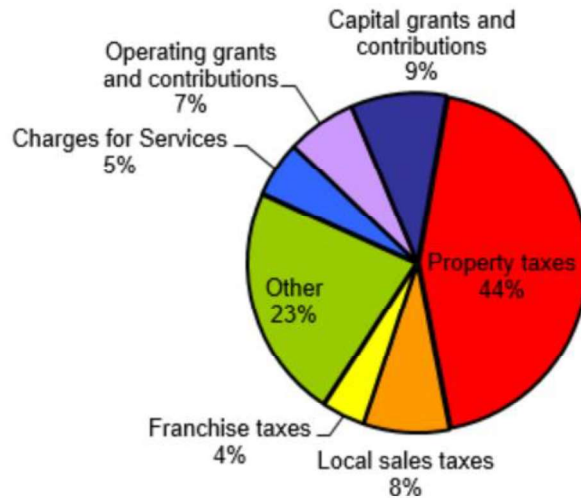
In FY 2007, the City issued \$65 million in General Obligation Bonds on behalf of the Capital City Convention Center Commission to construct the Convention Center. A special sales tax levy was established to pay the debt service for the bonds. The bonds couldn't be issued as revenue bonds because of 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 Center 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

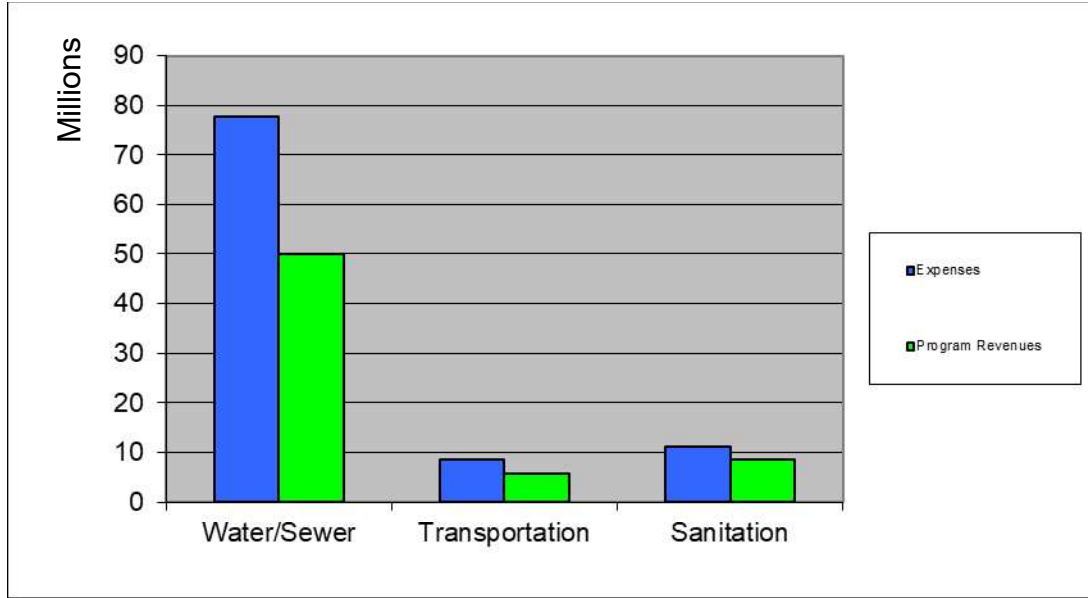
As noted earlier, the City of Jackson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

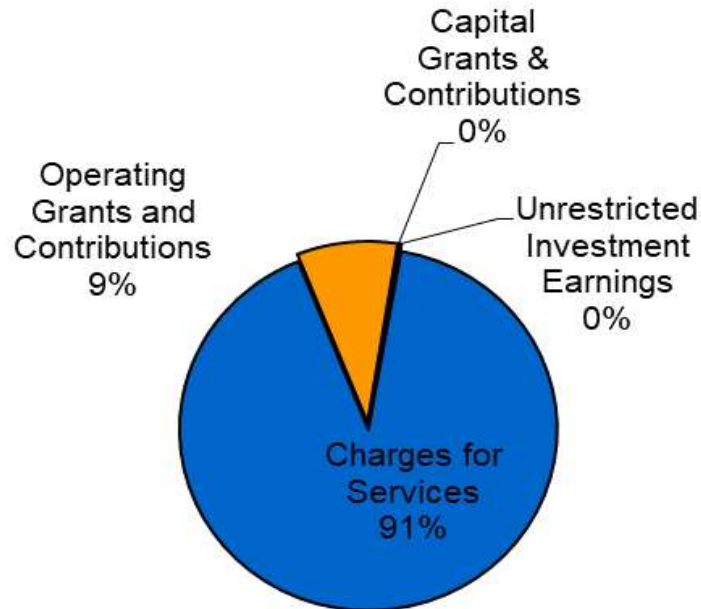
**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Business-type activities. Business-type activities decreased the City of Jackson's net position by \$17.6 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 \$80.6 million, and decrease of \$4.3 million. 32% of this total amount is \$25.9 million which is available for spending at the government's discretion (*unassigned*). Of the remaining fund balance, \$810,724 is *nonspendable* and is not in spendable form, \$43 million is *restricted* and has limitations imposed on its use by external parties, \$11 million is *committed* for specific purposes imposed by the City Council, and \$115,477 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 \$26 million, while total fund balance reached \$41 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 \$4.9 million; which is due primarily to cost savings measures implemented across city departments. The Federal Grants Special Revenue Fund is a major governmental fund. It's fund balance decreased by \$190 thousand; which is due primarily to transfers to the general fund.

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 \$8.5 million. The decrease in net position for the Water/Sewage Disposal System Fund was \$15 million.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget expenditures were a \$1.7 million increase and can be briefly summarized as follows:

- \$7.3 million increase in personnel services
- \$0.1 million increase in supplies and materials
- \$6.6 million decrease in contract services and charges
- \$0.9 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 less than the final budget.
- Actual supplies and materials for all city departments was \$0.3 million less than the final budget.
- Actual contractual services and charges throughout all city departments was \$15.9 million less than the final budget.
- Actual capital outlay for all city departments was \$5.4 million less than the final budget.
- Actual debt service for all city departments was \$10.1 million more than the final budget because debt service was incorrectly combined into capital outlay in the budget.
- Interfund transfers were \$8.6 million more than the final budget because transfers were incorrectly combined into contractual services and charges in the budget.

Capital Assets and Debt Administration

Capital assets. The City of Jackson's capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$815 million (net of accumulated depreciation). These capital assets include land, buildings, water/sewer systems, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the City of Jackson's capital assets for the current fiscal year was 1.2% (a 6.8% increase for governmental activities and a 2.5% decrease in business-type activities).

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

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

- The increase in capital assets was the result of continued expenditures 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 13,721	\$ 13,721	\$ 1,838	\$ 1,838	\$ 15,559	\$ 15,559
Building & systems	69,832	71,650	10,302	10,584	80,134	82,234
Automotive and equipment	13,675	12,347	9,402	10,380	23,077	22,727
Infrastructure	208,249	195,625	453,325	462,070	661,574	657,695
Construction in progress	32,444	23,036	2,108	4,197	34,552	27,233
Total	<u>\$ 337,921</u>	<u>\$ 316,379</u>	<u>\$ 476,975</u>	<u>\$ 489,069</u>	<u>\$ 814,896</u>	<u>\$ 805,448</u>

Additional information on the City of Jackson's capital assets can be found in Note 4 on pages 49-51 of this report.

Long-term debt. At the end of the current fiscal year, the City of Jackson had total bonded debt outstanding of \$325 million. Of this amount, \$117 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 and tax increment 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	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 116,621	\$ 122,447	\$ -	\$ -	\$ 116,621	\$ 122,447
Revenue bonds	-	-	198,185	206,555	198,185	206,555
Tax increment bonds	9,938	7,429	-	-	9,938	7,429
Loans, notes and leases	21,480	19,796	35,658	35,108	57,138	54,904
Premium (discount)	5,474	5,934	11,527	12,256	17,001	18,190
Total	<u>\$ 153,513</u>	<u>\$ 155,606</u>	<u>\$ 245,370</u>	<u>\$ 253,919</u>	<u>\$ 398,883</u>	<u>\$ 409,525</u>

The City of Jackson's total debt decreased by \$10.6 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	Ba2	BBB-
General Obligation Bonds	Baa3	A+
Urban Renewal Revenue Bonds	Ba1	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 \$66.1 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 54-64 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 2020 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased \$1.5 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, 2019

	Primary Government			Jackson Redevelopment Authority	Capital City Convention Center Commission
	Governmental Activities	Business-Type Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 77,734,296	\$ 2,066,716	\$ 79,801,012	\$ 4,165,544	\$ 1,153,426
Receivables	93,270,747	58,483,775	151,754,522	3,086,941	978,812
Internal balances	10,533,145	(10,533,145)	-	-	-
Inventories	810,724	1,699,919	2,510,643	-	48,508
Prepaid expenses	888,441	-	888,441	8,350	66,499
Restricted assets:					
Cash and cash equivalents	-	5,107,301	5,107,301	28,994	1,500,000
Capital assets:					
Capital assets not being depreciated	46,164,894	3,946,154	50,111,048	11,219,116	5,828,280
Other capital assets, net of depreciation	291,755,506	473,029,292	764,784,798	21,566,601	58,761,103
Total assets	521,157,753	533,800,012	1,054,957,765	40,075,546	68,336,628
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	5,476,596	1,111,615	6,588,211	-	-
Deferred outflows - other post-employment benefits	304,086	167,202	471,288	-	-
Total deferred outflows of resources	5,780,682	1,278,817	7,059,499	-	-
LIABILITIES					
Accounts payable	15,913,062	9,370,712	25,283,774	90,956	736,069
Accrued interest payable	1,223,969	2,306,355	3,530,324	147,470	-
Unearned revenue	3,549,886	-	3,549,886	-	223,064
Other liabilities	5,311,865	5,343,386	10,655,251	22,682	105,813
Compensated absences:					
Due within one year	1,371,380	220,109	1,591,489	-	-
Due in more than one year	2,667,876	274,983	2,942,859	-	-
Claims liabilities:					
Due within one year	4,070,591	-	4,070,591	-	-
Due in more than one year	4,060,939	-	4,060,939	-	-
Long-term debt:					
Due within one year	13,983,910	12,146,018	26,129,928	1,462,521	-
Due in more than one year	139,529,102	233,224,410	372,753,512	6,923,020	-
Other post-employment benefits:					
Due within one year	897,540	131,133	1,028,673	-	-
Due in more than one year	45,847,317	6,698,472	52,545,789	-	-
Net pension liability:					
Due in more than one year	192,078,887	19,250,330	211,329,217	-	-
Total liabilities	430,506,324	288,965,908	719,472,232	8,646,649	1,064,946
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - property taxes levied for subsequent year	76,944,177	-	76,944,177	-	-
Deferred inflows - pensions	5,152,937	1,011,921	6,164,858	-	-
Deferred inflows - other post-employment benefits	725,180	514,280	1,239,460	-	-
Total deferred inflows of resources	82,822,294	1,526,201	84,348,495	-	-
NET POSITION					
Net investment in capital assets	259,505,660	235,404,311	494,909,971	25,320,176	64,589,383
Restricted, expendable for:					
Public Safety	893,394	-	893,394	-	-
Human and Cultural Services	2,552,788	-	2,552,788	-	-
Debt Service	7,971,274	-	7,971,274	6,312	1,500,000
Capital Projects: restricted by enabling legislation	22,174,565	-	22,174,565	-	-
Capital Projects: other	3,221,224	1,283,598	4,504,822	-	-
Employee Benefits	636	-	636	-	-
Unrestricted	(282,709,724)	7,898,811	(274,810,913)	6,102,409	1,182,299
Total net position	\$ 13,609,817	\$ 244,586,720	\$ 258,196,537	\$ 31,428,897	\$ 67,271,682

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, 2019

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 38,797,687	\$ 6,565,177	\$ 7,330,156	\$ -
Public safety	62,600,602	2,023,174	2,068,717	-
Public works	20,490,919	100,948	4,539	16,248,592
Human and cultural services	16,709,968	739,466	2,352,544	-
Interest on long-term debt	5,330,504	-	-	-
Total governmental activities	143,929,680	9,428,765	11,755,956	16,248,592
Business-type activities:				
Water/Sewer	77,587,470	49,863,441	-	-
Transportation	8,679,578	443,126	5,282,524	-
Madison-Ridgeland Sewage	113,217	69,650	-	-
Sanitation	11,084,075	8,373,742	270,777	-
Total business-type activities	97,464,340	58,749,959	5,553,301	-
Total primary government	\$ 241,394,020	\$ 68,178,724	\$ 17,309,257	\$ 16,248,592
Component units:				
Jackson Redevelopment Authority	\$ 2,792,862	\$ 1,048,231	\$ 744,351	\$ 1,508,448
Capital City Convention Center Commission	9,854,267	1,907,911	63,000	-
Total component units	\$ 12,647,129	\$ 2,956,142	\$ 807,351	\$ 1,508,448
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 (loss) on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

(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
\$ (24,902,354)	\$ -	\$ (24,902,354)	\$ -	\$ -
(58,508,711)	-	(58,508,711)	-	-
(4,136,840)	-	(4,136,840)	-	-
(13,617,958)	-	(13,617,958)	-	-
(5,330,504)	-	(5,330,504)	-	-
<u>(106,496,367)</u>	<u>-</u>	<u>(106,496,367)</u>	<u>-</u>	<u>-</u>
-	(27,724,029)	(27,724,029)	-	-
-	(2,953,928)	(2,953,928)	-	-
-	(43,567)	(43,567)	-	-
-	(2,439,556)	(2,439,556)	-	-
<u>-</u>	<u>(33,161,080)</u>	<u>(33,161,080)</u>	<u>-</u>	<u>-</u>
\$ (106,496,367)	\$ (33,161,080)	\$ (139,657,447)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ 508,168	\$ -
-	-	-	-	(7,883,356)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 508,168</u>	<u>\$ (7,883,356)</u>
78,481,706	-	78,481,706	-	-
14,548,302	-	14,548,302	-	5,312,975
7,298,009	-	7,298,009	-	-
38,213,351	-	38,213,351	-	-
1,416,740	259,071	1,675,811	17,248	46,436
227,483	(114,265)	113,218	-	-
(15,423,259)	15,423,259	-	-	-
<u>124,762,332</u>	<u>15,568,065</u>	<u>140,330,397</u>	<u>17,248</u>	<u>5,359,411</u>
<u>18,265,965</u>	<u>(17,593,015)</u>	<u>672,950</u>	<u>525,416</u>	<u>(2,523,945)</u>
<u>(4,656,148)</u>	<u>262,179,735</u>	<u>257,523,587</u>	<u>30,903,481</u>	<u>69,795,627</u>
<u>\$ 13,609,817</u>	<u>\$ 244,586,720</u>	<u>\$ 258,196,537</u>	<u>\$ 31,428,897</u>	<u>\$ 67,271,682</u>

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

**City of Jackson
Balance Sheet
Governmental Funds
As of September 30, 2019**

	General Fund	1% Infrastructure Tax Capital Project Fund	Federal Grants Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 32,154,212	\$ 24,321,701	\$ 3,302,993	\$ 16,976,962	\$ 76,755,868
Receivables, net of allowance for uncollectibles	66,582,276	2,416,804	4,583,133	18,564,109	92,146,322
Due from other funds	10,753,561	-	-	-	10,753,561
Inventories	810,724	-	-	-	810,724
Total assets	<u>\$ 110,300,773</u>	<u>\$ 26,738,505</u>	<u>\$ 7,886,126</u>	<u>\$ 35,541,071</u>	<u>\$ 180,466,475</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,119,004	\$ 4,563,940	\$ 2,508,663	\$ 1,618,602	\$ 13,810,209
Unearned grant revenue	-	-	2,467,220	1,082,666	3,549,886
Other liabilities	5,114,266	-	75,819	121,780	5,311,865
Due to other funds	-	-	-	220,416	220,416
Total liabilities	<u>10,233,270</u>	<u>4,563,940</u>	<u>5,051,702</u>	<u>3,043,464</u>	<u>22,892,376</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-long-term receivables	-	-	44,968	-	44,968
Unavailable revenue-property taxes levied for subsequent year	59,336,324	-	-	17,607,853	76,944,177
Total deferred inflows of resources	<u>59,336,324</u>	<u>-</u>	<u>44,968</u>	<u>17,607,853</u>	<u>76,989,145</u>
FUND BALANCES					
Nonspendable	810,724	-	-	-	810,724
Restricted	6,573,356	22,174,565	2,789,456	11,495,776	43,033,153
Committed	7,347,778	-	-	3,393,978	10,741,756
Assigned	115,477	-	-	-	115,477
Unassigned	25,883,844	-	-	-	25,883,844
Total fund balances	<u>40,731,179</u>	<u>22,174,565</u>	<u>2,789,456</u>	<u>14,889,754</u>	<u>80,584,954</u>
Total liabilities and fund balances	<u>\$ 110,300,773</u>	<u>\$ 26,738,505</u>	<u>\$ 7,886,126</u>	<u>\$ 35,541,071</u>	<u>\$ 180,466,475</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, 2019

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

Total fund balances - governmental funds	\$ 80,584,954
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	337,920,400
Prepaid expenses are not financial resources and are not reflected in the funds.	888,441
Long-term receivables are not available to pay for current period expenditures and are recorded as deferred inflows in the fund statements.	44,968
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 other post-employment benefits	304,086
Deferred outflows of resources related to pensions	5,476,596
Deferred inflows of resources related to other post-employment benefits	(725,180)
Deferred inflows of resources related to pensions	(5,152,937)
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	(153,513,012)
Accrued interest on long-term debt	(1,223,969)
Compensated absences	(4,039,256)
Claims payable	(8,131,530)
Other post-employment benefits	(46,744,857)
Net pension liability	<u>(192,078,887)</u>
Net position of governmental activities	<u>\$ 13,609,817</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, 2019

	General Fund	1% Infrastructure Tax Capital Project Fund	Federal Grants Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 60,024,315	\$ -	\$ -	\$ 18,457,390	\$ 78,481,705
Franchise taxes	7,298,009	-	-	-	7,298,009
Licenses and permits	1,464,217	-	-	-	1,464,217
Intergovernmental	34,619,908	14,548,302	16,718,703	8,006,830	73,893,743
Fines and forfeitures	1,739,334	-	-	-	1,739,334
Admissions, fees, rentals and concessions	5,198,037	-	180,133	305,025	5,683,195
Interest	581,072	483,983	53,718	297,967	1,416,740
Other	2,944,904	-	39,883	565,886	3,550,673
Total revenues	<u>113,869,796</u>	<u>15,032,285</u>	<u>16,992,437</u>	<u>27,633,098</u>	<u>173,527,616</u>
EXPENDITURES					
Current:					
General government	30,025,087	-	6,668,635	3,320,515	40,014,237
Public safety	54,190,277	-	831,849	5,174,284	60,196,410
Public works	10,126,094	-	-	1,350,328	11,476,422
Human and cultural services	3,641,894	-	2,836,749	8,277,822	14,756,465
Debt Service:					
Principal	9,613,998	-	-	7,025,739	16,639,737
Interest and service charges	439,848	-	26,121	5,275,329	5,741,298
Capital outlay:					
General government	2,927,442	-	126,667	-	3,054,109
Public works	380,120	10,373,350	7,522,870	5,700,766	23,977,106
Public safety	1,187,946	-	-	164,031	1,351,977
Human and cultural services	-	-	-	490,340	490,340
Total expenditures	<u>112,532,706</u>	<u>10,373,350</u>	<u>18,012,891</u>	<u>36,779,154</u>	<u>177,698,101</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,337,090</u>	<u>4,658,935</u>	<u>(1,020,454)</u>	<u>(9,146,056)</u>	<u>(4,170,485)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,123,216	4,510,721	5,633,937
Transfers out	(8,108,230)	(12,463,477)	(292,989)	(192,500)	(21,057,196)
Issuance of long-term debt	11,393,273	-	-	3,613,970	15,007,243
Sale of capital assets	255,845	-	-	-	255,845
Total other financing sources (uses)	<u>3,540,888</u>	<u>(12,463,477)</u>	<u>830,227</u>	<u>7,932,191</u>	<u>(160,171)</u>
Net change in fund balances	<u>4,877,978</u>	<u>(7,804,542)</u>	<u>(190,227)</u>	<u>(1,213,865)</u>	<u>(4,330,656)</u>
Fund balances at beginning of year	<u>35,853,201</u>	<u>29,979,107</u>	<u>2,979,683</u>	<u>16,103,619</u>	<u>84,915,610</u>
Fund balances at end of year	<u>\$ 40,731,179</u>	<u>\$ 22,174,565</u>	<u>\$ 2,789,456</u>	<u>\$ 14,889,754</u>	<u>\$ 80,584,954</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, 2019

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

Net change in fund balances – total governmental funds	\$ (4,330,656)
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.	15,302,524
Contributions of capital assets received are not reported in the governmental funds because they do not involve current financial resources.	6,238,553
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.	2,092,348
The statement of activities reports pension expense and other activity related to net pension liability and the related deferred inflows/outflows of resources.	2,201,921
The statement of activities reports other postemployment benefits expense and other activity related to other postemployment benefits liability and the related deferred inflows/outflows of resources.	(3,369,196)
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.	(48,160)
Prepaid expenses are reported as expenditures in the governmental funds when paid since they require the use of current financial resources.	(36,651)
Revenues are 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.	(16,834)
Internal service fund net activity is not reported on the governmental funds statement.	<u>232,116</u>
Change in the net position of governmental activities	<u><u>\$ 18,265,965</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, 2019

	<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	\$ -	\$ -	\$ 2,066,716	\$ 2,066,716	\$ 978,428
Accounts receivable, less allowances	48,893,292	7,485,675	-	56,378,967	1,124,425
Intergovernmental receivables	868,962	-	1,235,846	2,104,808	-
Due from other funds	2,166,292	-	-	2,166,292	-
Inventories	1,699,919	-	-	1,699,919	-
Restricted cash and cash equivalents	1,891,557	-	-	1,891,557	-
Total Current Assets	<u>55,520,022</u>	<u>7,485,675</u>	<u>3,302,562</u>	<u>66,308,259</u>	<u>2,102,853</u>
Non-current Assets:					
Restricted Assets:					
Cash and cash equivalents	<u>3,142,760</u>	<u>72,984</u>	<u>-</u>	<u>3,215,744</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	8,664,594	11,978,369	-
Water plant, distribution system and equipment	733,191,726	-	1,243,591	734,435,317	-
Automotive and other equipment	<u>17,006,322</u>	<u>3,032,479</u>	<u>12,347,955</u>	<u>32,386,756</u>	<u>-</u>
	754,842,521	3,089,780	22,706,140	780,638,441	-
Less: accumulated depreciation	<u>(294,632,315)</u>	<u>(2,548,766)</u>	<u>(8,590,069)</u>	<u>(305,771,150)</u>	<u>-</u>
	460,210,206	541,014	14,116,071	474,867,291	-
Construction in Progress	<u>2,108,155</u>	<u>-</u>	<u>-</u>	<u>2,108,155</u>	<u>-</u>
Net property, plant and equipment	<u>462,318,361</u>	<u>541,014</u>	<u>14,116,071</u>	<u>476,975,446</u>	<u>-</u>
Total Non-current Assets	<u>465,461,121</u>	<u>613,998</u>	<u>14,116,071</u>	<u>480,191,190</u>	<u>-</u>
Total Assets	<u>520,981,143</u>	<u>8,099,673</u>	<u>17,418,633</u>	<u>546,499,449</u>	<u>2,102,853</u>
Deferred Outflows of Resources					
Deferred inflows of resources - other post-employment benefits	6,813	100,361	60,028	167,202	
Deferred outflows of resources - pension	<u>544,834</u>	<u>403,008</u>	<u>163,773</u>	<u>1,111,615</u>	<u>-</u>
Total deferred outflows of resources	<u>\$ 551,647</u>	<u>\$ 503,369</u>	<u>\$ 223,801</u>	<u>\$ 1,278,817</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, 2019

	<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	\$ 6,241,721	\$ 1,937,416	\$ 1,609,478	\$ 9,788,615	\$ 2,102,853
Due to other funds	7,677,553	5,021,884	-	12,699,437	-
Other Post Employment Benefits liability	111,318	14,570	5,245	131,133	-
Compensated absences	197,900	18,728	3,481	220,109	-
Customer deposits	4,925,483	-	-	4,925,483	-
Current portion of Long-Term Debt:					
Capital lease obligations	260,142	23,961	-	284,103	-
State loans	3,156,915	-	-	3,156,915	-
Total Current Liabilities Payable from Unrestricted Assets	<u>22,571,032</u>	<u>7,016,559</u>	<u>1,618,204</u>	<u>31,205,795</u>	<u>2,102,853</u>
Current Liabilities Payable from Restricted Assets:					
Revenue bonds	8,705,000	-	-	8,705,000	-
Accrued interest payable	2,306,355	-	-	2,306,355	-
Total Current Liabilities Payable from Restricted Assets	<u>11,011,355</u>	<u>-</u>	<u>-</u>	<u>11,011,355</u>	<u>-</u>
Total Current Liabilities	<u>33,582,387</u>	<u>7,016,559</u>	<u>1,618,204</u>	<u>42,217,150</u>	<u>2,102,853</u>
Net pension liability	16,930,365	1,402,960	917,005	19,250,330	-
Other Post Employment Benefits liability	5,686,258	744,275	267,939	6,698,472	-
Compensated absences	227,932	25,649	21,402	274,983	-
Long-Term Debt					
(less amounts classified as current liabilities):					
Revenue bonds	201,007,294	-	-	201,007,294	-
(net of unamortized discount/premium)					
Capital lease obligations	1,994,605	24,613	-	2,019,218	-
State loans	30,197,898	-	-	30,197,898	-
Total Long-Term Liabilities	<u>256,044,352</u>	<u>2,197,497</u>	<u>1,206,346</u>	<u>259,448,195</u>	<u>-</u>
Total Liabilities	<u>289,626,739</u>	<u>9,214,056</u>	<u>2,824,550</u>	<u>301,665,345</u>	<u>2,102,853</u>
Deferred Inflows of Resources					
Deferred inflows of resources - other post-employment benefits	498,270	11,772	4,238	514,280	-
Deferred inflows of resources - pension	827,050	173,853	11,018	1,011,921	-
Total deferred inflows of resources	<u>1,325,320</u>	<u>185,625</u>	<u>15,256</u>	<u>1,526,201</u>	<u>-</u>
Net Position					
Net investment in capital assets	220,747,226	541,014	14,116,071	235,404,311	-
Restricted, expendable for capital improvements	1,283,598	-	-	1,283,598	-
Unrestricted	8,549,907	(1,337,653)	686,557	7,898,811	-
Total Net Position	<u>\$ 230,580,731</u>	<u>\$ (796,639)</u>	<u>\$ 14,802,628</u>	<u>\$ 244,586,720</u>	<u>\$ -</u>

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

City of Jackson
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2019

	<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	\$ 49,795,223	\$ 8,368,989	\$ 512,776	\$ 58,676,988	\$ -
Contributions - Participants	-	-	-	-	4,095,377
Contributions - City	-	-	-	-	11,797,188
Other revenues	68,218	4,753	-	72,971	-
Total Operating Revenues	<u>49,863,441</u>	<u>8,373,742</u>	<u>512,776</u>	<u>58,749,959</u>	<u>15,892,565</u>
Operating Expenses:					
Personnel services	9,560,350	585,130	684,117	10,829,597	-
Supplies	5,173,177	153,301	793,570	6,120,048	-
Other services and charges	34,463,567	10,217,180	6,149,632	50,830,379	15,683,272
Depreciation	17,801,499	126,679	1,165,476	19,093,654	-
Total operating expenses	<u>66,998,593</u>	<u>11,082,290</u>	<u>8,792,795</u>	<u>86,873,678</u>	<u>15,683,272</u>
Operating income (loss)	<u>(17,135,152)</u>	<u>(2,708,548)</u>	<u>(8,280,019)</u>	<u>(28,123,719)</u>	<u>209,293</u>
Nonoperating revenues (expenses):					
Noncapital grants	-	270,777	5,282,524	5,553,301	-
Interest revenue	229,760	1,084	28,227	259,071	22,823
Interest and service charges on long-term debt	(10,588,877)	(1,785)	-	(10,590,662)	-
Gain (loss) on sale of capital assets	22,730	-	(136,995)	(114,265)	-
Total nonoperating revenues (expenses)	<u>(10,336,387)</u>	<u>270,076</u>	<u>5,173,756</u>	<u>(4,892,555)</u>	<u>22,823</u>
Income (loss) before transfers	<u>(27,471,539)</u>	<u>(2,438,472)</u>	<u>(3,106,263)</u>	<u>(33,016,274)</u>	<u>232,116</u>
Transfers In	<u>12,463,478</u>	<u>-</u>	<u>2,959,781</u>	<u>15,423,259</u>	<u>-</u>
Change in Net Position	<u>(15,008,061)</u>	<u>(2,438,472)</u>	<u>(146,482)</u>	<u>(17,593,015)</u>	<u>232,116</u>
Total net position - beginning of year	<u>245,588,792</u>	<u>1,641,833</u>	<u>14,949,110</u>	<u>262,179,735</u>	<u>(232,116)</u>
Total net position - end of year	<u>\$ 230,580,731</u>	<u>\$ (796,639)</u>	<u>\$ 14,802,628</u>	<u>\$ 244,586,720</u>	<u>\$ -</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, 2019

	<u>Water/Sewage 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	\$ 56,926,544	\$ 9,662,783	\$ 513,391	\$ 67,102,718	\$15,882,714
Receipts from other revenue	68,218	4,753	-	72,971	-
Payments to suppliers	(39,660,194)	(9,266,772)	(7,272,808)	(56,199,774)	(16,403,555)
Payments to employees	<u>(9,269,346)</u>	<u>(778,013)</u>	<u>(463,132)</u>	<u>(10,510,491)</u>	<u>-</u>
Net Cash provided by (used for) Operating Activities	<u>8,065,222</u>	<u>(377,249)</u>	<u>(7,222,549)</u>	<u>465,424</u>	<u>(520,841)</u>
Cash Flows from Noncapital Financing Activities					
Operating Grants	-	270,777	5,776,077	6,046,854	-
Transfers and advances from other funds	11,862,761	131,583	2,959,781	14,954,125	-
Transfers and advances to other funds	<u>(131,583)</u>	<u>-</u>	<u>-</u>	<u>(131,583)</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>11,731,178</u>	<u>402,360</u>	<u>8,735,858</u>	<u>20,869,396</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(5,994,264)	-	(1,166,912)	(7,161,176)	-
Transfers from other funds for capital purposes	600,717	-	-	600,717	-
Proceeds from capital debt	3,074,449	-	-	3,074,449	-
Principal paid on capital debt	(11,740,502)	(23,326)	-	(11,763,828)	-
Proceeds from capital asset sales	22,730	-	24,498	47,228	-
Interest paid on capital debt	<u>(11,369,260)</u>	<u>(1,785)</u>	<u>-</u>	<u>(11,371,045)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(25,406,130)</u>	<u>(25,111)</u>	<u>(1,142,414)</u>	<u>(26,573,655)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>229,760</u>	<u>1,084</u>	<u>28,227</u>	<u>259,071</u>	<u>22,823</u>
Net Cash provided by investing activities	<u>229,760</u>	<u>1,084</u>	<u>28,227</u>	<u>259,071</u>	<u>22,823</u>
Net increase (decrease) in cash and cash equivalents	(5,379,970)	1,084	399,122	(4,979,764)	(498,018)
Cash and cash equivalents at beginning of year	<u>10,414,287</u>	<u>71,900</u>	<u>1,667,594</u>	<u>12,153,781</u>	<u>1,476,446</u>
Cash and cash equivalents at end of year	<u>\$ 5,034,317</u>	<u>\$ 72,984</u>	<u>\$ 2,066,716</u>	<u>\$ 7,174,017</u>	<u>\$ 978,428</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, 2019

	<u>Water/Sewage 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)	\$ (17,135,152)	\$ (2,708,548)	\$ (8,280,019)	\$ (28,123,719)	\$ 209,293
Depreciation expense	17,801,499	126,679	1,165,476	19,093,654	-
(Increase) decrease in accounts receivable	7,005,487	1,293,794	615	8,299,896	(766,369)
(Increase) decrease in inventories	(2,211)	-	-	(2,211)	-
(Increase) decrease in prepaid expenses	348,542	-	-	348,542	-
Increase (decrease) in accounts payable and accrued expenses	(136,668)	1,124,485	(311,335)	676,482	36,235
Increase (decrease) in compensated absences	13,011	16,015	4,408	33,434	-
Increase (decrease) in customer deposits	125,834	-	-	125,834	-
Increase (decrease) in net pension liability and deferred inflows (outflows)	(577,317)	(243,856)	139,371	(681,802)	-
Increase (decrease) in other post-employment benefit liabilities and deferred inflows (outflows)	622,197	14,182	58,935	695,314	-
Total adjustments	<u>25,200,374</u>	<u>2,331,299</u>	<u>1,057,470</u>	<u>28,589,143</u>	<u>(730,134)</u>
Net cash provided by (used for) operating activities	<u>\$ 8,065,222</u>	<u>\$ (377,249)</u>	<u>\$ (7,222,549)</u>	<u>\$ 465,424</u>	<u>\$ (520,841)</u>
Summary of cash and cash equivalents:					
Cash and cash equivalents	\$ -	\$ -	\$ 2,066,716	\$ 2,066,716	\$ 978,428
Restricted cash and cash equivalents:					
Current	1,891,557	-	-	1,891,557	-
Noncurrent	<u>3,142,760</u>	<u>72,984</u>	<u>-</u>	<u>3,215,744</u>	<u>-</u>
	<u>\$ 5,034,317</u>	<u>\$ 72,984</u>	<u>\$ 2,066,716</u>	<u>\$ 7,174,017</u>	<u>\$ 978,428</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, 2019**

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 226,180	\$ 351,793
Investment at fair value:		
Certificate of deposit	32,732	-
Taxes receivable	<u>-</u>	<u>1,380,679</u>
Total assets	<u>\$ 258,912</u>	<u>\$ 1,732,472</u>
Liabilities and Net Position		
Liabilities:		
Payables to others	\$ <u>-</u>	\$ <u>1,732,472</u>
Total liabilities	<u>-</u>	<u>1,732,472</u>
Net Position:		
Held in trust for unemployment benefits and other purposes	<u>258,912</u>	<u>-</u>
Total net position	<u>258,912</u>	<u>-</u>
Total liabilities and net position	<u>\$ 258,912</u>	<u>\$ 1,732,472</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, 2019**

	<u>Trust Funds</u>
Additions:	
Interest	\$ 33
Contributions from other funds	<u>94,816</u>
Total additions	<u>94,849</u>
Deductions:	
General government:	
Unemployment claims	<u>94,338</u>
Total deductions	<u>94,338</u>
Change in Net Position	<u>511</u>
Net position- beginning of year	<u>258,401</u>
Net position - end of year	<u>\$ 258,912</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
For the Year Ended September 30, 2019

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 considered potential component units for which the City may be financially accountable and as such, may be required to 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 of JRA 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 payment of 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 two hotel/motel members for initial terms of one and three years, respectively, two restaurant members for initial terms of two and four years, respectively, two members representing the business community for initial terms of one and five years, respectively, and 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
For the Year Ended September 30, 2019

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 proposed 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 a 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 entities are legally separate governmental entities established within the City of Jackson that do not meet the criteria for inclusion as component units. While 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. 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:

Jackson Municipal 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

Jackson Convention & Visitors Bureau
111 East Capital St., Suite 102
Jackson, MS 39201

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 and maintained by the City and, as such, have been included in the capital assets of the City's governmental activities. However, the System itself is not included as a component unit or equity interest of the City. 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. However, the government-wide financial statements do not include fiduciary 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 are (a) presented on the consolidated basis by column, and (b) 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
For the Year Ended September 30, 2019

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 and is eliminated as 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
For the Year Ended September 30, 2019

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%.

Federal Grants Special Revenue Fund - This fund is used to account for proceeds of various federal grant programs.

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 insurance 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 two trust funds, the Unemployment Compensation Revolving 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 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 a special sales taxes received from the State.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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 and deferred outflows, liabilities and deferred inflows, 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 FUND BALANCE

1. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts, petty cash, money market mutual funds, 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
For the Year Ended September 30, 2019

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

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR FUND BALANCE (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 and software	3-15
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 represent 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
For the Year Ended September 30, 2019

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

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR FUND BALANCE (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 using the straight-line method over the terms of the bonds outstanding, 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 refunding’s 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 Balances

Portions of fund balances 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 are appropriated for expenditures in future years.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR FUND BALANCE (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 position is 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 – This component consists of 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
For the Year Ended September 30, 2019

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

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR FUND BALANCE (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 would 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 2019 is \$8,647,066.19, and the actual amount is \$25,883,844 at September 30, 2019.

Enterprise Funds – The City maintains a Sanitation Fund, Water/Sewage Disposal System Fund, and Transportation Fund. Under the Water & Sewer Bond Ordinance, the following net positions 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 Operation & Maintenance Fund, Debt Service Fund, and Contingent Fund were all below the required amounts at September 30, 2019.

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. Pensions

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. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

17. Postemployment Benefits Other Than Pensions (OPEB)

The City's OPEB plan is described in Note 6.H. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense of the OPEB plan have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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

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

18. 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.

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

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.

20. New Accounting Pronouncements

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

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, 2019. The City is evaluating the impact, if any, upon its financial statements, 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
For the Year Ended September 30, 2019

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

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

20. 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, 2019. The City is evaluating the impact, if any, upon its financial statements, 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 June 15, 2021. The City is evaluating the impact, if any, upon its financial statements, results of operations or cash flows upon adoption.

In April 2018, GASB issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements". GASB 88 objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. A Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The City is evaluating the impact, if any, upon its financial statements, results of operations or cash flows upon adoption.

In June 2018, GASB issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period". GASB 89 objectives are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) to simplify accounting for interest cost incurred before the end of construction period. An interest cost incurred before the end of construction period includes all interest that previously was accounted for in accordance with the requirements of paragraph 5-22 of *Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The City is evaluating the impact, if any, upon its financial statements, results of operations or cash flows upon adoption.

In August 2018, GASB issued Statement No. 90, "Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61". GASB 90 objective is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. A majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity meets the definition of an investment and should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund. 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 statements, results of operations or cash flows upon adoption.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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

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

20. New Accounting Pronouncements (Continued)

In May 2019, GASB issued Statement No. 91, "Conduit Debt Obligation". GASB 91 objective is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. A conduit debt obligation is defined as a debt instrument having all of the following characteristics: (1) there are at least three parties involved (a) an issuer, (b) a third-party obligor, and (c) a debt holder or a debt trustee, (2) the issuer and the third-party obligor are not with in the same financial reporting entity, (3) the debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer, (4) the third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance, and (5) the third party obligor, not the issuer, is primarily obligated for the payment of all amount associated with the debt obligation (debt service payments). The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The City is evaluating the impact, if any, upon its financial statements, results of operations or cash flows upon adoption.

In January 2020, GASB issued Statement No. 92, "Omnibus 2020". GASB 92 objective is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports, (2) reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan, (3) the applicability of Statements 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, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits, (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements, (5) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government, acquisition, (6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, (7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and (8) terminology used to refer to derivative instruments. The requirements of this Statement are effective as follows: (1) the requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance, (2) the requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021, (3) the requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021, and (4) the requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. 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
For the Year Ended September 30, 2019

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

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

20. New Accounting Pronouncements (Continued)

In March 2020, GASB issued Statement No. 93, “Replacement of Interbank Offered Rates (IBOR)”. GASB 93 objective is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. The City is evaluating the impact, if any, upon its financial statements, results of operations or cash flows upon adoption.

In March 2020, GASB issued Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. GASB 94 objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The City is evaluating the impact, if any, upon its financial statements, results of operations or cash flows upon adoption.

In May 2020, GASB issued Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance”. GASB 95 objective is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: (1) Statement No. 83, Certain Asset Retirement Obligations, (2) Statement No. 84, Fiduciary Activities, (3) Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, (4) Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, (5) Statement No. 90, Majority Equity Interests, (6) Statement No. 91, Conduit Debt Obligations, (7) Statement No. 92, Omnibus 2020, (8) Statement No. 93, Replacement of Interbank Offered Rates Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting), (9) Implementation Guide No. 2018-1, Implementation Guidance Update—2018, (10) Implementation Guide No. 2019-1, Implementation Guidance Update—2019, and (11) Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: (1) Statement No. 87, Leases and (2) Implementation Guide No. 2019-3, Leases. The requirements of this Statement are effective immediately. 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
For the Year Ended September 30, 2019

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

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

20. New Accounting Pronouncements (Continued)

In May 2020, GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements". GASB 96 objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. 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
For the Year Ended September 30, 2019

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	\$ 28,873,532
Depreciation Expense	(13,542,645)
Remaining undepreciated cost of capital asset disposals in the current year	<u>(28,363)</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>\$ 15,302,524</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:	\$ 16,639,737
Long-term debt proceeds	(15,007,243)
Amortization of debt premiums and discounts	<u>459,854</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>\$ 2,092,348</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	\$ (6,131,713)
Pension deferred inflows of resources change	7,203,540
Pension deferred outflows of resources change	<u>1,130,094</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>\$ 2,201,921</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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 “The statement of activities reports other postemployment benefits expense and other activity related to the other postemployment benefits liability and the related deferred inflows/outflows of resources.” The details of this difference are as follows:

Other postemployment benefits liability change	\$ (2,948,102)
Other postemployment benefits deferred inflows of resources change	(725,180)
Other postemployment benefits deferred outflows of resources change	304,086
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (3,369,196)

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 (in thousands):

Compensated absences liability change	\$ (271,476)
Claims and judgments liability change	272,377
Accrued interest payable change	(49,061)
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (48,160)

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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 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 other emergency expenditures may not legally exceed budgeted appropriations at the purpose level (e.g., personal services, 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
For the Year Ended September 30, 2019

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 2019 as provided by law, as follows (in thousands):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 130,683	\$ 132,408	\$ 1,725
Special Revenue Funds	56,440	63,398	(6,958)
Debt Service Fund	19,455	20,157	702
Capital Projects Funds	23,513	64,301	40,788
Enterprise Funds	161,619	224,231	62,612
Internal Service Fund	16,174	18,368	2,194
	<u>\$ 407,884</u>	<u>\$ 522,863</u>	<u>\$ 114,979</u>

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

B. DEFICIT FUND BALANCES / NET POSITION

The following fund had a deficit net position as of September 30, 2019:

Sanitation Fund	\$ 796,639
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In order to alleviate the deficit net position in the Sanitation Fund, the City intends to adjust future rates charged to customers.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 4 – Detailed notes on all funds

A. DEPOSITS AND INVESTMENTS

1. Policies and Practices

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 Deposit Insurance Corporation (FDIC).

2. Deposits – Primary government

Of the City's cash deposit balances (including certificates of deposit) at September 30, 2019, up to \$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, 2019:

Revenue bond reserve funds:		
Debt service fund	\$	9,130
Contingent fund		1,850,055
Operation & maintenance fund		<u>30,554</u>
		1,889,738
Unspent debt proceeds		1,860,981
Capital improvement fund under U.S. EPA consent decree		<u>1,283,598</u>
Total restricted cash and cash equivalents	\$	<u>5,034,317</u>

3. Investments – Primary Government

Following is a summary of the City's investments, which are reflected as cash equivalents in the financial statements, as of September 30, 2019:

Investment Type	Quality Ratings	Maturities (in years)	Total Fair Value	Level 1 Fair Value
Money market mutual funds	Aaa/AAA	Less than 1	\$7,974,372	\$7,974,372

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, 2019, 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 Poor'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 possession 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
For the Year Ended September 30, 2019

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
- Bonds or direct obligations of:
 - United States of America
 - State of Mississippi
 - Counties or Municipalities of Mississippi
 - School Districts in Mississippi

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 United States 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 Deposit Insurance Corporation (FDIC). As of September 30, 2019, 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, and are uninsured, unregistered, and held by the counterparty brokerage firm. At September 30, 2019, the component units did not have any investments.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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

B. RECEIVABLES AND PAYABLES

Receivables at September 30, 2019, 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	Federal Grants Fund	Water and Sewer Fund	Sanitation Fund	Non-Major and Other Funds	Total
Property taxes	\$ 60,159	\$ -	\$ -	\$ -	\$ -	\$ 17,829	\$ 77,988
Sales taxes	4,596	2,417	-	-	-	1,381	8,394
Franchise fees	1,664	-	-	-	-	-	1,664
Federal and state assistance	129	-	4,538	869	-	1,965	7,501
Water, sewer, and sanitation user charges	-	-	-	123,013	18,849	-	141,862
Other	34	-	362	-	-	1,162	1,558
Gross receivables	66,582	2,417	4,900	123,882	18,849	22,337	238,967
Allowance for uncollectible	-	-	(317)	(74,120)	(11,363)	(32)	(85,832)
Net receivables	<u>\$ 66,582</u>	<u>\$ 2,417</u>	<u>\$ 4,583</u>	<u>\$ 49,762</u>	<u>\$ 7,486</u>	<u>\$ 22,305</u>	<u>\$ 153,135</u>

Deferred inflows of resources related to the receivables consisted of the following at September 30, 2019 (in thousands):

	General Fund	1% Infrastructure Tax Fund	Federal Grants Fund	Water and Sewer Fund	Sanitation Fund	Non-Major and Other Funds	Total
Property taxes levied for the subsequent year	\$ 59,336	\$ -	\$ -	\$ -	\$ -	\$ 17,608	\$ 76,944
Long-term receivables unavailable for current use	-	-	45	-	-	-	45
Net receivables	<u>\$ 59,336</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,608</u>	<u>\$ 76,989</u>

Amounts reflected as accounts payable and other liabilities at September 30, 2019, 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	Federal Grants Fund	Water and Sewer Fund	Sanitation Fund	Non-Major and Other Funds	Total
Accounts payable	\$ 5,119	\$ 4,564	\$ 2,509	\$ 5,871	\$ 1,912	\$ 3,245	\$ 23,220
Payroll and benefits	2,648	-	75	302	25	143	3,193
Seized and forfeited cash	2,457	-	-	-	-	-	2,457
Health claims	-	-	-	-	-	2,065	2,065
Others	9	-	-	69	-	-	78
	<u>\$ 10,233</u>	<u>\$ 4,564</u>	<u>\$ 2,584</u>	<u>\$ 6,242</u>	<u>\$ 1,937</u>	<u>\$ 5,453</u>	<u>\$ 31,013</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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 property 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 shares 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 the balance due on February 1 and one-fourth each on May 1 and August 1.

Tax millage levies for 2019 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	48.56	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	6.61	Debt retirement	None
Disability and Relief Fund	<u>4.10</u>	Retirement	None
Total City of Jackson	<u>61.27</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	3.06	Public schools	None
Special Debt Retirement Bond	15.09	Public schools	None
Special Debt Retirement Bond	0.22	Public schools	None
Special Debt Retirement Bond	<u>0.45</u>	Public schools	None
	<u>84.73</u>		
Total mills	<u>147.76</u>		

The City levies an assessment for the Business Improvement fund, which consists of ten cents times the gross square footage of land and building of property owners located in the downtown development district. The City is permitted to levy taxes based on a percentage of up to 100% of fair value of property at the millage indicated above. At the present time, the City levies taxes based on 11% 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
For the Year Ended September 30, 2019

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

C. CHANGES IN CAPITAL ASSETS

Primary government capital asset activity for the year ended September 30, 2019, was as follows (in thousands):

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 13,721	\$ -	\$ -	\$ 13,721
Construction in progress	23,036	30,212	(20,804)	32,444
Total capital assets not being depreciated	36,757	30,212	(20,804)	46,165
Capital assets being depreciated:				
Buildings	107,823	494	-	108,317
Infrastructure	322,709	20,310	-	343,019
Automotive and equipment	77,473	4,900	(3,442)	78,931
Total capital assets being depreciated	508,005	25,704	(3,442)	530,267
Less accumulated depreciation for:				
Buildings	(36,173)	(2,312)	-	(38,485)
Infrastructure	(127,084)	(7,686)	-	(134,770)
Automotive and equipment	(65,126)	(3,544)	3,414	(65,256)
Total accumulated depreciation	(228,383)	(13,542)	3,414	(238,511)
Total capital assets being depreciated, net	279,622	12,162	(28)	291,756
Total governmental activities capital assets, net	\$ 316,379	\$ 42,374	\$ (20,832)	\$ 337,921

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,838	\$ -	\$ -	\$ 1,838
Construction in progress	4,197	5,940	(8,029)	2,108
Total capital assets not being depreciated	6,035	5,940	(8,029)	3,946
Capital assets being depreciated:				
Buildings	11,970	8	-	11,978
Infrastructure	726,406	8,029	-	734,435
Automotive and equipment	35,037	1,212	(3,862)	32,387
Total capital assets being depreciated	773,413	9,249	(3,862)	778,800
Less accumulated depreciation for:				
Buildings	(1,386)	(290)	-	(1,676)
Infrastructure	(264,336)	(16,774)	-	(281,110)
Automotive and equipment	(24,657)	(2,029)	3,701	(22,985)
Total accumulated depreciation	(290,379)	(19,093)	3,701	(305,771)
Total capital assets being depreciated, net	483,034	(9,844)	(161)	473,029
Total business-type activities capital assets, net	\$ 489,069	\$ (3,904)	\$ (8,190)	\$ 476,975

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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	\$	1,124
Public Works		8,749
Human & Cultural		1,475
Public Safety		<u>2,194</u>
Total Depreciation Expense – Governmental Activities	\$	<u>13,542</u>

Business-Type Activities:

Water/Sewer	\$	17,801
Sanitation		127
Madison-Ridgeland Sewage		15
Transportation		<u>1,150</u>
Total Depreciation Expense – Business-type Activities	\$	<u>19,093</u>

3. Construction work in progress at September 30, 2019 for the governmental activities of the primary government is composed of the following:

	SPENT-TO-DATE		REMAINING COMMITMENT	
	FY19		FY19	
Improvement Fund	\$	-	\$	12,784
Community Development Block Grant		447,315		63,910
1998 G O Public Improvement Construction Bond		-		16,213
2003 G O Public Improvement Construction Bond		-		1,244,280
2008 G O Street Construction Bond		-		31,327
Capital Street 2-Way Project		-		386,689
Museum to Market Trail		273,957		989
Economic Development Initiative				
Traffic - Repair and Replacement		2,029,357		50,797
Resurfacing- Repair and Replacement		4,047,455		1,156,403
Parks - Repair and Replacement		191,219		318,688
Parks - Repair and Replacement FD		114,275		-
1% Infrastructure Tax		10,465,454		5,832,037
Hail Damage March 2013		426,490		246,472
Tiger Grant		14,448,624		90,186
Total	\$	<u>32,444,146</u>	\$	<u>9,450,784</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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

C. CHANGES IN CAPITAL ASSETS (Continued)

4. Construction work in progress at September 30, 2019 for primary government enterprise funds is composed of the following:

<u>Project</u>	<u>Spent-To-Date</u> <u>FY19</u>	<u>Remaining Commitment</u> <u>FY19</u>
Water/Sewer Construction Fund	\$ 2,108,155	\$ 5,160,845
Total	\$ 2,108,155	\$ 5,160,845

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

Activity for the Jackson Redevelopment Authority for the year ended September 30, 2019, was as follows (in thousands):

Business-Type Activities:	<u>Balance</u> <u>October 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30,</u> <u>2019</u>
Capital assets not being depreciated:				
Land	\$ 4,949	\$ 319	\$ -	\$ 5,268
Property held for development	5,951	-	-	5,951
Total capital assets not being depreciated	<u>10,900</u>	<u>319</u>	<u>-</u>	<u>11,219</u>
Other capital assets:				
Land improvements	76	-	-	76
Buildings	50,635	-	-	50,635
Equipment and furniture	1,515	-	-	1,515
Total other capital assets	<u>52,226</u>	<u>-</u>	<u>-</u>	<u>52,226</u>
Less accumulated depreciation for:				
Land improvements	(48)	-	-	(48)
Buildings	(27,904)	(1,230)	-	(29,134)
Equipment and furniture	(1,451)	(26)	-	(1,477)
Total accumulated depreciation	<u>(29,403)</u>	<u>(1,256)</u>	<u>-</u>	<u>(30,659)</u>
Total other capital assets, net	<u>22,823</u>	<u>(1,256)</u>	<u>-</u>	<u>21,567</u>
Total capital assets, net	<u>\$ 33,723</u>	<u>\$ (937)</u>	<u>\$ -</u>	<u>\$ 32,786</u>

Activity for the Capital City Convention Center Commission for the year ended September 30, 2019, was as follows (in thousands):

Business-Type Activities:	<u>Balance</u> <u>October 1,</u> <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30,</u> <u>2019</u>
Capital assets not being depreciated:				
Land and improvements	\$ 5,828	\$ -	\$ -	\$ 5,828
Total capital assets not being depreciated	<u>5,828</u>	<u>-</u>	<u>-</u>	<u>5,828</u>
Capital assets being depreciated:				
Building and improvements	80,113	-	-	80,113
Equipment	5,578	29	-	5,607
Total other capital assets	<u>85,691</u>	<u>29</u>	<u>-</u>	<u>85,720</u>
Less accumulated depreciation	<u>(24,667)</u>	<u>(2,292)</u>	<u>-</u>	<u>(26,959)</u>
Other capital assets, net	<u>61,024</u>	<u>(2,263)</u>	<u>-</u>	<u>58,761</u>
Total capital assets, net	<u>\$ 66,852</u>	<u>\$ (2,263)</u>	<u>\$ -</u>	<u>\$ 64,589</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Individual fund interfund receivable and payable balances as of September 30, 2019 follow (in thousands):

	Interfund Receivables	Interfund Payables
General Fund	\$ 10,753	\$ -
Water/Sewage Disposal System Fund	2,166	7,677
Sanitation Fund	-	5,022
Nonmajor Governmental Funds	-	220
Total	<u>\$ 12,919</u>	<u>\$ 12,919</u>

The General Fund interfund receivables from the Water/Sewage Disposal System Fund and the Sanitation Fund were to provide temporary cash flow for operations. The Water/Sewer Disposal System Fund interfund receivable from the Sanitation Fund was to provide temporary cash flow for operations.

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

	Transfer In	Transfer Out
General Fund	\$ -	\$ 8,108
1% Infrastructure Tax Capital Project Fund	-	12,463
Federal Grants Special Revenue Fund	1,123	293
Water/Sewage Disposal System Fund	12,463	-
Nonmajor Governmental Funds	4,511	193
Nonmajor Proprietary Funds	2,960	-
Total	<u>\$ 21,057</u>	<u>\$ 21,057</u>

Interfund transfers at September 30, 2019 consist of the following (in thousands):

\$ 12,463	From the 1% infrastructure Tax Capital Project Fund to the Water/Sewage Disposal System Fund for infrastructure projects.
1,123	From the General Fund to the Federal Grants Special Revenue Fund to subsidized grant programs.
293	From the Federal Grants Special Revenue Fund to the Nonmajor Governmental Funds for program operations.
4,025	From the General Fund to the Nonmajor Governmental Funds to subsidize operations.
2,960	From the General Fund to the Nonmajor Proprietary Fund to subsidize operations.
193	From a Nonmajor Capital Project Fund to the Nonmajor Debt Service Fund for debt service.
<u>\$ 21,057</u>	Total

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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, 2019, there were capital assets under capital leases with a total of \$23,286,146 and estimated accumulated depreciation of \$9,349,333. Amortization of the capital lease assets is included in depreciation expense.

F. OPERATING LEASES:

The City is obligated under certain noncancellable leases for land, buildings and equipment 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, 2019, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 568
2021	503
2022	318
2023	229
2024	213
2025 - 2029	639
2030 – 2034	162
2035 – 2039	162
2040 – 2044	162
2045 – 2049	162
2050 – 2054	162
2055 – 2059	162
2060 – 2064	162
2065 – 2069	162
2070 – 2074	162
2075 – 2079	162
2080 – 2084	162
2085 – 2089	<u>65</u>
Total	<u>\$ 4,317</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2019 totaled \$1,125,086. There were no subleases or contingent rentals associated with the operating leases.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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 of General Obligation Street Resurfacing Bonds. The Bonds were 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 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
For the Year Ended September 30, 2019

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 were not refunded.

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, 2019, 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%	01/01/19	26,210	-
General Obligation Refunding Series 2010A	09/01/10	3.00 - 5.00%	09/01/24	16,655	14,435
General Obligation Refunding Series 2010B	09/01/10	4.37%	09/01/24	7,010	5,965
General Obligation Refunding Series 2013	02/21/13	3.00 - 5.00%	03/01/36	64,940	61,335
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>11,561</u>
Total General Obligation Bonds					<u>\$ 116,621</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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 Refunding, 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 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, 2019, were as follows (in thousands):

Revenue Bonds:	Date of Obligation	Interest Rate	Final Maturity Date	Issued	Outstanding
Enterprise Funds:					
Water/Sewer Revenue Refunding 2011A	09/01/11	2.50 - 5.00%	09/01/34	\$ 46,720	\$ 34,575
Water/Sewer Revenue Refunding 2011B	09/01/11	4.07 - 5.40%	09/01/34	2,565	2,005
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	2,260
Water/Sewer Revenue 2013	06/01/13	5.00 - 6.875%	12/01/40	89,990	84,950
Water/Sewer Revenue Refunding 2016	08/24/16	3.00 - 4.000%	09/01/24	17,135	11,350
Total Revenue Bonds					<u>\$ 198,185</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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 24, 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 Streets.

On August 24, 2018, the City issued \$4,447,000 tax increment limited obligation bonds to provide funds for infrastructure and site improvements to the District Project located between the City's Eastover and Fondren neighborhoods, adjacent to the I-55 corridor and the University of Mississippi Medical Center, and to pay cost of issuance of the Loan Obligation.

On October 15, 2018, the City issued \$1,750,000 tax increment limited obligation bonds to provide funds for infrastructure and site improvement costs of the Westin Hotel Project located in downtown Jackson, Mississippi on Congress Avenue, to fund a debt service reserve account, and to pay the costs of issuance.

On August 30, 2019, the City issued \$1,762,000 tax increment limited obligation bonds to provide funds for infrastructure and site improvements to the Landmark Healthcare Facilities Project located in downtown Jackson, Mississippi, the Project on Congress Avenue, to fund a debt service reserve account, and to pay the costs of issuance.

Limited obligation bonds outstanding at September 30, 2019, 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	12/28/07	4.47%	03/01/20	\$ 2,270	\$ 245
Tax Increment Financing Bonds, 2009	04/23/09	4.20%	04/01/24	407	169
Tax Increment Financing Bonds, 2009	06/19/09	4.75%	07/01/22	1,600	450
Tax Increment Financing Bonds, 2010A/B	12/30/10	4.75-5.50%	03/01/30	2,800	1,530
Tax Increment Financing Bonds, 2018	08/24/18	3.83%	07/01/33	4,447	4,199
Tax Increment Financing Bonds, 2018	10/15/18	3.50%	03/15/29	1,750	1,583
Tax Increment Financing Bonds, 2019	04/02/19	4.49%	03/01/34	1,762	<u>1,762</u>
Total Limited Obligation Bonds					<u>\$ 9,938</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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 agreement 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 1098 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 Central Business District 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 loans 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. As of September 30, 2019, \$6,100,000 was outstanding under the Section 108 loan.

5. Jackson Redevelopment Authority

Urban Renewal Bonds

Urban renewal bonds issued to provide funds for various rehabilitation projects at September 30, 2019, 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>					
Enterprise Funds:					
Urban Renewal Bond, Series, 2011A	06/01/11	3.25%-4.50%	06/01/31	\$ 7,165	\$ 5,280
Urban Renewal Bond, Series, 2011B	06/01/11	5.15%	06/01/23	2,745	920
Urban Renewal Bond, Series, 2018A	11/13/18	1.375%	11/01/21	2,763	<u>2,322</u>
Total Urban Renewal Bonds					<u>\$ 8,522</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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, 2019, was as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 122,447	\$ -	\$ 5,826	\$ 116,621	\$ 8,958
Limited obligation bonds	7,429	3,512	1,003	9,938	1,060
State revolving loan (MDA)	527	-	96	431	98
Miss. Development Bank Loan	1,296	-	294	1,002	294
Section 108 Loan	6,750	6,750	7,400	6,100	650
Capital lease obligations:	11,223	4,745	2,021	13,947	2,924
Issuance discount	(335)	-	(22)	(313)	-
Issuance premium	6,269	-	482	5,787	-
Total Long-Term Debt Payable	<u>155,606</u>	<u>15,007</u>	<u>17,100</u>	<u>153,513</u>	<u>13,984</u>
Net pension liability	185,947	6,132	-	192,079	-
Other Post-employment benefits	43,797	2,948	-	46,745	898
Claims and judgments	4,775	859	-	5,634	2,642
Workers' Compensation Claims	3,629	-	1,131	2,498	1,429
Compensated absences	3,768	1,642	1,371	4,039	1,371
	<u>241,916</u>	<u>11,581</u>	<u>2,502</u>	<u>250,995</u>	<u>6,340</u>
Total Governmental Activities	<u>\$ 397,522</u>	<u>\$ 26,588</u>	<u>\$ 19,602</u>	<u>\$ 404,508</u>	<u>\$ 20,324</u>
Business-Type Activities					
Bonds and loans payable:					
Revenue bonds	\$ 206,555	\$ -	\$ 8,370	\$ 198,185	\$ 8,705
State revolving loan (DEQ)	28,364	667	2,164	26,867	1,951
State revolving loan (DOH)	442	3,276	98	3,620	353
State revolving loan (MDA)	3,721	-	853	2,868	853
Capital lease obligations	2,581	-	278	2,303	284
Issuance discount	(746)	-	(48)	(698)	-
Issuance premiums	13,002	-	777	12,225	-
Total Long-Term Debt Payable	<u>253,919</u>	<u>3,943</u>	<u>12,492</u>	<u>245,370</u>	<u>12,146</u>
Net pension liability	17,955	1,295	-	19,250	-
Other Post-employment benefits	6,481	343	-	6,830	131
Compensated absences	462	253	220	495	220
	<u>24,898</u>	<u>1,897</u>	<u>220</u>	<u>26,575</u>	<u>351</u>
Total Business-type activities	<u>\$ 278,817</u>	<u>\$ 5,840</u>	<u>\$ 12,712</u>	<u>\$ 271,945</u>	<u>\$ 12,497</u>
Component Unit – Jackson Redevelopment Authority					
Urban Renewal bonds	\$ 9,880	\$ -	\$ 1,358	\$ 8,522	\$ 1,463
Issuance discount	<u>(136)</u>	<u>-</u>	<u>-</u>	<u>(136)</u>	<u>-</u>
Total Component Unit	<u>\$ 9,744</u>	<u>\$ -</u>	<u>\$ 1,358</u>	<u>\$ 8,386</u>	<u>\$ 1,463</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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 \$66,052,000 at September 30, 2019.

8. Annual Maturities Requirements

The annual requirements to amortize all long-term debts outstanding of September 30, 2019, including interest, by source of retirement are as follows (in thousands):

Debt Service Fund (Special Tax Levy)

Fiscal Year	General Obligation Bonds		
	Interest	Principal	Total
2020	\$ 4,446	\$ 8,958	\$ 13,404
2021	4,065	9,414	13,479
2022	3,655	9,911	13,566
2023	3,221	10,426	13,647
2024	2,810	10,922	13,732
2025 – 2029	10,972	22,640	33,612
2030 – 2034	6,372	29,805	36,177
2035 – 2039	701	14,545	15,246
Total	\$ 36,242	\$ 116,621	\$ 152,863

Fiscal Year	State Revolving Loan MDA		
	Interest	Principal	Total
2020	\$ 7	\$ 98	\$ 105
2021	5	71	76
2022	3	50	53
2023	3	51	54
2024	2	52	54
2025 - 2029	2	109	111
Total	\$ 22	\$ 431	\$ 453

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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

G. LONG-TERM DEBT (Continued):

Fiscal Year	MS Development Bank Loan		
	Interest	Principal	Total
2020	\$ 31	\$ 294	\$ 325
2021	31	294	325
2022	31	294	325
2023	9	87	96
2024	5	33	38
Total	\$ <u>107</u>	\$ <u>1,002</u>	\$ <u>1,109</u>

Fiscal Year	Limited Obligation Bonds		
	Interest	Principal	Total
2020	\$ 354	\$ 1,060	\$ 1,414
2021	313	851	1,164
2022	364	785	1,149
2023	463	543	1,006
2024	444	566	1,010
2025 - 2029	1,117	3,755	4,872
2030 - 2034	<u>235</u>	<u>2,378</u>	<u>2,613</u>
Total	\$ <u>3,290</u>	\$ <u>9,938</u>	\$ <u>13,228</u>

General Fund (General Fund Revenues)

Fiscal Year	Obligation Under Capital Leases		
	Interest	Principal	Total
2020	\$ 266	\$ 2,924	\$ 3,190
2021	211	2,328	2,539
2022	110	1,556	1,666
2023	129	1,467	1,596
2024	128	1,855	1,983
2025 - 2029	207	3,062	3,269
2030 - 2034	<u>17</u>	<u>755</u>	<u>772</u>
Total	\$ <u>1,068</u>	\$ <u>13,947</u>	\$ <u>15,015</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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

G. LONG-TERM DEBT (Continued):

Fiscal Year	HUD Section 108		
	Interest	Principal	Total
2020	\$ 29	\$ 650	\$ 679
2021	29	650	679
2022	29	650	679
2023	29	650	679
2024	29	650	679
2025 - 2029	120	2,850	2,970
Total	\$ <u>265</u>	\$ <u>6,100</u>	\$ <u>6,365</u>

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

Fiscal Year	Revenue Bonds		
	Interest	Principal	Total
2020	\$ 10,457	\$ 8,705	\$ 19,162
2021	10,142	9,015	19,157
2022	9,750	9,405	19,155
2023	9,333	9,820	19,153
2024	8,849	10,300	19,149
2025 - 2029	36,686	47,820	84,506
2030 - 2034	22,548	61,860	84,408
2035 – 2039	9,735	27,385	37,120
2040 - 2044	970	13,875	14,845
Total	\$ <u>118,470</u>	\$ <u>198,185</u>	\$ <u>316,655</u>

Fiscal Year	Obligations Under Capital Leases		
	Interest	Principal	Total
2020	\$ 40	\$ 284	\$ 324
2021	33	290	323
2022	28	167	195
2023	26	152	178
2024	23	155	178
2025 - 2029	73	818	891
2030 - 2034	10	437	447
Total	\$ <u>233</u>	\$ <u>2,303</u>	\$ <u>2,536</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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

G. LONG-TERM DEBT (Continued):

Fiscal Year	State Revolving Loans		Total
	Interest	Principal	
2020	\$ 965	\$ 3,157	\$ 4,122
2021	885	4,636	5,521
2022	800	4,718	5,518
2023	724	3,408	4,132
2024	340	1,586	1,926
2025 - 2029	1,228	7,947	9,175
2030 - 2034	534	5,768	6,302
2035 – 2039	46	2,135	2,181
Total	\$ 5,522	\$ 33,355	\$ 38,877

Jackson Redevelopment Authority (Urban Renewal Project Revenues)

Fiscal Year	Jackson Redevelopment Authority Urban Renewal Bonds		Total
	Interest	Principal	
2020	\$ 359	\$ 1,463	\$ 1,822
2021	300	1,524	1,824
2022	243	1,085	1,328
2023	202	635	837
2024	172	410	582
2025 - 2029	566	2,320	2,886
2030 - 2034	74	1,085	1,159
Total	\$ 1,916	\$ 8,522	\$ 10,438

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 2019 were paid by contributions from the General Fund of \$384,778.

There are a number of requirements contained in various revenue bond ordinances. As indicated in Note 1(D)(15), the Water/Sewage Disposal Fund's operation and maintenance fund, debt service fund, and contingent fund were all below the required amounts at September 30, 2019.

The net pension and other postemployment benefits liabilities of the governmental activities are typically liquidated by the General Fund.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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

G. LONG-TERM DEBT (Continued):

9. Annual Maturities Requirements

The annual requirements to amortize all debt outstanding for the City and the component unit as of September 30, 2019, including interest are as follows (in thousands):

<u>Fiscal Year</u>	<u>City of Jackson</u>	<u>Jackson Redevelopment Authority</u>
2020	\$ 42,725	\$ 1,822
2021	43,263	1,824
2022	42,306	1,328
2023	40,541	837
2024	38,749	582
2025 – 2029	139,406	2,886
2030 – 2034	130,719	1,159
2035 – 2039	54,547	-
2040 – 2044	<u>14,845</u>	<u>-</u>
Total	<u>\$ 547,101</u>	<u>\$ 10,438</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 \$27,125,720 for the current year and made principal and interest payments on the notes payable to the state totaling \$4,084,425 during the current year. As of September 30, 2019, the future principal and interest requirements for the notes payable totaled \$40 million, and the maturity dates of the notes payable extend through September, 2037.

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 \$1,194,260, and the City also received \$63,886 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 limited obligation bonds totaled \$1,263,740 during the current year. As of September 30, 2019, the future principal and interest requirements on the bonds totaled \$13 million, and the maturity dates extend through March, 2034.

The City has pledged Water/Sewage Disposal System Fund revenues, net of operating expenses, to repay revenue bonds issued for utility improvement projects. The Water/Sewage Disposal System Fund had an operating loss of \$17,135,152 in the current year, and the principal and interest payments made by the City on the revenue bonds totaled \$19,156,338 during the current year. As of September 30, 2019, the future principal and interest requirements for revenue bonds totaled \$317 million, and the maturity dates extend through December, 2040.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 5 – GASB 54 Fund Balance Presentation – Classification Total

In accordance with GASB Statement 54, the fund balances of the governmental funds at September 30, 2019, are classified by specific purpose as follows:

	<u>General Fund</u>	<u>1% Infrastructure</u>	<u>Federal Grants Special Revenue Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Non Spendable:					
Public Works Supplies Inventory	\$ 810,724	\$ -	\$ -	\$ -	\$ 810,724
	<u>810,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>810,724</u>
Restricted For:					
Public Safety	697,036	-	143,971	52,387	893,394
Public Works Projects	-	22,174,565	515,077	2,706,147	25,395,789
Human and Cultural Services	154,492	-	2,130,408	267,888	2,552,788
Capital Outlay - equipment	5,721,192	-	-	498,080	6,219,272
Debt Service	-	-	-	7,971,274	7,971,274
Employee Benefits	636	-	-	-	636
	<u>6,573,356</u>	<u>22,174,565</u>	<u>2,789,456</u>	<u>11,495,776</u>	<u>43,033,153</u>
Committed To:					
Public Safety	2,109,415	-	-	-	2,109,415
Public Works Projects	-	-	-	3,329,938	3,329,938
Human and Cultural Services	-	-	-	4,039	4,039
Employee Benefits	-	-	-	60,001	60,001
Tort Claims	5,097,114	-	-	-	5,097,114
Various Other Specific Purposes	141,249	-	-	-	141,249
	<u>7,347,778</u>	<u>-</u>	<u>-</u>	<u>3,393,978</u>	<u>10,741,756</u>
Assigned To:					
Technology and Communication	96,503	-	-	-	96,503
Various Other Specific Purposes	18,974	-	-	-	18,974
	<u>115,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,477</u>
Unassigned	<u>25,883,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,883,844</u>
Total Fund Balances	\$ <u>40,731,179</u>	\$ <u>22,174,565</u>	\$ <u>2,789,456</u>	\$ <u>14,889,754</u>	\$ <u>80,584,954</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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 2019 were \$3,758,352.

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, firefighters, 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 and the General Fund typically provides the necessary funding. As of September 30, 2019, the required amounts were funded. Claims totaled \$94,338 during fiscal year 2019. 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. The City's contributions are typically funded primarily by the General Fund and Water/Sewage Disposal System Fund. Revenues totaled \$15,915,388 and employee benefit costs were \$15,683,272 during fiscal year 2019. Claims incurred but not reported at September 30, 2019, in the Employees' Group Benefit Fund are provided for based on pattern 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 subdivisions to purchase liability insurance or to self-insure, (3) Self-insure with the establishment of a self-insurance reserve fund.

The City of Jackson is in compliance by using method number three as indicated above, and the necessary funding is typically provided by the General Fund. The 2019 fiscal year budget had the monies necessary to establish the reserve fund within the General Fund at the required funding level. Estimates of the liability for unpaid claims are actuarially determined.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

A. RISK MANAGEMENT (Continued):

4. Tort Liability (Continued):

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 and related expenses for years ended September 30, 2019 and 2018:

	Employees' Group Benefit Fund	Tort Claims Fund	Unemployment Benefits Fund	Workers' Compensation Benefits
2019:				
Beginning Balance	\$ 2,066,618	\$ 4,774,537	\$ -	\$ 3,629,370
Current Year Claims/Changes in Estimates	15,683,272	1,155,987	94,338	2,626,776
Claims Payments	15,647,037	296,788	94,338	3,758,352
Ending Balance	<u>\$ 2,102,853</u>	<u>\$ 5,633,736</u>	<u>\$ -</u>	<u>\$ 2,497,794</u>
2018:				
Beginning Balance	\$ 1,145,037	\$ 3,795,133	\$ 5,103	\$ 4,827,858
Current Year Claims/Changes in Estimates	17,674,573	1,545,538	148,654	1,186,544
Claims Payments	16,752,992	566,134	153,757	2,385,032
Ending Balance	<u>\$ 2,066,618</u>	<u>\$ 4,774,537</u>	<u>\$ -</u>	<u>\$ 3,629,370</u>

5. Other Risks:

Commercial insurance is obtained to protect the City from excess losses greater than \$200,000 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; the crime deductible is \$5,000; the unintentional errors and omissions coverage is \$1,000,000 per occurrence; and the 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
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

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, 2019, a transfer of \$1,735,767 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 \$1,735,767 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, as of September 30, 2019, the balance in the Water and Sewer Contingent Fund was \$1,850,054 which was \$4,908,875 below the required reserve.

D. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 31, 2020, which represents the date the comprehensive annual financial report was available to be issued.

In September 2018, the City was approved for a loan from the Mississippi Department of Environmental Quality (MDEQ) for improvements at the Savanna Wastewater Treatment Plant. However, no proceeds had been received yet as of September 30, 2019. The principal amount available is \$30,000,000 bearing interest at 1.75%. Monthly repayments are to begin in December, 2021 for a period of 237 months.

In April 2019, the City received a loan from the Mississippi Department of Health (MSDH) for improvements at both O.B. Curtis and J.H. Fewell Treatment Plants and distribution improvements. The maximum loan amount is \$10,361,920 bearing interest at 1.95%, and proceeds of \$3,276,113 had been received through September 30, 2019. Monthly repayments are to begin in July, 2020, for a period of 237 months.

In October 2019, the City issued Taxable General Obligation Note, Series 2019 to provide funds to resolve all outstanding issues with the City's water/sewer billing and meter system and to pay other outstanding receivables of the City. The maximum note amount is \$7,000,000 to be drawn as needed. The interest rate will be 3.20% for a 3-year term or 3.25% for a 5-year term. The City is still evaluating the term of the Note.

In August 2020, the City issued Sales Tax Revenue Bonds, Series 2020 for streets, bridges, drainage, water, and sewer infrastructure improvements. The principal amount to be repaid is \$32,140,000 bearing interest at 5%. Semi-annual repayments are to begin in March 2021 for a period of 10 years. The bonds will be repaid by revenues generated from the 1% Infrastructure Tax.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

E. CONTINGENCIES:

Litigation

The City is defendant in a number of legal actions and claims seeking actual and punitive damages. Contingencies totaling \$5,633,736 for which it is probable a loss has been incurred and which are subject to reasonable estimation, are recognized as liabilities in the financial statements. The City is vigorously defending all matters of litigation and believes there will be no material adverse financial effect.

Water/Sewage Disposal System Fund and Sanitation Fund

The Water/Sewage Disposal System Fund had an operating loss in the year ended September 30, 2019, and its cash flows from operating activities were not sufficient to cover its debt service requirements during the year. The Sanitation Fund had both an operating loss and negative cash flows from operating activities during the year ended September 30, 2019. These conditions resulted primarily from complications experienced in the installation and operation of new water meters and a new water, sewer, and garbage customer billing system, which caused customer billing delays and inaccuracies and extended delays in collection of revenues from customers. The City has established customer payment plans and collection procedures to facilitate the collection of the past due balances from customers. To provide cash for operations and debt service while the City works to collect the past due customer balances, the General Fund advanced funds to the Water/Sewage Disposal System Fund and Sanitation Fund, and the Water/Sewage Disposal System Fund made a transfer from its revenue bond contingent fund reserve account. In addition, the City initiated litigation against the companies that provided the software and meters and the installation thereof seeking to recover over \$450 million in damages, and negotiated a settlement of approximately \$60 million, net of legal fees, in March, 2020.

Capital City Convention Center Commission

The Capital City Convention Center Commission (the Commission), which is a discretely presented component unit of the City, has a contractual obligation to provide operational funding as needed for the operations of the Jackson Convention Complex (the Complex). While initial pro forma forecasts anticipated operating losses would be incurred by the Complex from inception and funded by the Commission, lagging tax revenues due to the general economy have depleted the Commission's general and unrestricted working capital funds and have limited the Commission's resources to provide such operational funding going forward. While in the current year, the Commission's resources were increased through collection of additional revenue streams of hotel occupancy taxes and other collections, operating losses and cash shortfalls are still expected. The Commission is continuing to seek ways to alleviate this condition through budgeting and seeking additional funding sources. There is no assurance as to the availability, timing or terms of such additional funding that might be available. This condition raises substantial doubt about the Commission's ability to continue as a going concern.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

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, 2019 (in thousands):

<u>Jackson/Hinds Library System</u>	
Total assets	\$ <u>604</u>
Total liabilities	\$ 255
Total fund balances	<u>349</u>
Total liabilities and fund balances	\$ <u>604</u>
Total revenues	\$ 4,430
Total expenditures	<u>4,452</u>
Net increase (decrease) in fund balances	\$ <u>(22)</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. The total pension expense for both plans was \$12,757,596 for the year ended September 30, 2019.

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 by 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.

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

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

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED):

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.

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 through June 30, 2019, and 17.4% thereafter, and is typically funded primarily by the General Fund and the Water/Sewage Disposal System Fund. 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, 2019, were \$10,102,426, which was equal to the required contributions for the year, and includes \$1,231,808 payable at September 30, 2019.

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

At September 30, 2019, the City reported a liability of \$162,902,901 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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. For the year ended June 30, 2019, the City’s proportion was 0.926007 percent, which was a decrease of 0.001357 percent from its 0.927364 percent proportion for the year ended June 30, 2018.

For the year ended September 30, 2019, the City recognized PERS pension expense of \$8,334,322. At September 30, 2019, 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	\$ 84,974	\$ 154,626
Net Difference between projected and actual earnings on pension plan investments	-	1,571,621
Changes of assumptions	1,408,393	-
Changes in the City’s proportion	-	3,426,690
City contributions subsequent to the measurement date	3,129,485	-
Total	<u>\$ 4,622,852</u>	<u>\$ 5,152,937</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued)

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

The net effect of these deferred outflows of resources and deferred inflows of resources on governmental activities’ net position is a decrease of \$530,085 at September 30, 2019.

B. Business-Type Activities:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,392	\$ 20,727
Net Difference between projected and actual earnings on pension plan investments	-	210,601
Changes of assumptions	188,730	-
Changes in the City’s proportion	492,123	780,593
City contributions subsequent to the measurement date	419,370	-
Total	\$ 1,111,615	\$ 1,011,921

The net effect of these deferred outflows of resources and deferred inflows of resources on business-type activities’ net position is an increase of \$99,694 at September 30, 2019.

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, 2019, \$3,548,855 was reported as deferred outflows of resources related to pensions resulting from City PERS contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. 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
2020	\$ (2,144,839)
2021	(3,015,736)
2022	437,594
2023	743,735
Total	\$ (3,979,246)

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued)

4. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary changes	3.00% – 18.25%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pubs.H-2010(B) Retiree Table with the following adjustments: For males, 112% of males rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates were projected generationally using MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. The experience report is dated April, 2019.

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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27%	4.90%
International Equity	22	4.75
Global Equity	12	5.00
Fixed Income	20	1.50
Real Estate	10	4.00
Private Equity	8	6.25
Cash Equivalents	1	0.25
<i>Total</i>	100%	

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 (17.40%). 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.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued)

Following is a summary of actuarial assumption changes in 2019:

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 was used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 was used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality 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 7% to 9%.

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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City’s proportionate share of net pension liability	\$ 214,141,508	\$ 162,902,901	\$ 120,610,032

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, 2019, the date of the most recent actuarial verification, there were 537 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.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued)

As of the 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 receiving benefits	537
Former members entitled to benefits but not yet receiving them	-
Former members – not entitled to benefits	-
Active members:	-
Vested	-
Non-vested	-
Total Participants	<u>537</u>

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 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 6.25% assumption on investment earnings, and an assumption that assessed property values will remain level over time. During the year ended September 30, 2019, the City of Jackson contributed the avails of a 4.10% mill tax levy in the Disability and Relief Special Revenue Fund. The contribution requirements for MRS are established, and may only be amended, by the State of Mississippi Legislature. 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, 2019, were \$5,538,892, which was equal to the required contributions for the year, and includes \$543,798 payable at September 30, 2019.

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, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued)

4. Schedule of Changes in Net Pension Liability

	<u>Net Pension Liability</u>	
Measurement Date	<u>June 30, 2019</u>	
Total Pension Liability	\$	99,744,412
Fiduciary Net Pension		51,318,096
Net Pension Liability	\$	48,426,316

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.

The change in Net Pension Liability, for the Disability and Relief municipal pension plan, for the fiscal year ended September 30, 2019 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	7,577,988	-	7,577,988
Benefit terms changes	-	-	-
Difference between expected and actual experience	676,814	-	676,814
Changes of assumptions	(438,615)	-	(438,615)
Employer's contributions	-	5,569,716	(5,569,716)
Employees' contributions	-	-	-
Pension plan net investment income	-	3,578,675	(3,578,675)
Benefit payments, including refunds of employee contributions	(11,704,532)	(11,704,532)	-
Administrative expense	-	(111,394)	111,394
Other changes	-	6,370	(6,370)
Net Changes	(3,888,345)	(2,661,165)	(1,227,180)
Net Pension Liability, Beginning of Year	103,632,757	53,979,261	49,653,496
Net Pension Liability, End of Year	\$ 99,744,412	\$ 51,318,096	\$ 48,426,316

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued)

5. Pension Expense

For the year ended September 30, 2019, the City recognized MRS pension expense of \$4,423,274. Pension expense recognized by the plan is as follows:

	Pension Expense
Service cost	\$ -
Interest on the total pension liability	7,577,988
Expensed portion of current-period difference between expected and actual experience in the total pension liability	676,814
Expensed portion of current-period changes of assumptions	(438,615)
Members contributions	-
Projected earnings on plan investments	(4,456,012)
Expensed portion of current-period difference between actual and projected earnings on plan investments	175,467
Administrative expense	111,394
Other	(6,370)
Recognition of beginning deferred outflows of resources as pension expense	782,608
Total Pension Expense for MRS	\$ 4,423,274

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, 2019 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	\$ 660,493	\$ -
Net difference between projected and actual earnings on pension plan investments	193,251	-
Total	\$ 853,744	\$ -

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued):

At September 30, 2019, \$660,493 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 of the net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2019 will be recognized in pension expense as follows:

Year Ended September 30	Amount
2020	\$ 360,919
2021	(496,137)
2022	153,000
2023	175,469
Total	\$ 193,251

The effect of these deferred outflows of resources on the governmental activities’ net position is an increase of \$853,744 at September 30, 2019.

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 the 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 the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Plan’s net pension liability	\$ 55,645,759	\$ 48,426,316	\$ 42,095,156

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

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

G. EMPLOYEES’ RETIREMENT SYSTEM (Continued):

8. Schedule of Assumptions

<u>Schedule of Assumptions</u>	<u>Disability and Relief Municipal Pension</u>
Valuation date	June 30, 2019
Actuarial cost method	Entry Age
Amortization method	Level dollar payment
Remaining amortization period	15 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 2.75%
Projected salary increases	3.0% - 4.50%, including wage inflation at 3.00%

Mortality rates were based on the Pubs.H-2010(B) Retiree Table with the following adjustments: For males, 112% of males rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates were projected generationally using MP-2018 projection scale to account for future improvements in life expectancy.

The PubT.H-2010 Disabled Retiree Table was used for disabled retirees with the following adjustments: 137% of male rates at all ages and 115% of female rates at all ages. Projection scale MP-2018 was used to project future improvements in life expectancy generationally.

The actuarial assumptions used in the June 30, 2019 valuation are based on the results of the experience investigation for the four-year period ended June 30, 2018 and adopted by the MRS Board in August, 2019.

Following is a summary of the actuarial assumption changes in 2019:

- The investment return assumption to calculate the certified millage rates was lowered from 6.50% to 6.25% and will maintain a 150 basis point difference with the long-term investment return assumption.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- Changes were made to the Mortality Table for both healthy and disabled lives.

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

H. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The City's OPEB plan is a single-employer defined-benefit plan that provides post-employment healthcare coverage, including dental benefits, and life insurance 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 medical coverage, as applicable, which was \$325 and \$675 respectively as of September 30, 2019. Dental and life insurance benefits are provided under a fully-insured plan, and retirees pay the entire insurance premiums for these coverages. The plan was established under authority of the City Council and may be amended or abolished by council action. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, Paragraph 4. The City funds the plan on a pay-as-you-go basis, and funding is primarily provided from the General Fund.

Employees Covered by Benefit Terms. At September 30, 2019, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	75
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active plan members	<u>1,618</u>
	<u>1,693</u>

Total OPEB Liability

The City's total OPEB liability of \$53,574,462 was measured as of September 30, 2019, and was determined by an actuarial valuation as of October 1, 2018.

Actuarial assumptions and other inputs. The total OPEB liability as of September 30, 2019, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3% per annum
Healthcare cost trend rates	7.5% for 2019 graded down 0.5% per year to a rate of 5% for 2024 and later
Age-related morbidity	Healthcare costs are assumed to increase 3.5% for each year of age
Retirement	Retirement is assumed to occur at any age with 25 years of service
Coverage election	75% of eligible employees are assumed to elect medical coverage until age 65 upon retirement
Retirees' contributions	Retiree contributions have been assumed to increase 2.5% per year

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

H. OTHER POSTEMPLOYMENT BENEFITS (Continued):

A discount rate of 3.58% was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year, high-grade, municipal bonds.

Mortality rates were based on the sex-distinct PUB-2010 Mortality Table (without income adjustments) for general employees with full generational improvements in mortality using Scale MP-2017.

The actuarial assumptions used in the September 30, 2019, measurement were based on the results of an actuarial experience study for the year ended September 30, 2018.

Since the prior measurement date, the discount rate was decreased from 3.64% per annum to 3.58% per annum and the mortality basis was changed from the RP-2000 Combined Mortality Table with generational improvements in mortality using Scale BB the PUB-2010 Mortality Table for general employees (without income adjustments) with generational improvements in mortality using Scale MP-2017.

Changes in the total OPEB liability

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Balance at September 30, 2018	\$ <u>50,278,124</u>
Changes for the year:	
Service cost	3,266,727
Interest	1,898,654
Changes of benefit terms	-
Differences between expected and actual experience	(909,245)
Changes in assumptions or other inputs	68,876
Benefit payments	<u>(1,028,674)</u>
Net changes	<u>3,296,338</u>
Balance at September 30, 2019	\$ <u><u>53,574,462</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1.0% Decrease (2.58%)	Discount Rate (3.58%)	1.0% Increase (4.58%)
Total OPEB liability	\$ 59,477,487	\$ 53,574,462	\$ 48,375,812

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

H. OTHER POSTEMPLOYMENT BENEFITS (Continued):

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1.0% Decrease (6.5% decreasing to 4%)	Healthcare Cost Trend Rates (7.5% decreasing to 5%)	1.0% Increase (8.5% decreasing to 6%)
Total OPEB liability	\$ <u>44,270,656</u>	\$ <u>53,574,462</u>	\$ <u>64,564,449</u>

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$4,064,510 as follows:

Service cost	\$ 3,266,727
Interest	1,898,654
Demographic gain/loss	(78,114)
Benefit payment	(1,028,674)
Assumption changes	<u>5,917</u>
OPEB expense	<u>\$ 4,064,510</u>

CITY OF JACKSON
Notes to Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Information (Continued):

H. OTHER POSTEMPLOYMENT BENEFITS (Continued):

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

A. Governmental Activities

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 725,180
Changes of assumptions	54,933	-
Changes in proportion	249,153	-
Total	\$ 304,086	\$ 725,180

The net effect of these deferred outflows of resources and deferred inflows of resources on governmental activities' net position is a decrease of \$421,094 at September 30, 2019.

B. Business-Type Activities:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 105,951
Changes of assumptions	8,026	-
Changes in proportion	159,176	408,329
Total	\$ 167,202	\$ 514,280

The net effect of these deferred outflows of resources and deferred inflows of resources on business-type activities' net position is a decrease of \$347,078 at September 30, 2019.

Collective Deferred Outflows of Resources and Deferred Inflows of Resources. Annual changes to the OPEB 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, 2019, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2020	\$ (72,197)
2021	(72,197)
2022	(72,197)
2023	(72,197)
2024	(72,197)
Thereafter	(407,187)
Total	\$ (768,172)

CITY OF JACKSON
Required Supplementary Information
Schedule of Employer
Other Post-Employment Benefits (OPEB) Plan Liability
Last Two Fiscal Years

	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service Cost	\$ 3,266,727	\$ 2,978,551
Interest	1,898,654	1,778,355
Changes of benefit terms	-	-
Differences between expected and actual experience	(909,245)	-
Changes of assumptions and other inputs	68,876	-
Benefit payments	<u>(1,028,674)</u>	<u>(705,951)</u>
Net change in total OPEB liability	3,296,338	4,050,955
Total OPEB liability, beginning	<u>50,278,124</u>	<u>46,227,169</u>
Total OPEB liability, ending	<u>\$ 53,574,462</u>	<u>\$ 50,278,124</u>
Covered-employee payroll	\$ 54,458,536	\$ 48,212,878
Total OPEB liability as a percentage of covered-employee payroll	98.38%	104.28%

The accompanying notes to the required supplementary information are an integral part of this schedule.

CITY OF JACKSON
Notes to Required Supplementary Information-OPEB
For the Year Ended September 30, 2019

Changes in OPEB assumptions:

2019:

Since the prior measurement date, the discount rate was decreased from 3.64% per annum to 3.58% per annum and the mortality basis was changed from the RP-2000 Combined Mortality Table with generational improvements in mortality using Scale BB to the PUB-2010 Mortality Table for general employees (without income adjustments) with generational improvements in mortality using Scale MP-2017.

Earlier years of OPEB information: Because GASB Statement No. 75 was first implemented by the City for the year ended September 30, 2019, all ten years of the required supplementary information in accordance with GASB Statement No. 75 was not available. Additional years of data will be added as they become available.

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 Five Fiscal Years

	2019	2018	2017	2016	2015
City's proportionate share of the net pension liability	\$ 162,902,901	154,248,183	157,007,624	165,975,320	134,815,609
City's proportion of the net pension liability	0.926007%	0.927364%	0.944498%	1.073716%	1.110675%
City's covered payroll for the measurement years ended June 30th	\$ 60,885,622	59,634,873	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 for the measurement years ended June 30th	267.56%	258.65%	259.13%	241.64%	194.29%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

	2019	2018	2017	2016	2015
Contractually required Contributions for the fiscal years ended September 30th	\$ 10,102,426	9,392,492	9,523,772	10,201,773	11,504,087
Actual Contributions for the fiscal years ended September 30th	10,102,426	9,392,492	9,523,772	10,201,773	11,504,087
Contribution deficiency (excess)	\$ -	-	-	-	-
City's covered payroll for fiscal years ended September 30th	\$ 60,885,622	59,634,873	60,468,391	64,753,114	73,041,822
Contributions as a percentage of covered payroll for the fiscal years ended September 30th	16.59%	15.75%	15.75%	15.75%	15.75%

The accompanying notes to the required supplementary information are an integral part of this schedule.

CITY OF JACKSON
Notes to Required Supplementary Information-PERS
For the Year Ended September 30, 2019

Changes of pension assumptions:

2019:

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PUBT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality, 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 7% to 9%.

2018: None

2017:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar 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 3.50% to 2.00%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- 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 8.00% to 7.75%, respectively.

CITY OF JACKSON
Notes to Required Supplementary Information-PERS (Continued)
For the Year Ended September 30, 2019

2015:

- The expectation of retired 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 31st 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 Contributions
to the Fire and Police Disability and Relief Fund (MRS)
Last Five Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 5,538,892	\$ 5,464,210	\$ 5,247,946	\$ 5,099,714	\$ 5,544,877
Annual Contributions	<u>5,538,892</u>	<u>5,464,210</u>	<u>5,247,946</u>	<u>5,099,714</u>	<u>5,544,877</u>
Contribution deficiency (excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
City's covered payroll	N/A	N/A	N/A	N/A	N/A
Contribution as a percentage of covered payroll	N/A	N/A	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 and many municipalities have no remaining active members.

The accompanying notes to the required supplementary information are an integral part of this schedule.

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

	2019	2018	2017	2016	2015
Total pension liability					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	7,577,988	7,998,928	8,297,602	8,619,793	8,901,563
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	676,814	(1,617,123)	(305,474)	(462,872)	(91,754)
Changes of assumptions	(438,615)	-	213,769	-	3,676,246
Benefit payments, including refunds of employee contributions	(11,704,532)	(11,922,045)	(12,197,472)	(12,430,953)	(12,633,969)
Net change in total pension liability	(3,888,345)	(5,540,240)	(3,991,575)	(4,274,032)	(147,914)
Total pension liability - beginning	103,632,757	109,172,997	113,164,572	117,438,604	117,586,518
Total pension liability - ending (a)	\$ 99,744,412	\$ 103,632,757	\$ 109,172,997	\$ 113,164,572	\$ 117,438,604
Plan fiduciary net position					
Contributions - employer	\$ 5,569,716	\$ 5,541,778	\$ 5,247,946	\$ 5,099,714	\$ 5,544,877
Contributions - member	-	-	2,363	6,022	4,750
Net investment income	3,578,675	4,220,438	7,314,024	306,774	2,166,108
Benefit payments, including refunds of employee contributions	(11,704,532)	(11,922,045)	(12,197,472)	(12,430,953)	(12,633,969)
Administrative Expense	(111,394)	(110,837)	(104,958)	(101,994)	(114,673)
Other	6,370	(3,408)	(29,110)	175,260	-
Net change in plan fiduciary net position	(2,661,165)	(2,274,074)	232,793	(6,945,177)	(5,032,907)
Plan net position - beginning	53,979,261	56,253,335	56,020,542	62,965,719	67,998,626
Plan net position - ending (b)	\$ 51,318,096	\$ 53,979,261	\$ 56,253,335	\$ 56,020,542	\$ 62,965,719
Net pension liability - ending (a) - (b)	\$ 48,426,316	\$ 49,653,496	\$ 52,919,662	\$ 57,144,030	\$ 54,472,885
Plan fiduciary net position as a percentage of the total pension liability	51.45%	52.09%	51.53%	49.50%	53.62%
Covered payroll *	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll*	N/A	N/A	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 and many municipalities have no remaining active members.

The accompanying notes to the required supplementary information are an integral part of the schedule.

CITY OF JACKSON
Notes to Required Supplementary Information-MRS
For the Year Ended September 30, 2019

The information presented is based on June 30th measurement dates for each year. 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 ended September 30, 2019 were based on the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Five-year smoothed market
Inflation	3.00%
Salary increases	4.00% - 5.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expenses, including inflation

The following changes in actuarial assumptions or methods were made:

2019: The investment return assumption to calculate the certified millage rates was lowered from 6.50% to 6.25% and will maintain a 150 basis point difference with the long-term investment return assumption.

The wage inflation assumption was reduced from 3.25% to 3.00%.

The price inflation assumption was reduced from 3.00% to 2.75%.

Changes were made to the Mortality Table for both healthy and disables lives.

2018: None

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%.

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
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance
GENERAL FUND (001,002,003,004,010,011,159,300,305)				
REVENUES				
Licenses and Permits:				
Privilege Licenses	\$ 368,216	\$ 368,316	\$ 354,421	(13,895)
Building Permits	747,036	747,036	683,309	(63,727)
A/C & Duct Permits	43,084	43,084	45,833	2,749
Plumbing Permits	30,307	30,307	38,605	8,298
Electric Permits	144,081	144,081	156,509	12,428
Gas Permits	23,071	23,071	32,144	9,073
Maintenance Fees	6,990	6,990	3,470	(3,520)
Landscape Permits	130	130	-	(130)
Historic Preservation	1,935	1,935	1,390	(545)
Dance Hall & Rec Fees	4,343	4,343	3,150	(1,193)
Transit Merchants	1,250	1,250	1,500	250
Aircraft Regist Fees	12,710	12,710	11,811	(899)
Adult Entertainment License	3,546	3,546	4,604	1,058
Special Event Fee	9,905	9,905	7,870	(2,035)
Sign --Misc.	7,527	7,527	17,285	9,758
Sign Permits	35,850	35,850	36,755	905
Sign Registration	9,260	9,260	1,040	(8,220)
Signs Temporary	2,570	2,570	6,130	3,560
Fire Inspections Permits	22,725	22,725	18,992	(3,733)
Commerical Burn Permit	400	400	600	200
Comb. & Flam. Liquid Permit	10,500	10,500	7,400	(3,100)
Fireworks Display Permit	900	900	1,050	150
Zoning Permits	38,834	38,834	41,824	2,990
Taxicab License Fees	750	750	338	(412)
Annual Vehicle Inspection	90	90	-	(90)
TOTAL LICENSES & PERMITS	1,526,010	1,526,110	1,476,030	(50,080)
Fines and Forfeitures:				
Misdemeanor Fines	\$ 264,000	\$ 264,000	\$ 215,123	(48,877)
Vehicle Parking Fines	46,679	46,679	79,082	32,403
Moving Traffic Violations	711,704	711,704	731,246	19,542
City Court Cost	6,425	6,425	4,403	(2,022)
Warrant Fee	69,439	69,439	81,882	12,443
Animal Control Citations	293	293	845	552
Municipal Court Computer	9,766	9,766	8,388	(1,378)
Municipal Court Driver Impr Fee	35	35	-	(35)
Drug Court	-	-	500	500
Administrative Fee - Del C	184,683	184,683	198,346	13,663
Contempt Fee - Municipal Court	51,674	51,674	51,247	(427)
Computerized Crime Prevention- Police	11,115	11,115	10,447	(668)
Municipal Court Enhancement	100,000	131,000	84,388	(46,612)
Jackson Enhancement Fee	49,976	49,976	42,212	(7,764)
Bad Check Fees	1,153	1,153	1,015	(138)
Daily Storage Fee - Vehicle	62,575	62,575	56,960	(5,615)
Wrecker Fee	77,145	77,145	57,135	(20,010)
Expungement Fee - Municipal	8,650	8,650	7,400	(1,250)
Jackson Collection Fee	45,478	45,478	37,125	(8,353)
Docket Fee - Municipal Cout	70,535	70,535	65,323	(5,212)
Dropped Charge Fee - Mun Court	900	900	1,850	950

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance
Cash Bond Clearing Account	(5,091)	(5,091)	(7,272)	(2,181)
Rearrangement Fee - Mun Court	9,833	9,833	11,689	1,856
TOTAL FINES AND FORFEITURES	<u>1,776,967</u>	<u>1,807,967</u>	<u>1,739,334</u>	<u>(68,633)</u>

REVENUES

INTERGOVERNMENTAL REVENUE

FEDERAL

Police Overtime - FBI/DEA Grant	\$ 59,325	\$ 59,325	\$ 59,789	464
DEA - Ms Gulf Coast (HIDTA)	26,806	26,806	27,368	562
DEA - Assesst & Forfeiture	65,000	65,000	9,700	(55,300)
TOTAL INTERGOVERNMENTAL - FEDERAL	<u>151,131</u>	<u>151,131</u>	<u>96,857</u>	<u>(54,274)</u>

STATE

Alcohol Permits - ABC	\$ 330,649	\$ 330,649	\$ 353,670	23,021
Gasoline Tax	569,395	569,395	611,786	42,391
Municipal Revolving Fund	99,262	99,262	86,528	(12,734)
State Fire Protection	971,516	971,516	1,024,101	52,585
Pro-Rata State SalesTax	29,127,876	29,127,876	24,492,947	(4,634,929)
Sewer Grant Repmt - Sales	-	-	2,800,654	2,800,654
Homestead Exemption	1,720,158	1,720,158	1,661,264	(58,894)
Homestead Exemption Charge	17,282	17,282	23,927	6,645
Wireless Radio Communication	132,453	72,123	-	(72,123)
Bus & Truck Privilege Tax	431,879	431,879	433,480	1,601
MDOT-Litter Pickup-JPD	12,660	12,660	4,539	(8,121)
MS- National Park Service	-	12,500	12,500	-
Internet State Sales Tax	1,000,000	-	-	-
TOTAL INTERGOVERNMENTAL - STATE	<u>34,413,130</u>	<u>33,365,300</u>	<u>31,505,396</u>	<u>(1,859,904)</u>

LOCAL

Pro-Rata County Road Tax	\$ 594,357	\$ 594,357	\$ 600,578	6,221
Smith Robertson Museum	6,516	6,516	6,516	-
TOTAL INTERGOVERNMENTAL - LOCAL	<u>600,873</u>	<u>600,873</u>	<u>607,094</u>	<u>6,221</u>

ADMISSIONS, FEES, RENTALS

Parking Meters	\$ 158,152	\$ 158,152	\$ 95,188	(62,964)
Local Records Fee	3,669	3,669	3,857	188
Mun Aud-Mezzanine Rent	-	-	-	-
Mun Aud-Thalia Mara Hall Rent	227,623	227,623	274,952	47,329
Mun Auditorium - Green Room Rent	-	-	-	-
Mun Auditorium - Concession	-	-	-	-
Smith Robertson Museum - Donation	600	600	-	(600)
Smith Robertson Museum - Admissions	9,035	9,035	10,852	1,817
Smith Robertson Mus - Room Rent	5,425	5,425	10,239	4,814
Senior Center Reservation	2,549	2,549	623	(1,926)
Smith Robertson - Gift Shop	580	580	1,868	1,288
Arts CTR - Concessions	-	-	-	-
Arts CTR - Rent on Community	9,270	9,270	8,835	(435)

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance
Planetarium - Admiss Tax Ex.	15,384	15,384	-	(15,384)
Planetarium - Admissions	12,463	12,463	-	(12,463)
Planetarium - Misc. Income	-	-	-	-
Planetarium - Special Programs	2,979	2,979	-	(2,979)
Planetarium - Discovery Shop	76	76	-	(76)
Carnival Inspection Fee	50	50	(50)	(100)
Daycare Fire Inspection-AF	5,880	5,880	6,755	875
Fire Water Flow Test Fee	2,800	2,800	2,000	(800)
Fire Reports & etc.	17,200	17,200	14,165	(3,035)
Accident Report Fee	124,175	124,179	100,165	(24,014)
Background Check Fee	10,530	10,530	9,325	(1,205)
Bail Bondsman Mug Shot Fee	-	-	-	-
Bail Bondsman ID Card Fee	-	-	-	-
Fingerprinting	24,115	24,115	30,217	6,102
Verification of Record Fee	17,789	17,789	17,782	(7)
Bail Bondsman Applicant	120	120	585	465
Telecommunication Franchise Agreem	584,000	584,000	536,269	(47,731)
Rents and Royalties	11,100	11,100	11,100	-
Tower Rentals	3,400,000	3,400,000	4,250,136	850,136
Rent Pistol Range	2,323	2,323	3,679	1,356
Sprinkler-Hydro Static-Pump	420	420	780	360
Fire Alarm Acceptance Test	780	780	630	(150)
Fire Re-Inspection	550	550	250	(300)
Fire Knox Box	-	-	-	-
Fire Gas Line & Tank Accp	-	-	-	-
Fire Suppression System Te	600	600	420	(180)
Outdoor Advertising	11,970	11,970	11,787	(183)
Rental Fee - Fire Museum	260	260	200	(60)
School Tours Fee - Fire Museum	1,476	1,476	1,482	6
Land Rental	-	13,104	14,196	1,092
Total Admissions, Fees and Rentals	4,663,943	4,677,051	5,418,287	741,236
Interest Revenues:				-
Interest Earned on Investments	\$ 1,267	\$ 1,267	\$ 21,682	20,415
Interest Earned on Repos	73,317	108,227	458,357	350,130
Total Interest Earned on Investments	74,584	109,494	480,039	370,545

Revenues

Miscellaneous Income:

Public Utility Franchise Fee	\$ 4,752,792	\$ 4,752,792	\$ 4,585,781	(167,011)
Franchise Cable Television	1,362,119	1,362,119	1,194,192	(167,927)
Nuclear Power Plants	1,604,810	1,604,810	1,602,421	(2,389)
In-Lieu- Of Property Tax	503	503	60,556	60,053
IRS Refund - 941	-	-	7,153	7,153
Water/Sewer Franchise Fee	972,534	972,534	972,534	-
Time Warner-PA/GA Operation Fund	78,561	78,560	72,237	(6,323)
Sale of Land	60,167	60,167	65,100	4,933
Sale of Fixed Assets	247,360	270,045	190,745	(79,300)
Small Animal Control	-	2,056	2,056	-
Police-Misc	95,804	95,804	65,348	(30,456)
Police - Sale of Weapons	15	15	9	(6)
Public Safety Comm Trng Re	10,806	10,806	117,292	106,486
Union Station Tenants/JRA	102,379	102,379	99,069	(3,310)

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance
Proceeds of Forfeitures	70,000	70,000	-	(70,000)
Grants & Donation	103,889	235,781	106,032	(129,749)
Indirect Cost	2,680,223	2,680,223	2,357,913	(322,310)
Finance - Misc.	-	-	12,019	12,019
Other Departments	15,148	15,148	46,833	31,685
I.D. Badge	180	180	210	30
Parking Fee - City Employees	6,730	6,730	5,621	(1,109)
Admin. Fee - Payroll Deduction	15,725	15,725	14,369	(1,356)
Entergy Refund	-	-	-	-
Building & Permit - Misc.	110,957	110,957	123,144	12,187
Plumbing Exam	-	19	19	-
Penalty on Demo/Grass/Weed	7,579	7,579	10,778	3,199
Planning- Misc	-	-	-	-
Site Plan, Review	16,157	16,157	15,025	(1,132)
Sale of Maps, Plans, Spec	158	158	196	38
NLC Champs Grant	-	90,000	90,660	660
Traffic	-	170	140	(30)
Smith Roberston - Nissan Grant	20,000	26,900	-	(26,900)
Abstract Fees	6,961	6,961	6,735	(226)
PEG - Miscellaneous	100	1	1	-
Cellular Rebate	30,707	31,627	32,204	577
Personnel - MISC	-	920	920	-
City Clerk	15,271	15,271	35,764	20,493
Cafeteria Plan - Flexible Spending	150,000	150,000	-	(150,000)
Publication- Misc	7,089	7,089	2,080	(5,009)
Inkind Fees	40,132	40,132	38,810	(1,322)
Restitution Repayments	-	1,228	1,228	-
Settlement of Insurance Claims	75,000	75,000	34,937	(40,063)
Proceeds of Long Term Debt	5,567,000	5,611,600	11,393,273	5,781,673
Fees For Lost Fuelman	-	120	120	-
Total Miscellaneous Income	<u>18,226,856</u>	<u>18,528,266</u>	<u>23,363,524</u>	<u>4,835,258</u>
Operating Transfers In:				
Transfer In/From General Fund	229,636	244,626	-	(244,626)
Transfer In/From Other Funds	1,446,000	1,738,712	-	(1,738,712)
Total Operating Transfers In	<u>1,675,636</u>	<u>1,983,338</u>	<u>-</u>	<u>(1,983,338)</u>
Beginning Fund Balance	<u>4,304,180</u>	<u>4,833,715</u>	<u>23,664,509</u>	<u>18,830,794</u>
Total Revenue from Sources other than Taxation	67,413,310	67,583,245	88,351,070	20,767,825
Taxes:				
Real Property	34,881,785	34,637,920	34,734,479	96,559
Personal Property	14,635,175	15,444,942	15,433,707	(11,235)
Delinquent Realty	748,860	787,192	787,191	(1)
Delinquent Personal	39,000	4,173	7,063	2,890
Automotive	6,274,949	7,192,792	7,381,791	188,999
Motor Vehicle Rental Tax	702,375	702,375	718,809	16,434
Vehicle Tag Penalty 27-19	622,172	801,265	897,473	96,208
Damages On Delinquent Tags	631,317	631,317	633,853	2,536
Hazardous Waste Tax	-	117	117	-
Rail Car Taxes	49,975	49,975	64,861	14,886
Tax Forfeited Land	-	37,413	135,835	98,422
Community Improvement	265,896	117,765	86,012	(31,753)
Total Taxes	<u>58,851,504</u>	<u>60,407,246</u>	<u>60,881,191</u>	<u>473,945</u>

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance
Total Available Cash and Anticipated Revenue from all Sources	\$ 126,264,814	\$ 127,990,491	\$ 149,232,261	21,241,770

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance
POLICE				
EXPENDITURES				
Personnel Services	25,855,089	28,842,926	27,983,427	(859,499)
Supplies	2,072,356	2,070,356	1,952,113	(118,243)
Other Services & Charges	2,805,946	2,809,811	2,676,075	(133,736)
Capital Outlay	1,324,977	1,800,715	992,259	(808,456)
Debt Services	-	-	421,397	421,397
Total Expenditures	<u>32,058,368</u>	<u>35,523,808</u>	<u>34,025,271</u>	<u>(1,498,537)</u>

FIRE

EXPENDITURES				
Personnel Services	18,241,281	20,503,819	19,969,700	(534,119)
Supplies	669,455	721,696	775,610	53,914
Other Services & Charges	1,155,136	1,097,315	833,351	(263,964)
Capital Outlay	848,755	1,048,755	195,687	(853,068)
Debt Services	-	-	726,807	726,807
Total Expenditures	<u>20,914,627</u>	<u>23,371,585</u>	<u>22,501,155</u>	<u>(870,430)</u>

PUBLIC WORKS

EXPENDITURES				
Personnel Services	6,704,950	7,349,867	6,260,365	(1,089,502)
Supplies	1,709,473	1,605,543	1,266,650	(338,893)
Other Services & Charges	2,602,883	2,736,495	2,599,078	(137,417)
Capital Outlay	1,513,906	1,513,906	380,120	(1,133,786)
Debt Services	-	-	457,380	457,380
Total Expenditures	<u>12,531,212</u>	<u>13,205,811</u>	<u>10,963,593</u>	<u>(2,242,218)</u>

PLANNING & DEVELOPMENT

EXPENDITURES				
Personnel Services	2,414,831	2,675,582	2,273,659	(401,923)
Supplies	92,632	101,932	60,141	(41,791)
Other Services & Charges	8,075,714	7,864,372	3,899,552	(3,964,820)
Capital Outlay	2,400	58,400	44,600	(13,800)
Debt Service	-	-	-	-
Total Expenditures	<u>10,585,577</u>	<u>10,700,286</u>	<u>6,277,952</u>	<u>(4,422,334)</u>

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance
HUMAN & CULTURAL SERVICES				
EXPENDITURES				
Personnel Services	1,323,209	1,457,849	1,341,076	(116,773)
Supplies	106,885	162,885	81,791	(81,094)
Other Services & Charges	2,823,070	3,228,546	2,219,027	(1,009,519)
Capital Outlay	333,552	410,052	-	(410,052)
Debt Services	-	-	440,580	440,580
Total Expenditures	<u>4,586,716</u>	<u>5,259,332</u>	<u>4,082,474</u>	<u>(1,176,858)</u>
PERSONNEL				
EXPENDITURES				
Personnel Services	712,752	796,131	792,470	(3,661)
Supplies	14,493	14,493	7,582	(6,911)
Other Services & Charges	125,807	155,807	91,715	(64,092)
Capital Outlay	-	-	-	-
Debt Services	-	-	50,764	50,764
Total Expenditures	<u>853,052</u>	<u>966,431</u>	<u>942,531</u>	<u>(23,900)</u>
ADMINISTRATION				
EXPENDITURES				
Personnel Services	5,953,744	6,545,834	6,094,266	(451,568)
Supplies	636,568	663,707	1,066,085	402,378
Other Services & Charges	5,087,785	5,569,860	3,766,731	(1,803,129)
Capital Outlay	4,968,573	5,022,416	2,882,842	(2,139,574)
Debt Services	-	-	90,987	90,987
Total Expenditures	<u>16,646,670</u>	<u>17,801,817</u>	<u>13,900,911</u>	<u>(3,900,906)</u>
GENERAL GOVERNMENT				
EXPENDITURES				
Personnel Services	5,435,169	5,776,049	4,925,693	(850,356)
Supplies	259,043	318,298	174,929	(143,369)
Other Services & Charges	22,377,438	15,049,547	6,575,478	(8,474,069)
Capital Outlay	16,942	17,527	-	(17,527)
Debt Services	-	-	7,865,931	7,865,931
Total Expenditures	<u>28,088,592</u>	<u>21,161,421</u>	<u>19,542,031</u>	<u>(1,619,390)</u>
Transfers Out	-	-	8,608,230	8,608,230
Ending Fund Balance	-	-	28,388,113	28,388,113
Total General Fund Expenditures and Ending Fund Balance	<u>\$ 126,264,814</u>	<u>\$ 127,990,491</u>	<u>\$ 149,232,261</u>	<u>21,241,770</u>

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance
CLAIMS FUND (018)				
REVENUES				
Interest Earned	\$ -	\$ 84,753	\$ 101,033	16,280
Appropriation from General Fund	500,000	500,000	500,000	-
Beginning Fund Balance	3,917,717	3,832,964	4,792,869	959,905
Total Revenues	\$ 4,417,717	\$ 4,417,717	\$ 5,393,902	976,185
EXPENDITURES				
Other Services and Charges	\$ 4,417,717	\$ 4,417,717	\$ 296,788	(4,120,929)
Ending Fund Balance	-	-	5,097,114	5,097,114
Total Expenditures	\$ 4,417,717	\$ 4,417,717	\$ 5,393,902	976,185

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

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	\$ 60,024,315	\$ -	\$ -	\$ 60,024,315
Franchise taxes	7,298,009	-	-	7,298,009
Licenses and permits	1,464,217	-	-	1,464,217
Intergovernmental	34,619,908	-	-	34,619,908
Fines and forfeitures	1,739,334	-	-	1,739,334
Admissions, fees, rentals and concessions	5,198,037	-	-	5,198,037
Interest	480,039	101,033	-	581,072
Other	2,944,904	-	-	2,944,904
Total revenues	113,768,763	101,033	-	113,869,796
EXPENDITURES				
Current:				
General government	29,728,299	296,788	-	30,025,087
Public safety	54,190,277	-	-	54,190,277
Public works	10,126,094	-	-	10,126,094
Human and Cultural services	3,641,894	-	-	3,641,894
Debt Service:				
Principal	9,613,998	-	-	9,613,998
Interest and service charges	439,848	-	-	439,848
Capital outlay:				
General government	2,927,442	-	-	2,927,442
Public Works	380,120	-	-	380,120
Public safety	1,187,946	-	-	1,187,946
Total expenditures	112,235,918	296,788	-	112,532,706
Excess (deficiency) of revenues over (under) expenditures	1,532,845	(195,755)	-	1,337,090
OTHER FINANCING SOURCES (USES)				
Transfers in	-	500,000	(500,000)	-
Transfers out	(8,608,230)	-	500,000	(8,108,230)
Proceeds from capitalized leases	11,393,273	-	-	11,393,273
Sale of capital assets	255,845	-	-	255,845
Total other financing sources (uses)	3,040,888	500,000	-	3,540,888
Net change in fund balances	4,573,733	304,245	-	4,877,978
Fund balances at beginning of year	31,060,332	4,792,869	-	35,853,201
Fund balances at end of year - GAAP basis	35,634,065	5,097,114	-	40,731,179
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				
	(7,245,952)	-	-	(7,245,952)
Fund balances at end of year - budgetary basis	\$ 28,388,113	\$ 5,097,114	\$ -	\$ 33,485,227

**OTHER SUPPLEMENTARY
INFORMATION**

**MAJOR GOVERNMENTAL
FUNDS**

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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
SENIOR AIDES FUND (012)				
REVENUES				
NCSC Senior Aides	\$ 423,144	\$ 495,950	\$ 459,655	(36,295)
Interest	-	-	-	-
Transfer In/From General Fund	68,852	86,652	83,242	(3,410)
Beginning Fund Balance	-	-	(109,167)	(109,167)
Total Revenues and Beginning Fund Balance	<u>\$ 491,996</u>	<u>\$ 582,602</u>	<u>\$ 433,730</u>	<u>(148,872)</u>
EXPENDITURES				
Personnel Services	\$ 477,169	\$ 567,775	\$ 584,242	16,467
Supplies	4,413	4,813	4,380	(433)
Other Services and Charges	6,134	5,734	1,450	(4,284)
Capital Outlay	4,280	4,280	-	(4,280)
Ending Fund Balance	-	-	(156,342)	(156,342)
Total Expenditures and Ending Fund Balance	<u>\$ 491,996</u>	<u>\$ 582,602</u>	<u>\$ 433,730</u>	<u>(148,872)</u>
FEDERAL GRANT FUND (019, 069, 083, 084, 087, 103, 106, 117, 119, 139)				
REVENUES				
Interest Income	\$ -	\$ -	\$ 1,482	1,482
Beginning Fund Balance	-	-	705,089	705,089
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 706,571</u>	<u>706,571</u>
EXPENDITURES				
Ending Fund Balance	\$ -	\$ -	\$ 706,571	706,571
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 706,571</u>	<u>706,571</u>
HUD SECTION 108 LOAN FUND (063)				
REVENUES				
Beginning Fund Balance	\$ -	\$ 261,121	\$ 370,923	109,802
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ 261,121</u>	<u>\$ 370,923</u>	<u>109,802</u>
EXPENDITURES				
Other Services and Charges	\$ -	\$ 261,121	\$ -	(261,121)
Transfers to Other Funds	-	-	261,121	261,121
Ending Fund Balance	-	-	109,802	109,802
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 261,121</u>	<u>\$ 370,923</u>	<u>109,802</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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
COPS TECHNOLOGY GRANT (072)				
REVENUES				
Cops Technology Grant	\$ 3,332	\$ 3,332	\$ -	(3,332)
Total Revenues and Beginning Fund Balance	<u>\$ 3,332</u>	<u>\$ 3,332</u>	<u>\$ -</u>	<u>(3,332)</u>
EXPENDITURES				
Capital Outlay	\$ 3,332	\$ 3,332	\$ -	(3,332)
Total Expenditures and Ending Fund Balance	<u>\$ 3,332</u>	<u>\$ 3,332</u>	<u>\$ -</u>	<u>(3,332)</u>
EARLY CHILDHOOD FUND (081)				
REVENUES				
USDA Food Revenue (Daycare)	\$ 263,500	\$ 227,886	\$ 155,929	(71,957)
OCY- Partnership	868,302	750,027	580,573	(169,454)
Interest	-	3,939	5,654	1,715
Mary Jones Daycare	66,000	66,000	75,483	9,483
Westside Daycare	43,000	43,000	104,650	61,650
Transfers From General Fund	263,641	378,196	371,194	(7,002)
Beginning Fund Balance	-	-	318,059	318,059
Total Revenues and Beginning Fund Balance	<u>\$ 1,504,443</u>	<u>\$ 1,469,048</u>	<u>\$ 1,611,542</u>	<u>142,494</u>
EXPENDITURES				
Personal Services	\$ 1,257,067	\$ 1,240,471	\$ 1,215,133	(25,338)
Supplies	163,190	144,563	102,992	(41,571)
Other Services and Charges	82,836	82,664	53,770	(28,894)
Capital Outlay	1,350	1,350	-	(1,350)
Ending Fund Balance	-	-	239,647	239,647
Total Expenditures and Ending Fund Balance	<u>\$ 1,504,443</u>	<u>\$ 1,469,048</u>	<u>\$ 1,611,542</u>	<u>142,494</u>
CDBG FUND (085)				
REVENUES				
Transfer In from General Fund	\$ -	\$ 59,847	\$ 26,121	(33,726)
CDBG - Housing & Community Development Grant	3,934,074	5,110,933	1,244,667	(3,866,266)
City Matching Funds	429,809	429,809	-	(429,809)
Lead Based Hazard Grant	1,235,092	1,235,092	343,333	(891,759)
Interest on Investments	-	16,990	25,089	8,099
Program Income/Other Department	-	21,443	21,443	-
Beginning Fund Balance	-	17,532	(171,038)	(188,570)
Total Revenues and Beginning Fund Balance	<u>\$ 5,598,975</u>	<u>\$ 6,891,646</u>	<u>\$ 1,489,615</u>	<u>(5,402,031)</u>
EXPENDITURES				
Personal Services	\$ 720,838	\$ 810,529	\$ 595,904	(214,625)
Supplies	51,640	50,092	19,106	(30,986)
Other Services and Charges	4,821,298	5,960,752	1,024,897	(4,935,855)
Debt Service	-	-	26,121	26,121
Capital Outlay	5,199	70,273	416,214	345,941
Ending Fund Balance	-	-	(592,627)	(592,627)
Total Expenditures and Ending Fund Balance	<u>\$ 5,598,975</u>	<u>\$ 6,891,646</u>	<u>\$ 1,489,615</u>	<u>(5,402,031)</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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
EMERGENCY SHELTER GRANT (086)				
REVENUES				
Emergency Shelter Grant	\$ 291,566	\$ 376,735	\$ 142,596	(234,139)
Interest Earned on Repo	-	-	-	-
Beginning Fund Balance	-	-	(26,031)	(26,031)
Total Revenues and Beginning Fund Balance	\$ 291,566	\$ 376,735	\$ 116,565	(260,170)
EXPENDITURES				
Personal Services	\$ 31,357	\$ 31,357	\$ 11,105	(20,252)
Other Services and Charges	260,209	345,378	197,998	(147,380)
Ending Fund Balance	-	-	(92,538)	(92,538)
Total Expenditures and Ending Fund Balance	\$ 291,566	\$ 376,735	\$ 116,565	(260,170)
METRO MEDICAL RESPONSE SYSTEM (093)				
REVENUES				
MMRS Grant-Metro Med Response	\$ 25,198	\$ 25,198	-	(25,198)
Interest	-	271	391	120
Beginning Fund Balance	-	-	115	115
Total Revenues	\$ 25,198	\$ 25,469	\$ 506	(24,963)
EXPENDITURES				
Supplies	\$ 105	\$ 376	-	(376)
Other Services and Charges	24,445	24,445	-	(24,445)
Capital Outlay	648	648	-	(648)
Ending Fund Balance	-	-	506	506
Total Expenditures and Ending Fund Balance	\$ 25,198	\$ 25,469	\$ 506	(24,963)
HOME PROGRAM (120)				
REVENUES				
Home Program	\$ 2,881,959	\$ 2,881,959	\$ 524,954	(2,357,005)
Interest Earned on Investments	-	225	301	76
Other Revenue	-	6,630	6,630	-
Beginning Fund Balance	-	-	14,983	14,983
Total Revenues and Beginning Fund Balance	\$ 2,881,959	\$ 2,888,814	\$ 546,868	(2,341,946)
EXPENDITURES				
Personnel Services	\$ 118,265	\$ 118,265	\$ 70,370	(47,895)
Supplies	9,800	9,800	1,664	(8,136)
Other Services and charges	2,753,894	2,760,749	875,810	(1,884,939)
Capital Outlay	-	-	-	-
Ending Fund Balance	-	-	(400,976)	(400,976)
Total Expenditures and Ending Fund Balance	\$ 2,881,959	\$ 2,888,814	\$ 546,868	(2,341,946)

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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
HOPWA GRANT FUND (122)				
REVENUES				
HOPWA Grant-Dept. of HUD	\$ 5,153,922	\$ 5,234,742	\$ 3,806,874	(1,427,868)
Beginning Fund Balance	-	-	(252,211)	(252,211)
Total Revenues and Beginning Fund Balance	\$ 5,153,922	\$ 5,234,742	\$ 3,554,663	(1,680,079)
EXPENDITURES				
Personnel Services	\$ 107,432	\$ 107,432	\$ 40,756	(66,676)
Supplies	3,000	5,500	573	(4,927)
Other Services and charges	5,043,490	5,121,810	3,805,074	(1,316,736)
Ending Fund Balance	-	-	(291,740)	(291,740)
Total Expenditures and Ending Fund Balance	\$ 5,153,922	\$ 5,234,742	\$ 3,554,663	(1,680,079)
TITLE III AGING (125)				
REVENUES				
Title III B Outreach	\$ 10,000	\$ 13,000	\$ 13,833	833
Title III B Transportation	125,115	142,115	141,615	(500)
Title III Congregate Meals	80,666	80,666	80,666	-
SSBG Title XX Home Delivery	262,200	282,000	229,340	(52,660)
Interest Earned	-	13,374	19,250	5,876
Grants & Donations	-	10,935	7,365	(3,570)
Senior Citizens Special Events	-	-	625	625
Title III Congregate Donation	3,000	3,000	3,213	213
Title III Trans Donation	-	188	188	-
Title XX-Transportation Donation P.I.	500	500	419	(81)
Transfer In/From General Fund	337,785	355,396	336,659	(18,737)
Beginning Fund Balance	-	40,624	1,127,505	1,086,881
Total Revenues and Beginning Fund Balance	\$ 819,266	\$ 941,798	\$ 1,960,678	1,018,880
EXPENDITURES				
Personnel Services	\$ 143,618	\$ 162,355	\$ 159,565	(2,790)
Supplies	350,443	398,052	351,656	(46,396)
Other Services and charges	325,205	381,391	353,364	(28,027)
Ending Fund Balance	-	-	1,096,093	1,096,093
Total Expenditures and Ending Fund Balance	\$ 819,266	\$ 941,798	\$ 1,960,678	1,018,880
AMERICORPS (134)				
REVENUES				
Interest Earned on Investment	\$ -	\$ -	\$ 1,550	1,550
Beginning Fund Balance	-	-	93,070	93,070
Total Revenues and Beginning Fund Balance	\$ -	\$ -	\$ 94,620	94,620
EXPENDITURES				
Ending Fund Balance	-	-	94,620	94,620
Total Expenditures and Ending Fund Balance	\$ -	\$ -	\$ 94,620	94,620

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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
ED BYRNE MEMORIAL GRANT FUND (353, 356, 359, 361)				
REVENUES				
Edward Byrne Mem Justice Grant	\$ 419,745	\$ 703,775	\$ 419,202	(284,573)
Beginning Fund Balance	-	-	(157,828)	(157,828)
Total Revenues	\$ 419,745	\$ 703,775	\$ 261,374	(442,401)
EXPENDITURES				
Supplies	\$ -	\$ -	\$ 31,591	31,591
Transfers to Others Funds	33,600	33,600	230,461	196,861
Other Services and charges	174,286	205,877	-	(205,877)
Capital Outlay	211,859	464,298	-	(464,298)
Ending Fund Balance	-	-	(678)	(678)
Total Expenditures and Ending Fund Balance	\$ 419,745	\$ 703,775	\$ 261,374	(442,401)
BODY CAMERA GRANT (362)				
REVENUES				
Intergovernmental - Federal	\$ -	\$ 300,000	\$ 300,000	-
Transfer from Other Funds	-	306,000	306,000	-
Total Revenues and Beginning Fund Balance	\$ -	\$ 606,000	\$ 606,000	-
EXPENDITURES				
Supplies	\$ -	\$ -	\$ 600,000	600,000
Other Services and Charges	-	6,000	1,388	(4,612)
Capital Outlay	-	600,000	-	(600,000)
Ending Fund Balance	-	-	4,612	4,612
Total Expenditures and Ending Fund Balance	\$ -	\$ 606,000	\$ 606,000	-
KABOOM GRANT-PLAYGROUND EQUIPMENT (354)				
REVENUES				
KABOOM-Playground Equipment	\$ 38,151	\$ 38,151	\$ -	(38,151)
Beginning Fund Balance	-	-	29,887	29,887
Total Revenues and Beginning Fund Balance	\$ 38,151	\$ 38,151	\$ 29,887	(8,264)
EXPENDITURES				
Other Services and Charges	\$ 38,151	\$ 38,151	\$ -	(38,151)
Ending Fund Balance	-	-	29,887	29,887
Total Expenditures and Ending Fund Balance	\$ 38,151	\$ 38,151	\$ 29,887	(8,264)

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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
SAMHSA - 1 U79 SMO61630-01 (355)				
REVENUES				
Transfers In from General Fund	\$ -	\$ -	\$ -	-
City Matching Funds	848,162	-	-	-
Beginning Fund Balance	-	344	6,263	5,919
SAMHSA - 1 U79 SM061630-01	848,162	14,481	4,209	(10,272)
Total Revenues and Beginning Fund Balance	\$ 1,696,324	\$ 14,825	\$ 10,472	\$ (4,353)
EXPENDITURES				
Transfers to Other Funds	\$ -	\$ -	\$ 276	276
Personnel	79,447	6,846	6,195	(651)
Supplies	1,922	-	-	-
Other Services and Charges	1,614,955	7,979	4,001	(3,978)
Total Expenditures and Ending Fund Balance	\$ 1,696,324	\$ 14,825	\$ 10,472	(4,353)
TIGER GRANT (357)				
REVENUES				
Tiger Grant	\$ 13,581,901	\$ 13,581,901	\$ 5,458,646	(8,123,255)
Interest Earned on Investment	-	-	-	-
Beginning Fund Balance	-	-	(1,017,990)	(1,017,990)
Total Revenues and Beginning Fund Balance	\$ 13,581,901	\$ 13,581,901	\$ 4,440,656	(9,141,245)
EXPENDITURES				
Other Services and Charges	\$ 13,581,901	\$ 13,581,901	\$ -	(13,581,901)
Capital Outlay	-	-	7,233,324	7,233,324
Ending Fund Balance	-	-	(2,792,668)	(2,792,668)
Total Expenditures and Ending Fund Balance	\$ 13,581,901	\$ 13,581,901	\$ 4,440,656	(9,141,245)
BLIGHT ELIMINATION GRANT (360)				
REVENUES				
Intergovernmental - Federal	\$ -	\$ 323,560	\$ -	(323,560)
Beginning Fund Balance	-	-	322,500	322,500
Total Revenues and Beginning Fund Balance	\$ -	\$ 323,560	\$ 322,500	(1,060)
EXPENDITURES				
Other Services and Charges	\$ -	\$ 323,560	\$ 25,378	(298,182)
Ending Fund Balance	-	-	297,122	297,122
Total Expenditures and Ending Fund Balance	\$ -	\$ 323,560	\$ 322,500	(1,060)

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, 2019

For managerial and budgeting purposes, the City maintains multiple special revenue funds for federal grants that it treats separately. However, these separate federal grant funds do not meet the criteria for separate fund presentation as set forth by GASB and for reporting purposes are presented together as a single Federal Grants Special Revenue Fund in order to comply with GAAP. The Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual compares the budgets adopted for various separate federal grant funds with the related revenues and expenditures of these separate funds. Following is a reconciliation of the ending budgetary basis fund balances of the separate federal grant funds to the ending GAAP basis fund balance of the Federal Grants Special Revenue Fund.

Ending budgetary basis fund balance:		
Senior Aides Fund	\$	(156,342)
Federal Grant Fund		706,571
HUD Section 108 Loan Fund		109,802
COPS Technology Grant Fund		-
Early Childhood Fund		239,647
CDBG Fund		(592,627)
Emergency Shelter Grant Fund		(92,538)
Metro Medical Response System Fund		506
Home Program Fund		(400,976)
HOPWA Grant Fund		(291,740)
Title III Aging Fund		1,096,093
Americorps Fund		94,620
Ed Byrne Memorial Grant Fund		(678)
Body Camera Grant		4,612
Kaboom Grant- Playground Equipment Fund		29,887
SAMHSA - 1 U99 SMO61630-01 Fund		-
TIGER Grant Fund		(2,792,668)
Blight Elimination Grant		297,122
		<u>(1,748,709)</u>
Amounts reported are different under GAAP basis because:		
Revenues under the budgetary basis are recognized		
when cash is received		4,538,165
Ending GAAP basis fund balance	\$	<u><u>2,789,456</u></u>

City of Jackson
1% Infrastructure Tax Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance
1% INFRASTRUCTURE TAX (173)				
REVENUES				
General Property Taxes	\$ -	\$ 14,528,271	\$ 14,528,271	-
Interest Earned	-	341,185	483,983	142,798
Transfer In	16,545,974	38,934,970	-	(38,934,970)
Beginning Fund Balance	-	-	27,582,334	27,582,334
Total Revenues and Beginning Fund Balance	<u>\$ 16,545,974</u>	<u>\$ 53,804,426</u>	<u>\$ 42,594,588</u>	<u>\$ (11,209,838)</u>
EXPENDITURES				
Other Services and Charges	\$ 16,335,887	\$ 53,594,339	-	(53,594,339)
Capital Outlay	210,087	210,087	10,373,350	10,163,263
Transfers to Other Funds	-	-	12,463,477	12,463,477
Ending Fund Balance	-	-	19,757,761	19,757,761
Total Expenditures and Ending Fund Balance	<u>\$ 16,545,974</u>	<u>\$ 53,804,426</u>	<u>\$ 42,594,588</u>	<u>(11,209,838)</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.

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 Special Revenue 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.

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 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.

2018 TIF Capital Project Fund – Westin

To account for proceeds of a tax increment financing bond of \$1,750,000 issued to finance and/or reimburse infrastructure and site improvement costs to the Westin project developer and pay costs of issuance of the debt.

2019 TIF Capital Project Fund

To account for proceeds of a tax increment financing bond of \$1,762,000 issued to finance and/or reimburse infrastructure and site improvement costs to the Landmark project developer and pay cost of issuance of the debt.

City of Jackson
Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2019

	<u>Special Revenue</u>					
	<u>Parks and Recreation</u>	<u>Disability and Relief</u>	<u>State Grant</u>	<u>Improvement Fund</u>	<u>Library</u>	<u>Total Special Revenue</u>
ASSETS						
Cash and cash equivalents	\$ 990,239	\$ 536,085	\$ 895,988	\$ 3,665,485	\$ 299,414	\$ 6,387,211
Receivables	2,440,590	4,725,555	110,381	1,701,718	2,086,424	11,064,668
Total current assets	<u>\$ 3,430,829</u>	<u>\$ 5,261,640</u>	<u>\$ 1,006,369</u>	<u>\$ 5,367,203</u>	<u>\$ 2,385,838</u>	<u>\$ 17,451,879</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 383,805	\$ 543,798	\$ 85,239	\$ 545,225	\$ 50,760	\$ 1,608,827
Unearned grant revenue	-	-	673,373	409,293	-	1,082,666
Other liabilities	121,780	-	-	-	-	121,780
Due to other funds	-	-	-	-	220,416	220,416
Total liabilities	<u>505,585</u>	<u>543,798</u>	<u>758,612</u>	<u>954,518</u>	<u>271,176</u>	<u>3,033,689</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes levied for subsequent year	2,407,153	4,657,841	-	1,082,747	2,058,116	10,205,857
Total deferred inflows of resources	<u>2,407,153</u>	<u>4,657,841</u>	<u>-</u>	<u>1,082,747</u>	<u>2,058,116</u>	<u>10,205,857</u>
FUND BALANCES						
Restricted	514,052	-	247,757	-	56,546	818,355
Committed	4,039	60,001	-	3,329,938	-	3,393,978
Total fund balance	<u>518,091</u>	<u>60,001</u>	<u>247,757</u>	<u>3,329,938</u>	<u>56,546</u>	<u>4,212,333</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,430,829</u>	<u>\$ 5,261,640</u>	<u>\$ 1,006,369</u>	<u>\$ 5,367,203</u>	<u>\$ 2,385,838</u>	<u>\$ 17,451,879</u>

(Continued)

Capital Projects

Debt Service	1998 GO Bond	2009 GO Bond	Capitol Street 2-way	2012 GO Note	Thalia Mara Hall Renovation	2018 TIF Capital Fund-Westin	2019 TIF Capital Fund	Total Capital Projects	Total Nonmajor Governmental Funds
\$ 7,879,305	\$ 10,716	\$ 145,380	\$ 1,807,446	\$ 746,790	\$ 114	\$ -	\$ -	\$ 2,710,446	\$ 16,976,962
7,499,441	-	-	-	-	-	-	-	-	18,564,109
<u>\$ 15,378,746</u>	<u>\$ 10,716</u>	<u>\$ 145,380</u>	<u>\$ 1,807,446</u>	<u>\$ 746,790</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,710,446</u>	<u>\$ 35,541,071</u>
\$ 5,476	\$ -	\$ -	\$ 4,299	\$ -	\$ -	\$ -	\$ -	\$ 4,299	\$ 1,618,602
-	-	-	-	-	-	-	-	-	1,082,666
-	-	-	-	-	-	-	-	-	121,780
-	-	-	-	-	-	-	-	-	220,416
<u>5,476</u>	<u>-</u>	<u>-</u>	<u>4,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,299</u>	<u>3,043,464</u>
<u>7,401,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,607,853</u>
<u>7,401,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,607,853</u>
7,971,274	10,716	145,380	1,803,147	746,790	114	-	-	2,706,147	11,495,776
-	-	-	-	-	-	-	-	-	3,393,978
<u>7,971,274</u>	<u>10,716</u>	<u>145,380</u>	<u>1,803,147</u>	<u>746,790</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>2,706,147</u>	<u>14,889,754</u>
<u>\$ 15,378,746</u>	<u>\$ 10,716</u>	<u>\$ 145,380</u>	<u>\$ 1,807,446</u>	<u>\$ 746,790</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,710,446</u>	<u>\$ 35,541,071</u>

City of Jackson
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended September 30, 2019

	<u>Special Revenue</u>					
	<u>Parks and Recreation</u>	<u>Disability and Relief</u>	<u>State Grant</u>	<u>Improvement Fund</u>	<u>Library</u>	<u>Total Special Revenue</u>
REVENUES						
General property taxes	\$ 2,389,086	\$ 4,919,766	\$ -	\$ 1,103,756	\$ 2,103,382	\$ 10,515,990
Intergovernmental	69,894	143,281	375,064	2,776,515	61,506	3,426,260
Admissions, fees, rentals and concessions	305,025	-	-	-	-	305,025
Interest	20,750	9,015	1,364	92,975	-	124,104
Other	33,578	-	391,627	140,681	-	565,886
Total revenues	<u>2,818,333</u>	<u>5,072,062</u>	<u>768,055</u>	<u>4,113,927</u>	<u>2,164,888</u>	<u>14,937,265</u>
EXPENDITURES						
Current:						
General government	-	-	222,840	-	-	222,840
Public safety	-	5,069,391	104,383	510	-	5,174,284
Public works	-	-	-	1,350,328	-	1,350,328
Human and cultural services	6,048,233	-	166,279	-	2,063,310	8,277,822
Debt Service:						
Principal	196,835	-	-	-	-	196,835
Interest and service charges	22,678	-	-	-	-	22,678
Capital Outlay:						
Public works	-	-	-	5,679,226	-	5,679,226
Public safety	-	-	164,031	-	-	164,031
Human and cultural services	376,065	-	-	114,275	-	490,340
Total expenditures	<u>6,643,811</u>	<u>5,069,391</u>	<u>657,533</u>	<u>7,144,339</u>	<u>2,063,310</u>	<u>21,578,384</u>
Excess (deficiency) of revenues over expenditures	<u>(3,825,478)</u>	<u>2,671</u>	<u>110,522</u>	<u>(3,030,412)</u>	<u>101,578</u>	<u>(6,641,119)</u>
OTHER FINANCING SOURCES						
Transfers in	3,152,293	-	-	1,148,927	-	4,301,220
Transfers out	-	-	-	-	-	-
Issuance of long-term debt	101,970	-	-	-	-	101,970
Total other financing sources	<u>3,254,263</u>	<u>-</u>	<u>-</u>	<u>1,148,927</u>	<u>-</u>	<u>4,403,190</u>
Net change in fund balances	<u>(571,215)</u>	<u>2,671</u>	<u>110,522</u>	<u>(1,881,485)</u>	<u>101,578</u>	<u>(2,237,929)</u>
Fund balances at beginning of year	<u>1,089,306</u>	<u>57,330</u>	<u>137,235</u>	<u>5,211,423</u>	<u>(45,032)</u>	<u>6,450,262</u>
Fund balances at end of year	<u>\$ 518,091</u>	<u>\$ 60,001</u>	<u>\$ 247,757</u>	<u>\$ 3,329,938</u>	<u>\$ 56,546</u>	<u>\$ 4,212,333</u>

Capital Projects

Debt Service	1998 GO Bond	2009 GO Bond	Capitol Street 2-way	2012 GO Note	Thalia Mara Hall Renovation	2018 TIF Capital Fund-Westin	2019 TIF Capital Fund	Total Capital Projects	Total Nonmajor Governmental Funds
\$ 7,941,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,457,390
4,580,570	-	-	-	-	-	-	-	-	8,006,830
-	-	-	-	-	-	-	-	-	305,025
128,896	175	2,763	29,792	12,237	-	-	-	44,967	297,967
-	-	-	-	-	-	-	-	-	565,886
<u>12,650,866</u>	<u>175</u>	<u>2,763</u>	<u>29,792</u>	<u>12,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,967</u>	<u>27,633,098</u>
-	-	-	-	-	-	1,476,500	1,621,175	3,097,675	3,320,515
-	-	-	-	-	-	-	-	-	5,174,284
-	-	-	-	-	-	-	-	-	1,350,328
-	-	-	-	-	-	-	-	-	8,277,822
6,828,904	-	-	-	-	-	-	-	-	7,025,739
5,013,825	-	-	-	-	-	81,000	157,826	238,826	5,275,329
-	-	5,772	15,768	-	-	-	-	21,540	5,700,766
-	-	-	-	-	-	-	-	-	164,031
-	-	-	-	-	-	-	-	-	490,340
<u>11,842,729</u>	<u>-</u>	<u>5,772</u>	<u>15,768</u>	<u>-</u>	<u>-</u>	<u>1,557,500</u>	<u>1,779,001</u>	<u>3,358,041</u>	<u>36,779,154</u>
<u>808,137</u>	<u>175</u>	<u>(3,009)</u>	<u>14,024</u>	<u>12,237</u>	<u>-</u>	<u>(1,557,500)</u>	<u>(1,779,001)</u>	<u>(3,313,074)</u>	<u>(9,146,056)</u>
192,500	-	-	-	-	-	-	17,001	17,001	4,510,721
-	-	-	-	-	-	(192,500)	-	(192,500)	(192,500)
-	-	-	-	-	-	1,750,000	1,762,000	3,512,000	3,613,970
<u>192,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,557,500</u>	<u>1,779,001</u>	<u>3,336,501</u>	<u>7,932,191</u>
<u>1,000,637</u>	<u>175</u>	<u>(3,009)</u>	<u>14,024</u>	<u>12,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,427</u>	<u>(1,213,865)</u>
<u>6,970,637</u>	<u>10,541</u>	<u>148,389</u>	<u>1,789,123</u>	<u>734,553</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>2,682,720</u>	<u>16,103,619</u>
<u>\$ 7,971,274</u>	<u>\$ 10,716</u>	<u>\$ 145,380</u>	<u>\$ 1,803,147</u>	<u>\$ 746,790</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,706,147</u>	<u>\$ 14,889,754</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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
REVENUES				
Aircraft Registration	\$ 500	\$ 500	\$ 486	(14)
Homestead Exemption	65,000	65,000	68,421	3,421
Homestead Exemption Chargeback	-	-	985	985
Sonny Guy Green Fees	25,000	25,000	55,031	30,031
Sonny Guy Electric Golf Cart Rent	25,000	25,000	21,814	(3,186)
Range Balls	-	-	2,072	2,072
Swimming Fees	10,000	10,000	8,324	(1,676)
Athletic Fees	45,000	45,000	31,750	(13,250)
Gym User Fees	14,000	14,000	21,751	7,751
Parks Building Rentals	37,032	37,032	15,111	(21,921)
Park Field Rentals	7,414	7,414	24,105	16,691
Parks Concessions	100	100	139	39
Parks Programs Registration	7,000	7,000	8,350	1,350
Jones Center Rentals	17,561	17,561	10,152	(7,409)
Dance, Karate & Aerobics	1,000	1,000	270	(730)
Parks- Other	125,000	36,667	-	(36,667)
Vendor Fees - Par	2,000	2,000	1,225	(775)
Admissions/Summer Festivals	-	32,000	41,633	9,633
Mynelle Garden - Photography	2,161	2,161	325	(1,836)
Mynelle Garden - Garden Admissions	5,000	5,000	2,583	(2,417)
Mynelle Garden - Garden Rentals	499	499	-	(499)
Mynelle Garden - Garden Weddings	2,000	2,000	4,712	2,712
Mynelle Garden - Garden Gift Shop Sales	200	200	20	(180)
Mynelle Garden - Grants	-	-	2,600	2,600
Donations-Summer Festivals	-	35,100	29,675	(5,425)
Rents & Royalties	18,249	18,249	23,260	5,011
Interest	-	15,360	20,750	5,390
Grants & Donations	-	30,884	3,904	(26,980)
Cemeteries Openings and Closings	20,000	20,000	29,800	9,800
Proceeds of Long Term Debt	500,000	575,627	101,970	(473,657)
Transfers In From General Fund	3,152,293	3,614,158	3,152,293	(461,865)
Beginning Fund Balance	-	913,019	1,058,930	145,911
Total Revenue from Sources other than Taxation	<u>4,082,009</u>	<u>5,557,531</u>	<u>4,742,441</u>	<u>(815,090)</u>
Taxes				
Real Property	1,436,647	1,426,586	1,426,520	(66)
Personal Property	602,767	636,109	636,721	612
Delinquent Real	15,000	31,360	31,256	(104)
Delinquent Personal	1,596	(152)	335	487
Automotive	258,441	293,521	291,192	(2,329)
Total Taxes	<u>2,314,451</u>	<u>2,387,424</u>	<u>2,386,024</u>	<u>(1,400)</u>
Total Beginning Fund Balance and Anticipated Revenue from all Sources	<u>\$ 6,396,460</u>	<u>\$ 7,944,955</u>	<u>\$ 7,128,465</u>	<u>(816,490)</u>
EXPENDITURES				
Personnel Services	\$ 3,811,240	\$ 4,274,105	\$ 3,755,532	(518,573)
Supplies	537,727	807,333	672,890	(134,443)
Other Services and Charges	1,359,354	2,493,524	1,619,811	(873,713)
Capital Outlay	688,139	369,993	376,065	6,072
Debt Service	-	-	219,513	219,513
Ending Fund Balance	-	-	484,654	484,654
Total Expenditures and Ending Fund Balance	<u>\$ 6,396,460</u>	<u>\$ 7,944,955</u>	<u>\$ 7,128,465</u>	<u>(816,490)</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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
DISABILITY AND RELIEF FUND (055)				
REVENUES				
Real Property	\$ 2,974,540	\$ 2,935,141	\$ 2,935,002	(139)
Personal Property	1,212,839	1,304,797	1,306,023	1,226
Delinquent Realty	1	66,669	66,429	(240)
Delinquent Personal	-	-349	956	1,305
Automotive	528,562	612,019	609,866	(2,153)
Aircraft Registration	-	997	997	-
Homestead Exemption	67,508	142,284	142,284	-
Interest Income	-	7,493	9,015	1,522
Beginning Fund Balance	-	-	(8,894)	(8,894)
Total Revenues and Beginning Fund Balance	<u>\$ 4,783,450</u>	<u>\$ 5,069,051</u>	<u>\$ 5,061,678</u>	<u>(7,373)</u>
EXPENDITURES				
Other Services and Charges	\$ 4,783,450	\$ 5,069,051	\$ 5,069,391	340
Ending Fund Balance	-	-	(7,713)	(7,713)
Total Expenditures and Ending Fund Balance	<u>\$ 4,783,450</u>	<u>\$ 5,069,051</u>	<u>\$ 5,061,678</u>	<u>(7,373)</u>

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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
STATE GRANTS FUNDS (073,76,109,123,140,179,180,340)				
REVENUES				
Intergovernmental Revenue- MDA	\$ -	\$ -	\$ 106,650.00	106,650
Intergovernmental Revenue-DFA- Hawthorne Bridge	-	50,000	-	(50,000)
Intergovernmental Revenue-MEMA/Public Safety	60,000	429,105	178,024	(251,081)
Intergovernmental Revenue-KELLOGG	-	1,045,000	371,627	(673,373)
Intergovernmental Revenue-AARP- Smith Park	-	20,000	20,000	-
Interest	-	-	1,364	1,364
Beginning Fund Balance	-	-	117,245	117,245
Total Revenues and Beginning Fund Balance	\$ 60,000	\$ 1,544,105	\$ 794,910	(749,195)
EXPENDITURES				
Salaries	-	100,000	45,010	(54,990)
Supplies	15,061	158,428	73,949	(84,479)
Other Services and Charges	2,430	875,430	374,544	(500,886)
Capital Outlay	42,509	410,247	164,031	(246,216)
Ending Fund Balance	-	-	137,376	137,376
Total Expenditures and Ending Fund Balance	\$ 60,000	\$ 1,544,105	\$ 794,910	(749,195)

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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
BUSINESS IMPROVEMENT TAX ASSESSMENT (007)				
REVENUES				
Real Property Taxes	\$ 1,095,463	\$ 1,103,756	\$ 1,103,756	-
Interest	-	-	-	-
Beginning Fund Balance	-	-	15,011	15,011
Total Revenues and Beginning Fund Balance	<u>\$ 1,095,463</u>	<u>\$ 1,103,756</u>	<u>\$ 1,118,767</u>	<u>15,011</u>
EXPENDITURES				
Other Services and Charges	\$ 1,095,463	\$ 1,103,756	\$ 1,103,756	-
Ending Fund Balance	-	-	15,011	15,011
Total Expenditures and Ending Fund Balance	<u>\$ 1,095,463</u>	<u>\$ 1,103,756</u>	<u>\$ 1,118,767</u>	<u>15,011</u>
CAPITAL IMPROVEMENT FUND (047,141, 213, 214, 215, 216, 217, 223, 364)				
REVENUES				
Interest Earned	\$ -	\$ 65,671	\$ 92,934	27,263
Intergovernmental-State- (DFA Thalia Mara)	-	-	-	-
Intergovernmental-Federal- (MDOT)	-	256,998	550,247	293,249
Intergovernmental Federal- MEMA/FEMA	27,428	-	-	-
Intergovernmental-State - (MDOT)(TRAFFIC)	805,821	805,821	48,365	(757,456)
Intergovernmental-State - (MDOT)	500,000	4,157,528	1,522,212	(2,635,316)
Intergovernmental-State- Fondren Enhancement Proj	1,075,950	129,533	(14,829)	(144,362)
Intergovernmental-State - (DFA Parham Bridges)	99,952	99,952	-	(99,952)
Intergovernmental State- (DFA Hawthorne Bridge)	-	-	50,000	50,000
Intergovernmental-Local - (Street Resurfacing)	650,000	101,318	320,000	218,682
Other Revenue	-	140,481	140,481	-
Grants and Donations	15,000	335,000	200	(334,800)
Proceeds of Long Term Debt	496,800	496,800	-	(496,800)
Transfer In From General Fund	1,688,725	1,148,927	1,148,927	-
Beginning Fund Balance	3,894,885	3,518,732	4,875,326	1,356,594
Total Revenues and Beginning Fund Balance	<u>\$ 9,254,561</u>	<u>\$ 11,256,761</u>	<u>\$ 8,733,863</u>	<u>(2,522,898)</u>
EXPENDITURES				
Supplies	\$ 45,204	\$ 45,204	\$ 2,717	(42,487)
Other Services and Charges	9,164,491	11,166,691	239,366	(10,927,325)
Capital Outlay	44,866	44,866	5,793,501	5,748,635
Ending Fund Balance	-	-	2,698,279	2,698,279
Total Expenditures and Ending Fund Balance	<u>\$ 9,254,561</u>	<u>\$ 11,256,761</u>	<u>\$ 8,733,863</u>	<u>(2,522,898)</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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
GRAND GULF EMERGENCY PLANNING (365)				
REVENUES				
Interest	\$ -	\$ 31	\$ 42	11
Nuclear Power Plant	321,576	321,576	-	(321,576)
Beginning Fund Balance	-	-	2,635	2,635
Total Revenues and Beginning Fund Balance	<u>\$ 321,576</u>	<u>\$ 321,607</u>	<u>\$ 2,677</u>	<u>(318,930)</u>
EXPENDITURES				
Other Services and Charges	\$ 321,576	\$ 321,607	\$ 5,000	(316,607)
Ending Fund Balance	-	-	(2,323)	(2,323)
Total Expenditures and Ending Fund Balance	<u>\$ 321,576</u>	<u>\$ 321,607</u>	<u>\$ 2,677</u>	<u>(318,930)</u>

**City of Jackson
Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019**

	Original Budget	Final Budget	Actual Amount	Variance
LIBRARY FUND				
REVENUES				
Current Realty Taxes	\$ 1,264,249	\$ 1,255,403	\$ 1,255,344	(59)
Current Personal Taxes	530,435	559,780	560,316	536
Delinquent Realty Taxes	-	27,762	27,664	(98)
Delinquent Personal Taxes	-	(148)	209	357
Ad Valorem Tax on Automobiles	227,428	259,429	258,653	(776)
Aircraft Registration	-	428	428	-
Homestead Exemption	-	61,078	61,078	-
Transfers In	-	50,000	-	(50,000)
Beginning Fund Balance	-	-	(72,144)	(72,144)
Total Revenues and Beginning Fund Balance	<u>\$ 2,022,112</u>	<u>\$ 2,213,732</u>	<u>\$ 2,091,548</u>	<u>(122,184)</u>
EXPENDITURES				
Other Services and Charges	\$ 2,022,112	\$ 2,213,732	\$ 2,063,310	(150,422)
Ending Fund Balance	-	-	28,238	28,238
Total Expenditures and Ending Fund Balance	<u>\$ 2,022,112</u>	<u>\$ 2,213,732</u>	<u>\$ 2,091,548</u>	<u>(122,184)</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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
BOND AND INTEREST FUND				
REVENUES				
Current Realty Taxes	\$ 4,795,539	\$ 4,866,416	\$ 4,866,223	(193)
Current Personal Taxes	1,955,334	2,112,760	2,115,028	2,268
Delinquent Realty Taxes	1	49,736	49,618	(118)
Delinquent Personal Taxes	-	(307)	853	1,160
Ad Valorem Tax on Automotive	852,145	891,453	882,858	(8,595)
Aircraft Registration	-	1,608	1,608	-
Homestead Exemption	-	226,132	226,132	-
Homestead Exemption Chargeback	-	3,257	3,257	-
Interest Earnings	-	61,599	128,896	67,297
Special Assessment	-	-	-	-
Capital City Convention Commission	-	-	4,285,688	4,285,688
Other Departments	-	-	-	-
County Taxes	59,393	59,393	63,886	4,493
Proceeds of Long Term Debt	-	-	-	-
Transfer In From General Fund	-	-	-	-
Transfer In From Water/Sewer	-	-	-	-
Transfer In From Other Funds	11,792,803	11,884,553	192,500	(11,692,053)
Beginning Fund Balance	-	-	6,900,011	6,900,011
Total Revenue and Beginning Fund Balance	\$ 19,455,215	\$ 20,156,600	\$ 19,716,558	(440,042)
EXPENDITURES				
Other Services & Charges	\$ 19,455,215	\$ 20,156,600	\$ -	(20,156,600)
Debt Service	-	-	11,842,729	11,842,729
Ending Fund Balance	-	-	7,873,829	7,873,829
Total Expenditures and Ending Fund Balance	\$ 19,455,215	\$ 20,156,600	\$ 19,716,558	(440,042)

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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
G.O. BONDS 1998 CONSTRUCTION FUND (156)				
REVENUES				
Interest Earned	\$ -	\$ 122	\$ 175	53
Beginning Fund Balance	10,519	10,397	10,541	144
Total Revenues and Beginning Fund Balance	<u>\$ 10,519</u>	<u>\$ 10,519</u>	<u>\$ 10,716</u>	<u>197</u>
EXPENDITURES				
Other Services and Charges	\$ 10,519	\$ 10,519	\$ -	(10,519)
Ending Fund Balance	-	-	10,716	10,716
Total Expenditures and Ending Fund Balance	<u>\$ 10,519</u>	<u>\$ 10,519</u>	<u>\$ 10,716</u>	<u>197</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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
G.O.PUB IMPROVEMENT CONSTRUCTION BOND (148)				
REVENUES				
Intergovernmental- State	\$ 4,043,462	\$ 4,043,462	\$ -	(4,043,462)
Total Revenues and Beginning Fund Balance	<u>\$ 4,043,462</u>	<u>\$ 4,043,462</u>	<u>\$ -</u>	<u>(4,043,462)</u>
EXPENDITURES				
Other Services and Charges	\$ 4,043,462	\$ 4,043,462	\$ -	(4,043,462)
Total Expenditures and Ending Fund Balance	<u>\$ 4,043,462</u>	<u>\$ 4,043,462</u>	<u>\$ -</u>	<u>(4,043,462)</u>

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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
G.O. BONDS 2009 STREET CONSTRUCTION FUND (168)				
REVENUES				
Interest Earned	\$ -	\$ 1,934	\$ 2,763	829
Beginning Fund Balance	241,248	239,314	148,389	(90,925)
Total Revenues and Beginning Fund Balance	<u>\$ 241,248</u>	<u>\$ 241,248</u>	<u>\$ 151,152</u>	<u>(90,096)</u>
EXPENDITURES				
Other Services and Charges	\$ 241,248	\$ 241,248	-	(241,248)
Capital Outlay	-	-	5,772	5,772
Ending Fund Balance	-	-	145,380	145,380
Total Expenditures and Ending Fund Balance	<u>\$ 241,248</u>	<u>\$ 241,248</u>	<u>\$ 151,152</u>	<u>(90,096)</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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
CAPITOL STREET 2-WAY PROJECT (171)				
REVENUES				
Intergovernmental- State	\$ -	\$ -	\$ -	-
Interest Earned	938,739	20,642	29,792	9,150
Beginning Fund Balance	-	918,097	1,789,123	871,026
Total Revenues and Beginning Fund Balance	<u>\$ 938,739</u>	<u>\$ 938,739</u>	<u>\$ 1,818,915</u>	<u>880,176</u>
EXPENDITURES				
Other Services and Charges	\$ 938,739	\$ 938,739	\$ -	(938,739)
Capital Outlay	-	-	15,768	15,768
Ending Fund Balance	-	-	1,803,147	1,803,147
Total Expenditures and Ending Fund Balance	<u>\$ 938,739</u>	<u>\$ 938,739</u>	<u>\$ 1,818,915</u>	<u>880,176</u>

City of Jackson
2012 General Obligation Note Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget		Final Budget		Actual Amount	Variance
2012 G.O. NOTE-CAPITAL PROJECT FUND (190)						
REVENUES						
Interest Earned	\$ -	\$	-	\$	12,237	12,237
Beginning Fund Balance	733,346		733,346		734,553	1,207
Total Revenues and Beginning Fund Balance	<u>\$ 733,346</u>	\$	<u>733,346</u>	\$	<u>746,790</u>	<u>13,444</u>
EXPENDITURES						
Other Services and Charges	\$ 680,840	\$	680,840	\$	-	(680,840)
Capital Outlay	52,506		52,506		-	(52,506)
Ending Fund Balance	-		-		746,790	746,790
Total Expenditures and Ending Fund Balance	<u>\$ 733,346</u>	\$	<u>733,346</u>	\$	<u>746,790</u>	<u>13,444</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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
THALIA MARA HALL RENOVATION (172)				
REVENUES				
Beginning Fund Balance	\$ -	\$ -	\$ 114	114
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>114</u>
EXPENDITURES				
Ending Fund Balance	\$ -	\$ -	\$ 114	114
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>114</u>

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, 2019

	Original Budget	Final Budget	Actual Amount	Variance
MUSEUM TO MARKET PROJECT (351)				
REVENUES				
Intergovernmental-State Grants & Donation	\$ 1,000,000	\$ 1,000,000	\$ -	(1,000,000)
	-	-	-	-
Total Revenues and Beginning Fund Balance	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>(1,000,000)</u>
EXPENDITURES				
Other Services and Charges	\$ 1,000,000	\$ 1,000,000	\$ -	(1,000,000)
Total Expenditures and Ending Fund Balance	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>(1,000,000)</u>

City of Jackson
2018 TIF Capital Fund - Westin
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance
2018 TIF CAPITAL FUND - WESTIN (267)				
REVENUES				
Sale of Bonds	\$ -	\$ 1,750,000	\$ 1,750,000	-
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ 1,750,000</u>	<u>\$ 1,750,000</u>	<u>-</u>
EXPENDITURES				
Other Services and Charges	\$ -	\$ 1,750,000	\$ 1,476,500	(273,500)
Debt Service	-	-	81,000	81,000
Transfers to Debt Service Fund	-	-	192,500	192,500
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 1,750,000</u>	<u>\$ 1,750,000</u>	<u>-</u>

City of Jackson
2019 TIF Capital Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance
2019 TIF CAPITAL FUND- LANDMARK (269)				
REVENUES				
Sale of Bonds	\$ -	\$ 1,762,000	\$ 1,762,000	-
Transfer In	-	17,002	17,001	(1)
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ 1,779,002</u>	<u>\$ 1,779,001</u>	<u>(1)</u>
EXPENDITURES				
Other Services and Charges	\$ -	\$ 1,779,002	\$ 1,621,175	(157,827)
Debt Service	-	-	157,826	157,826
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 1,779,002</u>	<u>\$ 1,779,001</u>	<u>(1)</u>

**NON-MAJOR
PROPRIETARY FUNDS**

Nonmajor Proprietary Funds

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 Enterprise Funds
As of September 30, 2019

	Madison- Ridgeland Sewage	Transportation	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 2,066,716	\$ 2,066,716
Intergovernmental Receivable	-	1,235,846	1,235,846
Total Current Asset	-	3,302,562	3,302,562
Property, Plant and Equipment, at Cost			
Land	-	450,000	450,000
Buildings	-	8,664,594	8,664,594
Water plant, distribution system and equipment	587,818	655,773	1,243,591
Automotive and other equipment	5,278	12,342,677	12,347,955
	593,096	22,113,044	22,706,140
Less: accumulated depreciation	(317,306)	(8,272,763)	(8,590,069)
Net property, plant and equipment	275,790	13,840,281	14,116,071
Total Assets	275,790	17,142,843	17,418,633
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - other post employment benefits	-	60,028	60,028
Deferred outflows of resources - pension	-	163,773	163,773
Total deferred outflows of resources	-	223,801	223,801

City of Jackson
Combining Statement of Net Position
Proprietary Funds - Nonmajor Enterprise Funds
As of September 30, 2019

	Madison- Ridgeland Sewage	Transportation	Totals
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 29,520	\$ 1,579,958	\$ 1,609,478
Compensated absences	-	3,481	3,481
Other Post Employment Benefits liability	-	5,245	5,245
Total current liabilities	<u>29,520</u>	<u>1,588,684</u>	<u>1,618,204</u>
Net pension liability	-	917,005	917,005
Other Post Employment Benefits liability	-	267,939	267,939
Compensated absences	-	21,402	21,402
Total long-term liabilities	<u>-</u>	<u>1,206,346</u>	<u>1,206,346</u>
Total liabilities	<u>29,520</u>	<u>2,795,030</u>	<u>2,824,550</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - other post employment benefits	-	4,238	4,238
Deferred inflows of resources - pension	-	11,018	11,018
Total deferred inflows of resources	<u>-</u>	<u>15,256</u>	<u>15,256</u>
NET POSITION			
Net investment in capital assets	275,790	13,840,281	14,116,071
Unrestricted	(29,520)	716,077	686,557
Total Net Position	<u>\$ 246,270</u>	<u>\$ 14,556,358</u>	<u>\$ 14,802,628</u>

City of Jackson
Combining Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds - Nonmajor Enterprise Funds
For the Year Ended September 30, 2019

	Madison- Ridgeland Sewage	Transportation	Totals
Operating Revenues:			
Sales to Customers	\$ 69,650	\$ 443,126	\$ 512,776
Total Operating revenues	<u>69,650</u>	<u>443,126</u>	<u>512,776</u>
Operating Expenses:			
Personnel Services	-	684,117	684,117
Supplies	-	793,570	793,570
Other services and charges	97,873	6,051,759	6,149,632
Depreciation	15,344	1,150,132	1,165,476
Total operating expenses	<u>113,217</u>	<u>8,679,578</u>	<u>8,792,795</u>
Operating Income (loss)	<u>(43,567)</u>	<u>(8,236,452)</u>	<u>(8,280,019)</u>
Nonoperating Revenues (Expenses):			
Noncapital grants	-	5,282,524	5,282,524
Interest revenue	-	28,227	28,227
Loss on sale of capital assets	-	(136,995)	(136,995)
Total nonoperating revenues (expenses)	<u>-</u>	<u>5,173,756</u>	<u>5,173,756</u>
Loss before transfers	<u>(43,567)</u>	<u>(3,062,696)</u>	<u>(3,106,263)</u>
Transfers In:			
General Fund	<u>-</u>	<u>2,959,781</u>	<u>2,959,781</u>
Change in Net Position	<u>(43,567)</u>	<u>(102,915)</u>	<u>(146,482)</u>
Total net position - beginning	<u>289,837</u>	<u>14,659,273</u>	<u>14,949,110</u>
Total net position - ending	<u><u>\$ 246,270</u></u>	<u><u>\$ 14,556,358</u></u>	<u><u>\$ 14,802,628</u></u>

City of Jackson
Combining Statement of Cash Flows
Proprietary Funds - Nonmajor Enterprise Funds
For the Year Ended September 30, 2019

	Madison- Ridgeland Sewage	Transportation	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 69,650	\$ 443,741	\$ 513,391
Payments to suppliers	(69,650)	(7,203,158)	(7,272,808)
Payments to employees	-	(463,132)	(463,132)
Net cash used for operating activities	-	(7,222,549)	(7,222,549)
Cash Flows from Noncapital Financing Activities			
Operating grants	-	5,776,077	5,776,077
Transfers In	-	2,959,781	2,959,781
Net cash provided by noncapital and related financing activities	-	8,735,858	8,735,858
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	(1,166,912)	(1,166,912)
Proceeds from capital asset sales	-	24,498	24,498
Net cash used for capital and related financing activities	-	(1,142,414)	(1,142,414)
Cash Flow from Investing Activities			
Interest on investments	-	28,227	28,227
Net cash provided by investing activities	-	28,227	28,227
Net increase in cash and cash equivalents	-	399,122	399,122
Cash and cash equivalents at beginning of year	-	1,667,594	1,667,594
Cash and cash equivalents at end of year	\$ -	\$ 2,066,716	\$ 2,066,716
Reconciliation of Operating Loss to Net Cash Used for Operating Activities			
Operating loss	\$ (43,567)	\$ (8,236,452)	\$ (8,280,019)
Depreciation expense	15,344	1,150,132	1,165,476
(Increase) decrease in accounts receivable	-	615	615
Increase (decrease) in accounts payable and accrued expenses	28,223	(339,558)	(311,335)
Increase (decrease) in compensated absences	-	4,408	4,408
Increase (decrease) in net pension liability and deferred inflows (outflows)	-	139,371	139,371
Increase (decrease) in other post-employment benefit liabilities	-	58,935	58,935
Total adjustments	43,567	1,013,903	1,057,470
Net cash used for operating activities	\$ -	\$ (7,222,549)	\$ (7,222,549)

FIDUCIARY FUNDS

Fiduciary Funds

Unemployment Compensation Revolving Fund

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

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, 2019**

	<u>Unemployment Compensation Revolving Fund</u>	<u>Mausoleum Trust Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 226,180	\$ -	\$ 226,180
Investment at fair value:			
Certificate of deposit	-	32,732	32,732
 Total assets	 <u>\$ 226,180</u>	 <u>\$ 32,732</u>	 <u>\$ 258,912</u>
 Liabilities and Net Position			
Liabilities:			
Total liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
 Net Position:			
Held in trust for unemployment benefits and other purposes	 <u>226,180</u>	 <u>32,732</u>	 <u>258,912</u>
 Liabilities:			
Total net position	 <u>226,180</u>	 <u>32,732</u>	 <u>258,912</u>
 Total liabilities and net position	 <u>\$ 226,180</u>	 <u>\$ 32,732</u>	 <u>\$ 258,912</u>

**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Unemployment Compensation Revolving Fund	Mausoleum Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Interest	\$	\$ 33	\$ 33
Contributions from other funds	<u>94,816</u>	<u>-</u>	<u>94,816</u>
Total additions	<u>94,816</u>	<u>33</u>	<u>94,849</u>
Deductions:			
General government:			
Unemployment claims	<u>94,338</u>	<u>-</u>	<u>94,338</u>
Total deductions	<u>94,338</u>	<u>-</u>	<u>94,338</u>
Change in Net Position	<u>478</u>	<u>33</u>	<u>511</u>
Net position- beginning of year	<u>225,702</u>	<u>32,699</u>	<u>258,401</u>
Net position - end of year	<u><u>\$ 226,180</u></u>	<u><u>\$ 32,732</u></u>	<u><u>\$ 258,912</u></u>

**CITY OF JACKSON
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<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, 2018	\$ 12,632	\$ 741,160	\$ 753,792	\$ 753,792	\$ 753,792
Additions	4,289,963	33,938	4,323,901	4,323,901	4,323,901
Deductions	<u>4,289,670</u>	<u>-</u>	<u>4,289,670</u>	<u>4,289,670</u>	<u>4,289,670</u>
Balance at September 30, 2019	<u>\$ 12,925</u>	<u>\$ 775,098</u>	<u>\$ 788,023</u>	<u>\$ 788,023</u>	<u>\$ 788,023</u>
Jackson Convention & Visitors Bureau					
Balance at October 1, 2018	\$ -	\$ 577,650	\$ 577,650	\$ 577,650	\$ 577,650
Additions	3,665,372	27,931	3,693,303	3,693,303	3,693,303
Deductions	<u>3,326,504</u>	<u>-</u>	<u>3,326,504</u>	<u>3,326,504</u>	<u>3,326,504</u>
Balance at September 30, 2019	<u>\$ 338,868</u>	<u>\$ 605,581</u>	<u>\$ 944,449</u>	<u>\$ 944,449</u>	<u>\$ 944,449</u>
Jackson Municipal Separate School District					
Balance at October 1, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	13,579,024	-	13,579,024	13,579,024	13,579,024
Deductions	<u>13,579,024</u>	<u>-</u>	<u>13,579,024</u>	<u>13,579,024</u>	<u>13,579,024</u>
Balance at September 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total - All Agency Funds:					
Balance at October 1, 2018	\$ 12,632	\$ 1,318,810	\$ 1,331,442	\$ 1,331,442	\$ 1,331,442
Additions	21,534,359	61,869	21,596,228	21,596,228	21,596,228
Deductions	<u>21,195,198</u>	<u>-</u>	<u>21,195,198</u>	<u>21,195,198</u>	<u>21,195,198</u>
Balance at September 30, 2019	<u>\$ 351,793</u>	<u>\$ 1,380,679</u>	<u>\$ 1,732,472</u>	<u>\$ 1,732,472</u>	<u>\$ 1,732,472</u>

CAPITAL ASSETS

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
COMPARATIVE SCHEDULES BY SOURCE (1)
SEPTEMBER 30, 2019 AND 2018

	2019	2018
Governmental activities capital assets:		
Land	\$ 13,720,748	\$ 13,720,748
Buildings	108,317,974	107,823,077
Automotive and equipment:	78,930,591	77,472,979
Infrastructure	343,018,522	322,709,133
Construction in progress	32,444,146	23,035,958
Total governmental activities capital assets	\$ 576,431,981	\$ 544,761,895
 Investment in governmental activities capital assets by source:		
Assets prior to 1985 not segregated by sources	\$ 13,720,748	\$ 13,720,748
General Fund revenues	112,070,618	108,724,955
Special Revenue Fund revenues	123,424,699	107,916,678
Special Assessment bonds	2,123,934	2,123,934
General Obligation bonds	267,345,804	260,947,155
Limited Obligation bonds	4,330,429	4,330,429
Debt Service Fund revenues	65,000	65,000
Federal grants	52,547,643	46,293,921
State grants	372,157	208,126
County grants	430,949	430,949
Total governmental activities capital assets	\$ 576,431,981	\$ 544,761,895

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

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY FUNCTION AND ACTIVITY (1)
SEPTEMBER 30, 2019

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Assets prior to 1985 not segregated by function and activity	\$ 10,636,579	\$ -	\$ -	\$ 3,044,869	\$ -	\$ 13,681,448
General Government:						
Planning	-	330,382	658,952	525,325	-	1,514,659
Code Services	-	-	-	658,228	-	658,228
Telecommunication	-	5,907,442	39,036	157,799	-	6,104,277
Data Processing / Information System	-	42,257	167,105	9,168,401	-	9,377,763
Vehicle Pool Fund	-	-	-	1,575,817	-	1,575,817
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	-	655,395	-	661,211
Minority Business Development	-	-	-	27,598	-	27,598
Total general government	<u>100,000</u>	<u>9,498,835</u>	<u>998,331</u>	<u>15,050,269</u>	<u>-</u>	<u>25,647,435</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	42,237	-	515,751
Total health and welfare	<u>46,245</u>	<u>2,276,446</u>	<u>17,985</u>	<u>678,981</u>	<u>-</u>	<u>3,019,657</u>
Public Safety:						
Fire Department	75,000	5,795,870	3,672,248	17,496,032	-	27,039,150
Police Department	123,992	19,362,027	10,784,134	25,670,074	59,447	55,999,674
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>28,248,625</u>	<u>18,958,888</u>	<u>43,617,928</u>	<u>59,447</u>	<u>91,083,880</u>
Public Works:						
Cemeteries	-	8,430	-	143,318	-	151,748
Engineering	585,273	1,020,866	49,795,642	5,113,391	11,729,606	68,244,778
Traffic Engineering	-	17,215	638,701	2,219,157	1,053,125	3,928,198
Traffic Signals	-	-	2,355,398	213,138	-	2,568,536
Care and Maintenance of Public Buildings	-	8,366,930	8,536,528	73,658	911,001	17,888,117
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	34,483,630	1,005,670	17,202,238	52,728,938
Pest Control	-	-	-	1,426	-	1,426
Streets	354,278	-	141,885,667	-	867,671	143,107,616
Storm Drainage	-	-	71,942,748	838,301	244,123	73,025,172
Bridges	-	-	1,787,206	-	-	1,787,206
Solid Waste	-	-	-	-	-	-
Soil Conservation	-	120,000	112,159	-	-	232,159
Total public works	<u>939,551</u>	<u>10,087,641</u>	<u>311,537,679</u>	<u>9,684,001</u>	<u>32,007,764</u>	<u>364,256,636</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	2,544	43,258
Parks Maintenance	-	-	8,700	423,438	114,275	546,413
Parks and Recreation	225,820	19,425,404	8,139,430	3,360,790	260,116	31,411,560
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>11,262,639</u>	<u>5,882,031</u>	<u>376,935</u>	<u>57,962,732</u>
Miscellaneous:						
City Council/Mayor	-	402,665	-	396,384	-	799,049
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>891,513</u>	<u>-</u>	<u>5,323,320</u>
Total governmental funds capital assets	<u>\$ 13,720,748</u>	<u>\$ 108,317,974</u>	<u>\$ 343,018,522</u>	<u>\$ 78,930,591</u>	<u>\$ 32,444,146</u>	<u>\$ 576,431,981</u>

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

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Governmental Activities Capital Assets			Governmental Activities Capital Assets
	September 30, 2018	Additions	Deductions	
Assets prior to 1985 not segregated by function and activity	\$ 13,681,448	-	-	\$ 13,681,448
General Government:				
Planning	1,480,359	44,600	10,300	1,514,659
Code Services	670,093	-	11,865	658,228
Telecommunication	6,104,277	-	-	6,104,277
Data Processing / Information System	6,528,468	2,881,522	32,227	9,377,763
Vehicle Pool Fund	1,575,817	-	-	1,575,817
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	1,139,440	-	-	1,139,440
Municipal Court Services	1,466,044	-	-	1,466,044
Vehicle Management	661,211	-	-	661,211
Minority Business Development	27,598	-	-	27,598
Total general government	<u>22,775,705</u>	<u>2,926,122</u>	<u>54,392</u>	<u>25,647,435</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	528,012	-	12,261	515,751
Total health and welfare	<u>3,031,918</u>	<u>-</u>	<u>12,261</u>	<u>3,019,657</u>
Public Safety:				
Fire Department	26,919,303	250,914	131,067	27,039,150
Police Department	57,388,671	1,165,010	2,554,007	55,999,674
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>92,353,030</u>	<u>1,415,924</u>	<u>2,685,074</u>	<u>91,083,880</u>
Public Works:				
Cemeteries	151,748	-	-	151,748
Engineering	68,181,382	138,467	75,071	68,244,778
Traffic Engineering	3,259,448	668,750	-	3,928,198
Traffic Signals	2,576,494	19,214	27,172	2,568,536
Care and Maintenance of Public Buildings	17,486,388	418,053	16,324	17,888,117
Building and Ground	516,800	-	-	516,800
Custodial Services	34,818	-	-	34,818
Public Works Deputy Dir/Adm	41,124	-	-	41,124
Public Works Infrastructure Management	31,453,189	40,387,514	19,111,765	52,728,938
Pest Control	1,426	-	-	1,426
Streets	135,865,433	9,285,567	2,043,384	143,107,616
Storm Drainage	73,115,805	25,476	116,109	73,025,172
Bridges	1,787,206	-	-	1,787,206
Solid Waste	-	-	-	-
Soil Conservation	232,159	-	-	232,159
Total public works	<u>334,703,420</u>	<u>50,943,041</u>	<u>21,389,825</u>	<u>364,256,636</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	2,544	-	43,258
Parks Maintenance	279,176	299,121	31,884	546,413
Parks and Recreation	31,124,353	329,619	42,412	31,411,560
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	10,583,141	-	-	10,583,141
Total culture and recreation	<u>57,405,744</u>	<u>631,284</u>	<u>74,296</u>	<u>57,962,732</u>
Miscellaneous:				
City Council/Mayor	829,486	-	30,437	799,049
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>5,353,757</u>	<u>-</u>	<u>30,437</u>	<u>5,323,320</u>
Total governmental funds capital assets	<u>\$ 544,761,895</u>	<u>55,916,371</u>	<u>24,246,285</u>	<u>\$ 576,431,981</u>

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

**SCHEDULE OF BONDS
OF CITY OFFICIALS**

**CITY OF JACKSON
SCHEDULE OF BONDS OF CITY OFFICIALS
SEPTEMBER 30, 2019**

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	12/23/19 - 12/23/22 07/03/19 - 07/03/20 07/01/19 - 07/01/20 07/06/18 - 07/06/20 07/03/19 - 07/03/20 07/03/17 - 07/03/21 07/01/19 - 07/01/20
Mayor	\$100,000	06/28/17 - 06/28/21
City Administrative Officer	\$50,000	08/15/17 - 08/15/21
City Clerk	\$50,000	05/10/19 - 05/10/20
Director of Administration	\$50,000	VACANT
Chief of Police	\$50,000	12/23/18 - 12/23/19
Assistant Police Chief	\$50,000	VACANT
Deputy Chief of Police	\$50,000	07/25/19 - 07/25/20 07/27/19 - 07/27/20 07/26/19 - 07/26/20 07/26/19 - 07/25/20
Assistant City Clerk	\$50,000	02/09/19 - 02/09/20
Deputy Clerks (7)	\$50,000	10/10/18 - 10/10/19 11/21/18 - 11/21/19 12/07/18 - 12/07/19 12/28/18 - 12/28/19 08/04/19 - 08/04/20 09/07/19 - 09/07/20 09/12/19 - 09/12/20

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.

Contents	Page
Financial Trends	141
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	146
These schedules contain information to help the reader assess the City of Jackson’s most significant local revenue source, the property tax.	
Debt Capacity	151
These 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	157
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	160
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.

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$ 259,506	\$ 229,661	\$ 210,819	\$ 125,653	\$ 121,798	\$ 197,641	\$ 179,234	\$ 187,511	\$ 180,357	\$ 188,172
Restricted	36,814	43,488	44,637	5,961	5,926	5,726	13,446	15,040	17,469	23,585
Unrestricted	(282,710)	(277,805)	(276,849)	(190,475)	(173,696)	(8,168)	(45,855)	(41,290)	(36,100)	(38,882)
Total governmental activities net position	\$ 13,610	\$ (4,656)	\$ (21,393)	\$ (58,861)	\$ (45,972)	\$ 195,199	\$ 146,825	\$ 161,261	\$ 161,726	\$ 172,875
Business-type activities										
Net investment in capital assets	\$ 235,404	\$ 242,146	\$ 240,550	\$ 218,760	\$ 213,137	\$ 192,012	\$ 101,011	\$ 184,185	\$ 183,735	\$ 176,170
Restricted	1,284	3,491	8,261	-	-	-	-	-	-	-
Unrestricted	7,899	16,543	15,928	68,728	59,674	84,672	159,496	73,303	78,501	77,521
Total business-type activities net position	\$ 244,587	\$ 262,180	\$ 264,739	\$ 287,488	\$ 272,811	\$ 276,684	\$ 260,507	\$ 257,488	\$ 262,236	\$ 253,691
Primary government										
Net investment in capital assets	\$ 494,910	\$ 471,807	\$ 451,369	\$ 344,413	\$ 334,935	\$ 389,653	\$ 371,696	\$ 371,696	\$ 364,092	\$ 364,342
Restricted	38,098	46,979	52,898	5,961	5,926	5,726	15,041	15,040	17,469	23,585
Unrestricted	(274,811)	(261,262)	(260,921)	(121,747)	(114,022)	76,504	113,641	32,013	42,401	38,639
Total primary government net position	\$ 258,197	\$ 257,524	\$ 243,346	\$ 228,627	\$ 226,839	\$ 471,883	\$ 500,378	\$ 418,749	\$ 423,962	\$ 426,566

Source: Statement of Net Position.

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

Expenses	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
General government	\$ 38,798	\$ 35,428	\$ 31,782	\$ 40,546	\$ 40,625	\$ 15,780	\$ 40,602	\$ 29,456	\$ 29,312	\$ 32,358
Public safety	62,601	62,809	67,089	68,029	64,796	27,031	64,780	57,055	59,166	56,922
Public works	20,491	14,714	14,338	13,375	19,595	14,505	24,661	24,721	21,774	27,451
Human and cultural services	16,710	17,694	16,571	16,297	16,720	7,831	14,311	13,756	16,011	9,645
Employee benefits	-	-	-	6,485	1,564	8,232	7,860	8,685	8,625	8,764
Interest on long-term debt	5,331	5,236	5,570	7,825	5,912	844	8,230	7,448	5,864	8,830
Total governmental activities	143,930	135,881	135,350	152,557	149,212	74,223	160,444	141,121	140,752	143,970
Business-type activities:										
Water/Sewer	77,587	67,911	65,503	50,962	45,439	55,553	48,891	55,347	41,795	41,064
Transportation	8,680	7,837	7,054	8,200	8,213	7,995	7,554	6,970	8,713	7,956
Madison-Ridgeland Sewage	113	25,971	117	60	55	109	82	74	51	-
Sanitation	11,084	10,657	10,904	11,996	10,857	10,766	11,699	11,894	11,156	10,244
Total business-type activities	97,464	86,431	83,578	71,219	64,564	74,423	68,226	74,285	61,715	59,264
Total primary government	\$ 241,394	\$ 222,312	\$ 218,928	\$ 223,776	\$ 213,776	\$ 148,646	\$ 228,670	\$ 215,406	\$ 202,467	\$ 203,234
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 6,565	\$ 6,028	\$ 5,601	\$ 8,439	\$ 9,281	\$ 10,875	\$ 14,204	\$ 15,019	\$ 13,075	\$ 4,951
Public Safety	2,023	2,075	2,757	288	195	1,348	823	798	367	3,241
Public Works	101	144	167	208	195	162	200	253	15	1,206
Human and cultural services	740	596	607	658	455	464	595	885	619	2,025
Operating grants contributions	11,756	9,580	10,394	13,486	11,912	8,251	12,261	10,114	11,570	17,441
Capital grants and contributions	16,249	10,075	4,190	2,697	5,200	7,016	11,291	1,970	5,025	2,226
Total governmental activities	37,434	28,498	23,716	25,776	27,238	28,116	39,374	29,039	30,671	31,090
Business-type activities:										
Charges for services:										
Water/Sewer	49,863	57,709	61,212	63,085	59,849	69,423	44,052	47,966	47,578	41,974
Transportation	443	506	426	406	716	710	677	589	529	431
Madison-Ridgeland Sewage	70	9	-	-	-	-	-	-	-	-
Sanitation	8,374	9,502	10,272	11,606	11,349	11,024	11,311	12,007	11,473	11,258
Operating grants contributions	5,553	5,312	4,977	509	570	506	582	631	706	664
Capital grants and contributions	-	-	338	6,415	2,143	2,516	4,675	2,844	2,568	4,584
Total business-type activities	64,303	73,038	77,225	82,021	74,627	84,179	61,297	64,037	62,854	58,911
Net (expense)/revenue										
Governmental activities	(106,496)	(107,383)	(111,634)	(126,781)	(121,974)	(46,108)	(121,070)	(112,082)	(110,081)	(112,880)
Business-type activities	(33,161)	(13,393)	(6,353)	10,802	10,063	9,756	(6,929)	(10,248)	1,139	(353)
Total primary government net expenses	\$ (139,657)	\$ (120,776)	\$ (117,987)	\$ (115,979)	\$ (111,911)	\$ (36,352)	\$ (127,999)	\$ (122,330)	\$ (108,942)	\$ (113,233)
General revenues:										
Governmental activities:										
Taxes:										
Property taxes	\$ 78,482	\$ 78,079	\$ 75,698	\$ 69,708	\$ 77,881	\$ 77,634	\$ 72,437	\$ 74,856	\$ 68,108	\$ 68,523
Sales taxes	14,548	14,234	14,515	36,731	31,937	32,740	32,718	32,701	31,656	31,268
Franchise taxes	7,298	7,510	7,140	8,119	8,975	9,667	8,245	8,218	7,878	8,552
Intergovernmental	38,213	39,412	38,920	-	-	-	-	-	-	-
Investment earnings	1,417	426	302	52	59	74	145	395	341	187
Gain (loss) on sale of capital assets	227	554	137	489	318	561	108	166	172	40
Miscellaneous	-	13	-	401	1,071	1,714	577	282	317	204
Transfers	(15,423)	(11,366)	(4,483)	(2,082)	(3,054)	(6,106)	(9,585)	(5,000)	(10,232)	(4,027)
Total governmental activities	124,762	128,862	132,229	113,418	117,187	116,284	104,645	111,618	98,240	104,747
Business-type activities										
Investment earnings	259	129	127	91	124	256	249	472	490	244
Gain/loss on sale of capital assets	(114)	19	48	-	2	59	15	30	76	21
Miscellaneous	-	-	-	1,700	-	-	-	-	-	-
Gain on retirement bonds	-	-	-	-	-	-	-	-	1,275	-
Transfers	15,423	11,366	4,483	2,082	3,054	6,106	9,585	5,000	5,565	4,027
Total business-type activities	15,568	11,514	4,658	3,873	3,180	6,421	9,849	5,502	7,406	4,292
Total primary government	\$ 140,330	\$ 140,376	\$ 136,887	\$ 117,291	\$ 120,367	\$ 122,705	\$ 114,494	\$ 117,120	\$ 105,646	\$ 109,039
Change in net position										
Governmental activities	\$ 18,266	\$ 21,479	\$ 20,595	\$ (13,363)	\$ (4,787)	\$ 70,177	\$ (16,425)	\$ (464)	\$ (11,841)	\$ (8,133)
Business-type activities	(17,593)	(1,879)	(1,695)	14,675	13,243	16,177	2,920	(4,746)	8,545	3,939
Total primary government	\$ 673	\$ 19,600	\$ 18,900	\$ 1,312	\$ 8,456	\$ 86,354	\$ (13,505)	\$ (5,210)	\$ (3,296)	\$ (4,194)

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
2019	\$ 78,482	\$ 41,674	\$ 7,298	\$ 609	\$ 360	\$ 128,423
2018	78,079	42,742	7,510	594	331	129,256
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

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General fund										
Nonspendable	\$ 811	\$ 781	722	\$ 1,187	\$ 875	\$ 997	\$ 2,283	\$ 2,160	\$ 1,814	\$ 1,470
Restricted	6,573	1,731	749	687	550	517	492	658	437	-
Committed	7,348	6,990	6,771	5,066	3,780	3,833	3,585	4,789	6,086	2,659
Assigned	115	1,995	1,294	1,179	2,005	2,518	49	49	33	-
Unassigned	25,884	24,356	18,478	6,931	5,525	16,579	26,517	26,310	24,757	26,695
Total general fund	<u>\$ 40,731</u>	<u>\$ 35,853</u>	<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>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	36,460	43,202	43,888	8,261	7,876	8,362	7,210	4,045	3,600	4,876
Committed	3,394	5,906	7,225	8,084	8,188	10,699	13,943	11,692	19,780	21,075
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(45)	(194)	-	(498)	(1,663)	-	-	-	-
Total all other governmental funds	<u>\$ 39,854</u>	<u>\$ 49,063</u>	<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>

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Taxes	\$ 78,482	\$ 78,079	\$ 75,697	\$ 69,945	\$ 69,118	\$ 77,435	\$ 70,026	\$ 69,887	\$ 68,253	\$ 67,772
Franchise taxes	7,298	7,510	7,140	-	-	-	-	-	-	-
Licenses and permits	1,464	1,587	1,403	1,448	1,973	2,006	2,291	2,676	2,873	2,541
Intergovernmental	73,894	72,239	67,550	46,900	47,489	50,291	55,535	49,721	46,069	48,425
Charges for services	5,683	4,760	4,689	4,581	4,695	4,092	4,152	3,693	3,499	3,314
Fines	1,739	1,996	2,350	2,849	3,457	3,109	3,923	4,166	4,537	4,092
Investment earnings	1,417	426	303	52	59	74	145	395	342	186
Special assessments	-	-	-	10	21	34	2	6	8	1
Other	3,550	4,010	3,625	18,209	18,625	18,626	18,423	16,560	15,923	14,707
Total revenues	<u>173,527</u>	<u>170,607</u>	<u>162,757</u>	<u>143,994</u>	<u>145,437</u>	<u>155,667</u>	<u>154,497</u>	<u>147,104</u>	<u>141,504</u>	<u>141,038</u>
Expenditures										
General government	40,014	35,719	31,118	27,989	28,371	30,515	30,718	29,269	30,977	30,506
Public safety	60,196	60,996	60,507	53,086	54,068	54,738	52,586	57,035	52,606	51,571
Human and cultural services	14,757	15,328	14,113	13,339	14,619	14,242	13,753	8,349	13,370	8,078
Public works	11,476	10,830	10,547	9,175	16,554	30,334	23,232	24,698	19,126	24,430
Employee Benefits	-	-	-	6,696	7,553	8,070	7,780	8,685	8,625	8,071
Capital Outlay	28,874	23,820	23,838	8,658	7,546	10,463	21,090	10,539	5,749	9,982
Debt service										
Principal	16,640	7,341	4,368	7,150	15,700	6,030	2,780	873	624	3,806
Interest	5,741	5,696	5,763	8,244	6,491	6,013	5,061	6,575	6,424	7,128
Total expenditures	<u>177,698</u>	<u>159,730</u>	<u>150,254</u>	<u>134,337</u>	<u>150,902</u>	<u>160,405</u>	<u>157,000</u>	<u>146,023</u>	<u>137,501</u>	<u>143,572</u>
Excess of revenues over (under) expenditures	<u>(4,171)</u>	<u>10,877</u>	<u>12,503</u>	<u>9,657</u>	<u>(5,465)</u>	<u>(4,738)</u>	<u>(2,503)</u>	<u>1,081</u>	<u>4,003</u>	<u>(2,534)</u>
Other financing sources (uses)										
Transfer in	5,634	5,511	5,586	6,435	9,347	15,582	10,400	4,813	7,927	7,201
Transfer out	(21,057)	(16,877)	(10,069)	(16,624)	(19,836)	(28,448)	(26,745)	(16,442)	(18,159)	(15,006)
Issuance of long-term debt	15,007	5,892	497	30,019	2,095	4,808	87,269	3,500	9,213	27,153
Sale of capital assets	256	579	137	489	318	561	108	166	-	40
Payments to refunded bond escrow agent	-	-	-	(28,440)	-	-	(69,891)	-	(33)	(25,089)
Discount on GO bond	-	-	-	(88)	-	-	-	-	-	-
Premium on GO bond issue	-	-	-	1,172	-	-	5,738	-	-	1,463
Total other financing sources (uses)	<u>(160)</u>	<u>(4,895)</u>	<u>(3,849)</u>	<u>(7,037)</u>	<u>(8,076)</u>	<u>(7,497)</u>	<u>6,879</u>	<u>(7,963)</u>	<u>(1,052)</u>	<u>(4,238)</u>
Net change in fund balances	<u>\$ (4,331)</u>	<u>\$ 5,982</u>	<u>\$ 8,654</u>	<u>\$ 2,620</u>	<u>\$ (13,541)</u>	<u>\$ (12,235)</u>	<u>\$ 4,376</u>	<u>\$ (6,882)</u>	<u>\$ 2,951</u>	<u>\$ (6,772)</u>
Debt service as a percentage of noncapital expenditures	15.0%	9.6%	8.0%	12.3%	15.5%	8.0%	5.8%	5.5%	5.4%	8.2%

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
2019	\$78,482	\$14,548	\$7,298	\$609	\$360	\$101,297
2018	78,079	42,742	7,510	594	331	129,256
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

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 (3)	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		
2019	\$ 802,206,148	\$ 6,216,616,390	\$ 436,046,020	\$ 1,996,189,720	\$ 1,238,252,168	\$ 8,212,806,110	61.27	10%,15%,and 30%
2018	797,546,086	6,191,522,987	437,285,854	1,991,106,580	1,234,831,940	8,182,629,567	61.23	10%,15%,and 30%
2017	797,544,121	6,191,509,887	432,278,120	1,957,721,687	1,229,822,241	8,149,231,574	59.27	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%

(1) Ad valorem tax property assessments within the City and the Jackson Municipal Separate School District are assessed at fifteen percent (15%). 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.

(2) Includes automotive valuation.

(3) Total direct tax rate comes from the Public Hearing/Special Meeting of the City Council Minute Book 6N page 515, under total for said municipal purposes.

SOURCE: Hinds, Rankin and Madison County Tax Collectors

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 County Milage	Operating Millage	Debt Service Millage	Total School Millage	Library Special District	
2019	54.66	6.61	61.27	41.58	65.91	18.82	84.73	1.76	189.34
2018	57.40	3.83	61.23	41.58	65.91	18.90	84.81	1.80	189.42
2017	56.19	3.08	59.27	38.83	65.91	18.68	84.59	1.76	184.45
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

(1) Total direct tax rate comes from the Public Hearing/Special Meeting of the City Council Minute Book 6N page 515, under total for said municipal purposes.

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

**City of Jackson
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)**

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Entergy of Mississippi Inc	\$ 153,339	1	12.38%	-		-
Bell South	25520	2	2.06%	\$ 56,538	1	4.72%
Midcontinent Express Pipeline LLC	18,629	3	1.50%	-		-
Gulf South Pipeline Co. LP	18,105	4	1.46%	-		-
Atmos Energy	17,892	5	1.44%	9,694	3	0.81%
Entergy Services Inc	16,185	6	1.31%	-		-
Texas Eastern Transmission LP	16,157	7	1.30%	-		-
FKA Illinois Central Railroad	9,563	8	0.77%	-		-
Entergy	6,008	9	0.49%	52,010	2	4.34%
Jackson HMA Inc. LLC	5,957	10	0.48%	7,645	4	0.64%
Parkway Properties	-		-	7,558	5	0.63%
Wal-Mart/Sam's Wholesale Club	-		-	5,601	6	0.47%
AT&T	-		-	3,575	10	0.30%
Trustmark National Park	-		-	5,123	7	0.43%
Central MS Health Systems	-		-	4,911	8	0.41%
Jackson Medical Offices	-		-	4,075	9	0.34%
Totals	\$ 287,355		23.19%	\$ 156,730		13.09%

Source: Hinds County

Note: See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 144 for property assessed value data.

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>
2019	\$ 67,275	\$ 65,024	96.7%	\$ 958	\$ 65,982	98.1 %
2018	66,618	64,208	96.4	1,360	65,568	98.4
2017	64,507	62,170	96.4	1,096	63,266	98.1
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

The data was not available from Hinds County in 2011.

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

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

Governmental Activities

<u>Fiscal Year</u>	<u>General Obligation Bonds (2)</u>	<u>Limited Obligation Bonds</u>	<u>State Revolving Loan MDA</u>	<u>Mississippi Development Bank Loan</u>	<u>Section 108 Loan</u>	<u>General Obligation Note</u>	<u>Capital Leases</u>
2019	\$ 122,095	\$ 9,938	\$ 431	\$ 1,002	\$ 6,100	\$ -	\$ 13,947
2018	128,381	7,429	527	1,296	6,750	-	11,223
2017	131,834	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	132,380	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

(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 154 for personal income and population data.

(2) General obligation and revenue bonds include the related premium (discount).

Business-Type Activities

	<u>Revenue Bonds (2)</u>	<u>State Revolving Loan (DEQ)</u>	<u>State Revolving Loan (DOH)</u>	<u>State Revolving Loan (MDA)</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$	209,712	\$ 26,867	\$ 3,620	\$ 2,868	\$ 2,303	\$ 398,883	6.51%	\$ 2,299
	218,811	28,364	442	3,721	2,581	409,525	7.18%	2,360
	227,608	30,437	222	4,574	2,971	423,335	7.42%	2,440
	222,455	27,322	-	4,363	1,169	408,159	7.29%	2,520
	227,910	25,633	-	5,021	2,719	419,704	7.31%	2,527
	233,660	22,534	-	3,943	4,187	443,138	7.81%	2,700
	239,265	15,653	-	2,727	4,137	440,505	7.59%	2,624
	154,430	12,578	-	-	3,069	335,352	5.59%	1,933
	148,325	13,799	-	-	2,758	331,981	5.54%	1,914
	148,920	15,428	-	-	4,704	328,635	5.26%	1,894

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 Value of Taxable Property (1)	Per Capita (2)
2019	\$ 1,238,252	\$ 9,938	\$ 122,095	\$ 7,971	\$ 124,062	1.51%	\$ 715.00
2018	1,234,832	7,429	128,381	6,971	128,839	1.57%	742.53
2017	1,229,822	3,546	131,834	5,992	129,388	1.59%	745.69
2016	1,225,101	4,080	125,729	4,275	125,534	1.54%	723.48
2015	1,211,498	4,576	124,150	4,509	124,217	1.54%	715.89
2014	1,215,709	5,111	132,380	4,045	133,446	1.64%	769.08
2013	1,201,993	5,622	135,465	5,149	135,938	1.67%	783.44
2012	1,224,227	6,102	131,290	2,331	135,061	1.63%	778.39
2011	1,205,974	6,541	131,720	1,832	136,429	1.66%	786.27
2010	1,198,796	4,231	131,720	2,577	133,374	1.64%	768.66

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 Value of Taxable Property on page 144 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 154.

City of Jackson
Direct and Overlapping Governmental Activities Debt
As of September 30, 2019
(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	\$ 81,901	76.57%	\$ 62,712
Jackson Public Schools	170,035	100.00%	<u>170,035</u>
Subtotal, overlapping debt			<u>232,747</u>
City of Jackson direct debt	153,513	100.00%	<u>153,513</u>
Total direct and overlapping debt			<u><u>\$ 386,260</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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt limit	\$175,533	\$175,212	\$173,963	\$ 174,666	\$ 173,182	\$ 176,428	\$ 176,090	\$ 174,971	\$ 173,629	\$ 173,116
Total net debt applicable to limit	<u>109,481</u>	<u>115,476</u>	<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>
Legal debt margin	<u>\$66,052</u>	<u>\$59,736</u>	<u>\$54,523</u>	<u>\$ 67,619</u>	<u>\$ 67,465</u>	<u>\$ 76,280</u>	<u>\$ 81,542</u>	<u>\$ 101,747</u>	<u>\$ 100,368</u>	<u>\$ 102,165</u>
Total net debt applicable to the limit as a percentage of the debt limit	62.4%	65.9%	68.7%	61.3%	61.0%	56.8%	53.7%	41.8%	42.2%	41.0%

Legal Debt margin Calculation for Fiscal Year 2019

Assessed value	\$ 1,238,252
Less Homestead Exemption	<u>(68,031)</u>
Total assessed value	<u>\$ 1,170,221</u>
Debt limit (15% of total assessed value)	<u>175,533</u>
Debt application to limit:	
General obligation bond indebtedness	116,621
Less: Amount set aside for repayment of	
General obligation bond debt	<u>(7,140)</u>
Total net debt applicable to limit	<u>\$ 109,481</u>
Legal debt margin	<u>\$ 66,052</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	
2019	\$ 49,863	\$ 49,197	\$ 666	\$ 8,370	\$ 10,786	0.03
2018	57,709	39,840	17,869	8,070	11,084	0.93 ¹
2017	61,109	37,636	23,473	7,830	11,327	1.23
2016	64,673	32,249	32,424	8,569	12,144	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

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 and 2018. 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)
2019	173,514	\$6,126,432	\$32,308	31	12	24,000	4.6%
2018	173,514	5,702,711	32,866	31	12	24,000	4.1%
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%

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	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Mississippi	29,069	1	15.78%	31,556	1	17.13%
University of Mississippi	8,759	2	4.75%	8,000	2	4.34%
Jackson Public School District	4,100	3	2.23%	4,814	4	2.61%
U.S. Government	3,700	4	2.01%	5,500	3	2.98%
Baptist Health Systems	3,100	5	1.68%	2,875	5	1.56%
Merit Health	3,000	6	1.63%	1,200	10	0.65%
St. Dominic Health Services	3,000	7	1.63%	2,600	6	1.41%
City of Jackson, Mississippi	1,895	8	1.03%	2,323	7	1.26%
Jackson State University	1,500	9	0.81%	1,667	8	0.90%
AT&T	1,300	10	0.71%	1,300	9	0.71%
	<u>59,423</u>		<u>32.25%</u>	<u>61,835</u>		<u>33.56%</u>

Source: MetroJackson Chamber of Commerce 2019

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

Function	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General government	268	267	249	266	267	278	302	290	315	307
Public safety										
Police										
Officers	352	415	352	440	389	412	455	499	479	465
Civilians	188	153	208	193	245	280	267	272	261	270
Fire										
Firefighters and officers	336	314	311	338	333	345	316	337	357	342
Civilians	14	14	14	14	24	23	17	11	11	10
Public works	373	367	333	157	395	425	461	484	482	449
Culture and Recreation	234	246	184	260	273	262	318	238	303	370
Total	<u>1,765</u>	<u>1,776</u>	<u>1,651</u>	<u>1,668</u>	<u>1,926</u>	<u>2,025</u>	<u>2,136</u>	<u>2,131</u>	<u>2,208</u>	<u>2,213</u>

Source: City of Jackson Information System Department.

City of Jackson
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function										
Police										
Parking violations	8,185	29,270	5,535	9,399	9,197	10,098	12,281	17,190	18,101	13,777
Traffic violations	28,498	63,634	17,666	30,405	44,008	41,823	52,425	60,598	57,815	56,587
Fire										
Number of calls answered (1)	17,503	17,802	15,309	716	14,567	14,025	11,825	9,403	-	-
Inspections	2,461	1,276	3,392	3,941	3,205	4,141	4,500	4,635	3,590	3,701
Highways and streets										
Street resurfacing (miles) (1)	13.22	3.87	24.8	24.8	6.2	6.1	4.2	10.6	-	-
Potholes repaired (2)	24,191	11,224	14,999	22,116	30,389	29,921	37,565	29,871	38,776	51,431
Sanitation										
Refuse collected (tons/day)	7,799	9,880	3,381	4,114	5,496	5,361	5,301	7,904	4,523	5,718
Recyclables collected (tons/day)	68.93	160.34	69.09	83.18	81.96	90.06	91.35	89.84	76.89	81.72
Culture and recreation										
Community center admissions	160	169	80	79	110	64	89	118	53	68
Water										
New connections (1)(3)	1,078	188	121	-	-	-	-	212	-	198
Average daily consumption (thousands of gallons) (1)(3)	96,600	7,189	7,008	-	-	-	-	-	24,024	-
Wastewater										
Average daily sewage treatment (thousands of gallons) (1)(3)	96,929	7,218	43,896	-	-	-	-	-	46,650	47,170

Source: Various City of Jackson departments.

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

(2) Prior years' data was recorded based on the number of pothole calls not the number of potholes repaired.

(3) Prior to 2019, data was collected from daily log reports provided by employees. This data is now collected within the Customer Care & Billing (CC&B) System which provides a more accurate and reliable count.

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

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public safety										
Police stations	6	6	6	6	6	6	6	6	6	6
Fire stations	21	21	21	21	21	21	21	21	21	21
Highways and streets										
Streets (miles)	1,201	1,201	1,201	1,201	1,201	1,201	1,201	1,204	1,300	1,447
Traffic signals intersection	321	321	319	358	358	358	358	358	358	334
Culture and recreation										
Parks	57	57	57	57	57	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	9	9	10	10	10	10	10	10	10
Water										
Water mains (miles)	1,000	1,000	1,000	-	-	-	-	-	-	1,220
Fire hydrants	7,000	7,800	22,000	-	-	-	-	-	-	7,500
Maximum daily capacity (thousands of gallons)	18,316	18,057	17,795	-	-	-	-	-	-	25,600
Sewer										
Sanitary sewers (miles)	1,000	1,000	900	-	-	-	-	-	-	911
Storms sewers (miles)	9,478	9,859	3,908	-	-	-	-	-	-	460

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

SINGLE AUDIT

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PUBLIC ACCOUNTANTS

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, 2019, 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 August 31, 2020. Our report includes a reference to other auditors who audited the financial statements of the City's discretely presented component units: the Capital City Convention Center Commission and the Jackson Redevelopment Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 through 2019-011, 2019-13 through 2019-15, and 2019-017 through 2019-018 to be material weaknesses.

A *significant* deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-012 and 2019-016 to be significant deficiencies.

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 2019-017 through 2019-024.

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.

Tam, Brown & Assoc. Co.

August 31, 2020

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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, 2019. The 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 award applicable to 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 require 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, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-012 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

August 31, 2020

Thom, Brown & Patten S.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

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	V0000700018	\$ 155,929	\$ -
SUBTOTAL CFDA NUMBER 10.558			<u>155,929</u>	<u>-</u>
Food Distribution Cluster: (Central Mississippi Planning and Development District - Pass Through)				
Commodity Supplemental Food Program (Congregate)	10.565	1199-25	34,622	-
Commodity Supplemental Food Program (Home Delivered)	10.565	1519-25	42,100	-
SUBTOTAL CFDA NUMBER 10.565			<u>76,722</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>232,651</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B-12-MC-28-0003	52,743	-
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-28-0003	18,747	-
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-28-0003	67,582	-
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-28-0003	616,370	136,001
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-28-0003	838,174	164,995
SUBTOTAL CFDA NUMBER 14.218			<u>1,593,616</u>	<u>300,996</u>
Emergency Solutions Grants Program	14.231	E-16-MC-28-0003	11,000	11,000
Emergency Solutions Grants Program	14.231	E-17-MC-28-0003	50,034	50,034
Emergency Solutions Grants Program	14.231	E-18-MC-28-0003	148,069	136,964
SUBTOTAL CFDA NUMBER 14.231			<u>209,103</u>	<u>197,998</u>
HOME Investment Partnerships Program	14.239	M-14-MC-28-0200	101,448	101,448
HOME Investment Partnerships Program	14.239	M-15-MC-28-0200	149,053	149,053
HOME Investment Partnerships Program	14.239	M-16-MC-28-0200	354,876	354,876
HOME Investment Partnerships Program	14.239	M-17-MC-28-0200	293,916	263,409
HOME Investment Partnerships Program	14.239	M-18-MC-28-0200	41,585	-
SUBTOTAL CFDA NUMBER 14.239			<u>940,879</u>	<u>868,787</u>
Housing Opportunities for Persons with AIDS	14.241	MS-H14-F001	42,373	39,407
Housing Opportunities for Persons with AIDS	14.241	MS-H15-F001	491,345	491,345
Housing Opportunities for Persons with AIDS	14.241	MS-H16-F001	980,898	947,409
Housing Opportunities for Persons with AIDS	14.241	MS-H17-F001	1,449,006	1,405,438
Housing Opportunities for Persons with AIDS	14.241	MS-H18-F001	1,062,985	1,060,050
SUBTOTAL CFDA NUMBER 14.241			<u>4,026,607</u>	<u>3,943,649</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	MSLHB0631-16	343,333	47,444
SUBTOTAL CFDA NUMBER 14.900			<u>343,333</u>	<u>47,444</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>7,113,538</u>	<u>5,358,874</u>
<u>U.S. Department of the Interior</u>				
(Mississippi Department of Archives and History-Pass Through)				
Historic Preservation Fund Grants-In-Aid	15.904		12,500	-
SUBTOTAL CFDA NUMBER 15.904			<u>12,500</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF THE INTERIOR			<u>12,500</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014DJBX0673	16,159	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015DJBX0715	15,432	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016DJBX0490	230,461	-
SUBTOTAL CFDA NUMBER 16.738			<u>262,052</u>	<u>-</u>
Body Worn Camera Policy and Implementation Program	16.835	2018BCBX0057	300,000	-
SUBTOTAL CFDA NUMBER 16.835			<u>300,000</u>	<u>-</u>
Equitable Sharing Program	16.922		9,700	-
SUBTOTAL CFDA NUMBER 16.922			<u>9,700</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>571,752</u>	<u>-</u>

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

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>				
Older Americans Act (Senior Service America - Pass Through)				
Senior Community Service Employment Program (Digital Inclusion Initiative)	17.235	AD-318-08-17-55-A-24	353,525	-
Senior Community Service Employment Program (Digital Inclusion Initiative)	17.235	AD-33688-19-55-A-24	127,825	-
SUBTOTAL CFDA NUMBER 17.235			<u>481,350</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>481,350</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
(Mississippi Department of Transportation-Pass Through) Highway Planning and Construction Cluster:				
Highway Planning and Construction (Lynch Street Improvements)	20.205	DHP-8276-00(003) 104587-812000	47,846	-
Highway Planning and Construction (ADA Project)	20.205	TCSP-0250-00(046) 103924-305000	378,056	-
Highway Planning and Construction (West Street Bridge)	20.205	LER-7254-00(005) 10738-701000	171,085	-
Highway Planning and Construction (Mill Street Rehabilitation-Hinds County)	20.205	STP-7621-00(01) 107313-711000	1,350,333	-
Highway Planning and Construction (Traffic Calming)	20.205	TCSP-0250-00(046) 103924-304000	48,365	-
Highway Planning and Construction (Northside Drive)	20.205	STP-6929-00(008) 107547-701000	379,162	-
SUBTOTAL CFDA NUMBER 20.205			<u>2,374,847</u>	<u>-</u>
Federal Transit Administration Direct Programs:				
Federal Transit Cluster:				
Federal Transit Formula Grants	20.507	MS-90-00-88	44,395	-
Federal Transit Formula Grants	20.507	MS-90-X092-00	725,260	-
Federal Transit Formula Grants	20.507	MS-90-0081-01	4,125	-
Federal Transit Formula Grants	20.507	MS-2016-010-00	521,383	-
Federal Transit Formula Grants	20.507	MS-2016-011-00	517,533	-
Federal Transit Formula Grants	20.507	MS-2017-004-01	14,907	-
Federal Transit Formula Grants	20.507	MS-2017-005-01	1,670,288	-
Federal Transit Formula Grants	20.507	MS-2018-003-00	15,563	-
Federal Transit Formula Grants	20.507	MS-2018-004-00	1,249,070	-
SUBTOTAL CFDA NUMBER 20.507			<u>4,762,524</u>	<u>-</u>
(Mississippi Office of Highway Safety-Pass Through) Occupant Protection	20.600	OP-2019-OP-21-91	6,204	-
SUBTOTAL CFDA NUMBER 20.600			<u>6,204</u>	<u>-</u>
Alcohol and Drug Impaired	20.607	M5X-2019-MS-21-91	38,806	-
SUBTOTAL CFDA NUMBER 20.607			<u>38,806</u>	<u>-</u>
(Mississippi Department of Transportation-Pass Through) National Infrastructure Investments (Tiger Grant)	20.933	STP-0250-00(047) 107200/811000	7,233,324	-
SUBTOTAL CFDA NUMBER 20.933			<u>7,233,324</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>14,415,705</u>	<u>-</u>
<u>U.S. Environmental Protection Agency</u>				
Drinking Water State Revolving Funds Cluster Mississippi Department of Health (Pass-Through) Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWI-L250008-01	1,662,391	-
SUBTOTAL CFDA NUMBER 66.468			<u>1,662,391</u>	<u>-</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>1,662,391</u>	<u>-</u>

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

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>				
Aging Cluster:				
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	1039-25	13,833	-
SUBTOTAL CFDA NUMBER 93.044			<u>13,833</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	1199-25	46,044	-
SUBTOTAL CFDA NUMBER 93.045			<u>46,044</u>	<u>-</u>
TOTAL AGING CLUSTER			<u>59,877</u>	<u>-</u>
Substance Abuse and Mental Health Services Administration				
Direct Program:				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) (SAMHSA)				
SUBTOTAL CFDA NUMBER 93.104	93.104	14SM61630A	4,209	-
			<u>4,209</u>	<u>-</u>
(State of MS Office of Child Nutrition - Pass Through)				
CCDF Cluster:				
Child Care Development Block Grant (OCY-Slots)	93.575	6014410	579,868	-
Child Care Development Block Grant (OCY-Slots)	93.575	6017093	44,814	-
SUBTOTAL CFDA NUMBER 93.575			<u>624,682</u>	<u>-</u>
(Central MS Planning and Development District - Pass Through)				
Social Services Block Grant (Transportation)	93.667	1539-25	219,746	-
Social Services Block Grant (Home Delivered Meals) (Non-cash)	93.667	1519-25	187,240	-
SUBTOTAL CFDA NUMBER 93.667			<u>406,986</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,095,754</u>	<u>-</u>
<u>Executive Office of the President</u>				
Direct Program:				
High Intensity Drug Trafficking Area Program				
SUBTOTAL CFDA NUMBER 95.001	95.001		27,368	-
			<u>27,368</u>	<u>-</u>
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			<u>27,368</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
(Mississippi Department of Public Safety Pass-Through)				
Homeland Security Grant Program	97.067	17LE221B	49,154	-
Homeland Security Grant Program	97.067	18LE221B	48,106	-
Homeland Security Grant Program	97.067	17HS2191	110,161	-
Homeland Security Grant Program	97.067	18HS221	15,983	-
SUBTOTAL CFDA NUMBER 97.067			<u>223,404</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>223,404</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 25,836,413</u>	<u>\$ 5,358,874</u>

The accompanying notes are an integral part of this schedule. See auditor's report on supplementary schedules.

CITY OF JACKSON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

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, 2019. 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, 2019

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. Significant deficiencies that are not considered to be material weaknesses were disclosed during the audit of the financial statements and are reported in this schedule.
3. Instances of noncompliance material to the financial statements were reported.
4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in this schedule. No material weaknesses 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. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were:
 - CDBG-Entitlement Grants Cluster (14.218)
 - Highway Planning and Construction Cluster (20.205)
 - Federal Transit Cluster (20.507)
 - 14.239 HOME Investment Partnerships Program
 - 14.241 Housing Opportunities for Persons with AIDS
 - 20.933 National Infrastructure Investments
 - 66.468 Capitalization Grants for Drinking Water State Revolving Funds
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, 2019

FINDINGS – FINANCIAL STATEMENT AUDIT

2019-001 Material Weakness – Financial Reporting (Repeated finding. See finding 2018-001)

- 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.

2019-002 Material Weakness – Cash (Repeated finding. See finding 2018-004)

- 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.
- Cause: The City has had difficulties in reconciling the collections activity within the Water/Sewer billing system.
- 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, 2019

2019-003 Material Weakness – Receivables (Repeated finding. See finding 2018-005)

- 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 periodically 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.

2019-004 Material Weakness – Receivables (Repeated finding. See finding 2018-006)

- 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.
- Cause: As a result of difficulties experienced with the billing system, the City had delayed the evaluation of the collectability of 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, 2019

2019-005 Material Weakness – Inventories (Repeat finding. See finding 2018-007)

- Criteria: Reconciliation of supplies inventory account totals in the accounting system to detailed reports reflecting the actual inventory on hand is a primary control procedure to ensure that transactions are properly recorded in the accounting system.
- Condition: The inventory count of the water meters supply on hand at the warehouse was not performed and reconciled to the accounting system.
- Cause: Procedures were not in place to periodically reconcile the actual water meters supply on hand to the inventory balances reflected in the accounting system.
- Effect: The City's accounting system did not properly reflect the water meter supply inventory.
- Recommendation: We recommend that procedures be implemented to reconcile the water meters supply inventory on hand to the accounting system at least annually.
- Response: The City's response is reflected in the accompanying corrective action plan.

2019-006 Material Weakness – Liabilities (Repeated finding. See finding 2018-008)

- 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 were not reconciled to the accounting system balances, and the vouchers payable subsidiary ledger reflected old incorrect balances as being owed to certain vendors.
- Cause: Procedures were not in place to periodically reconcile the underlying amounts owed to individuals and entities with 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.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2019

2019-007 Material Weakness – Liabilities (Repeated finding. See finding 2018-009)

- 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 were not 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.
- Recommendation: We recommend that procedures be implemented to reconcile on a monthly basis the payroll liability balances in the accounting system to the underlying amounts owed by the City.
- Response: The City's response is reflected in the accompanying corrective action plan.

2019-008 Material Weakness – Liabilities (Repeated finding. See finding 2018-010)

- 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 detailed report of the individual customer meter deposits held by the City was not periodically reconciled to the accounting system.
- Cause: The City has had difficulties in reconciling the activity within the water/sewer billing system.
- Effect: The customer meter deposits liability reflected in the accounting system was not periodically reconciled to the individual customer meter deposit amounts reflected in the billing system.
- Recommendation: We recommend that the City implement procedures to reconcile the customer meter deposits report 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, 2019

2019-009 Material Weakness – Liabilities (Repeated finding. See finding 2018-011)

- 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 case numbers and 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 case amounts held by the City pending court action and implement procedures to reconcile the individual case 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.

2019-010 Material Weakness – Fund Balances (Repeated finding. See finding 2018-012)

- Criteria: Revenues and expense are required by GAAP to be separately reflected (rather than netted), and donations received with restrictions on their use are required to be reflected as restricted fund balances until utilized for the intended purposes.
- 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.
- 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.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2019

2019-011 Material Weakness – Revenues (Repeated finding. See finding 2018-014)

- Criteria: Monitoring of lease agreements and payments due from lessees is a primary control to ensure that lessees comply with lease terms and that payments are received when due.
- Condition: A tower lease agreement tracking system was not 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 with limited oversight from the City, lessees might underpay the City in connection with their lease obligations.
- 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.

2019-012 Significant Deficiency – Federal Awards Cash Management (Repeat finding. See finding 2018-017)

- Criteria: Based on the award terms, federal awards (whether direct or passed through another entity) provide funds to a grantee on either a reimbursement basis for payments already made by the grantee or on an advance basis for payments to be made by the grantee within three days of receipt of the funds.
- Condition: The City received several federal awards passed through the Mississippi Department of Transportation (MDOT) that were awarded on a reimbursement basis, but we noted that some grant project costs were not paid prior to requesting and receiving the reimbursements from MDOT. Of the twelve MDOT reimbursement requests selected to test, three of the reimbursements were received prior to the City's payment of the project costs. The City also received a federal award passed through the Mississippi Department of Health (MS DOH) that was awarded on an advance basis, and we noted that \$655,952 of project costs were not paid within three days of receiving the requested award advance for these costs.
- Cause: The City's controls over federal award cash management were not functioning as intended.
- Effect: The City received reimbursements prior to paying some costs and held advances longer than the three days allowed.
- Recommendation: Procedures should be implemented to ensure that reimbursement-type project costs are paid prior to submitting grant reimbursement requests and that advance-type project costs are paid upon receipt of the advances.
- 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, 2019

2019-013 Material Weakness – Expenditures (Repeated finding. See finding 2018-018)

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.

2019-014 Material Weakness – Expenditures (Repeated finding. See finding 2018-019)

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.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2019

2019-015 Material Weakness – Expenditures

- Criteria: Verification of amounts owed to vendors prior to payment is a primary control to prevent incorrect payments.
- Condition: We noted several instances in which vendors were overpaid as a result of processing the same invoice for payment twice, payment of the wrong vendor for an invoice, or payment in excess of the approved contract amount.
- Cause: The City's controls over invoice processing were not functioning as intended.
- Effect: Overpayments were made to vendors prior to detection of the errors.
- Recommendation: We recommend that the City's procedures for processing invoices and approving payments be reviewed and revised as necessary to ensure that overpayments are prevented.
- Response: The City's response is reflected in the accompanying corrective action plan.

2019-016 Significant Deficiency – Personnel

- Criteria: Documentation of an employee's approved pay rate is a primary control to ensure that employees are paid appropriately.
- Condition: We noted that six of the 25 personnel files selected for testing did not contain documentation of the employee's current approved pay rate.
- Cause: The City's controls over personnel records were not functioning as intended.
- Effect: Current documentation was not available in some personnel files.
- Recommendation: We recommend that the City's procedures for maintaining personnel files be reviewed and revised as necessary to ensure that current documentation is maintained in personnel files.
- Response: The City's response is reflected in the accompanying corrective action plan.

2019-017 Material Weakness and Noncompliance – Unclaimed Funds (Repeated finding. See finding 2018-020)

- 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 is not cashed by the payee, the money is still owed, and the payee cannot be located to reissue a check.
- Condition: Approximately 1,400 old outstanding payroll checks dating back as far as 1996 were still reflected as outstanding in the accounting system and 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.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2019

Effect: The City was not in compliance with the Mississippi Unclaimed Property Act.

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.

2019-018 Material Weakness and Noncompliance – Budgeting (Repeated finding. See finding 2018-022)

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, grants/subsidies/allocations to others, and interfund transfers must be budgeted separately from other types of expenditures.

Condition: Debt service, grants/subsidies/allocations, and interfund transfers were not budgeted separately from other expenditures 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.

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.

2019-019 Noncompliance – Budgeting (Repeated finding. See finding 2018-024)

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.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2019

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.

2019-020 Noncompliance – Investments (Repeated finding. See finding 2018-027)

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 and the Water/Sewer EPA Consent Decree Account 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 transfer these funds to an allowable type of investment.

Response: The City's response is reflected in the accompanying corrective action plan.

2019-021 Noncompliance – Personnel (Repeated finding. See finding 2018-028)

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: I-9 forms and documentation of E-Verify online employment eligibility verifications could not be located for some new employees.

Cause: The City's controls over employment eligibility verifications for new employees were not functioning as intended.

Effect: The City was not in compliance with state statutes.

Recommendation: We recommend that the City review its employee hiring procedures and revise them as necessary 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.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2019

2019-022 Noncompliance – Bond Covenants (Repeated finding. See finding 2018-030)

- 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, operation and maintenance fund, and contingent fund were below the required amounts at September 30, 2019, and the total debt coverage ratio was below the 100% level required by the bond covenants as of September 30, 2019.
- 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.
- 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.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2019

2019-023 Noncompliance – State Purchase Laws (Repeat finding. See finding 2018-031)

- Criteria: State statutes require municipalities to obtain competitive bids before purchasing items over \$50,000 unless the purchase is made under a vendor state contract approved by the Mississippi Department of Finance and Administration (MS DFA) or meets certain other limited exceptions to the purchase laws.
- Condition: We noted that the City made two purchases of multiple buses totaling approximately \$1,040,000 under other states' vendor contracts that were not approved as state contracts by MS DFA.
- Cause: The City was not aware that the vendors' contracts with the other states, which appeared to meet the Federal Transit Administration's purchasing requirements, did not meet Mississippi's requirements for a state contract exemption to the bid requirements because the other states' contracts with the vendors had not been approved by MS DFA.
- Effect: The City was not in compliance with state purchase laws.
- Recommendation: We recommend that the City review and revise its purchasing procedures as necessary to ensure compliance with Mississippi purchase laws.
- Response: The City's response is reflected in the accompanying corrective action plan.

2019-024 Noncompliance – Timely Pay Statute

- Criteria: State statutes require municipalities to pay vendors within 45 days of receiving an invoice or pay the vendor interest on amounts paid after 45 days.
- Condition: We noted that the City made several vendor payments that were more than 45 days after receipt of the applicable invoices without documentation of any dispute or payment of the required interest.
- Cause: The City's procedures for processing and approving invoices for payment did not adequately document any disputes that delayed payment and did not add the required interest to vendors' payments when payments were otherwise late.
- Effect: The City was not in compliance with statutory timely pay requirements.
- Recommendation: We recommend that the City review and revise its purchasing procedures as necessary to ensure compliance with Mississippi timely pay requirements.
- 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, 2019

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF TRANSPORTATION

Highway Planning and Construction Cluster
CFDA 20.205 Highway Planning and Construction
Passed through the Mississippi Department of Transportation:

DHP-8276-00(003) 104587-812000
TCSP-0250-00(046) 103924-305000
LER-7254-00(005) 10738-701000
STP-7621-00(01) 107313-711000
TCSP-0250-00(046) 103924-304000
STP-6929-00(008) 107547-701000

CFDA 20.933 National Infrastructure Investments
Passed through the Mississippi Department of Transportation:

STP-0250-00(047) 107200/811000

U.S. ENVIRONMENTAL PROTECTION AGENCY

CFDA 66.468 Capitalization Grants for Drinking Water State Revolving Funds
Passed through the Mississippi Department of Health:

DWI-L250008-01

The cash management significant deficiency at finding 2019-012 applies to the federal award programs indicated above.

CITY OF JACKSON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2019

2018-001 Material Weakness – Financial Reporting

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).

Status: Not corrected. See finding 2019-001.

2018-002 Material Weakness – Financial Reporting

Condition: The previous year’s audit adjustments were not properly recorded in the City’s accounting system.

Status: Corrected.

2018-003 Material Weakness – Financial Reporting

Condition: The year-end financial reports generated from the accounting system had unreconciled differences within certain funds.

Status: Corrected.

2018-004 Material Weakness – Cash

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.

Status: Not corrected. See finding 2019-002.

2018-005 Material Weakness – Receivables

Condition: Water, sewer, and garbage customer receivable balances and various other receivable balances in the accounting system were not periodically reconciled to the detailed supporting records of balances actually owed to the City by individuals and others. In addition, the system utilized to monitor the water, sewer, and garbage customers’ balances owed under payment arrangements for past-due accounts was not properly adjusting the payment arrangement balances for the monthly installments.

Status: Not corrected. See finding 2019-003.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2019

2018-006 Material Weakness – Receivables

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.

Status: Not corrected. See finding 2019-004.

2018-007 Material Weakness – Inventories

Condition: The inventory count of the water meters supply on hand at the warehouse was not performed and reconciled to the accounting system.

Status: Not corrected. See finding 2019-005.

2018-008 Material Weakness – Liabilities

Condition: Vouchers payable, accounts payable and other liability detailed reports weren't reconciled to the accounting system.

Status: Not corrected. See finding 2019-006.

2018-009 Material Weakness – Liabilities

Condition: Payroll liability accounts for payroll taxes, retirement contributions, group insurance premiums, and garnishment withholdings were not 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.

Status: Not corrected. See finding 2019-007.

2018-010 Material Weakness – Liabilities

Condition: The detailed report of the individual customer meter deposits held by the City was not periodically reconciled to the accounting system.

Status: Not corrected. See finding 2019-008.

2018-011 Material Weakness – Liabilities

Condition: A detailed report of the individual amounts of police seized and forfeited cash held by the City pending court action was not available.

Status: Not corrected. See finding 2019-009.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2019

2018-012 Material Weakness – Fund Balances

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.
Status: Not corrected. See finding 2019-010.

2018-013 Material Weakness – Revenues

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 in the appropriate accounts in the accounting system.
Status: Corrected.

2018-014 Material Weakness – Revenues

Condition: A tower lease agreement tracking system was not in place to monitor monthly tower lease revenue due from cellular companies or to monitor remaining lease terms, renewals, inflation adjustments, etc.
Status: Not corrected. See finding 2019-011.

2018-015 Material Weakness – Revenues

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.
Status: Corrected.

2018-016 Material Weakness – Revenues

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.
Status: Corrected.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2019

2018-017 Significant Deficiency – Federal Grants Cash Management

Condition: The City received several federal awards passed through the Mississippi Department of Transportation (MDOT) that were awarded on a reimbursement basis, but we noted that some grant project costs were not paid prior to requesting and receiving the reimbursements from MDOT. Of the 74 reimbursement requests selected to test, 26 of the reimbursements were received prior to the City's payment of the project costs.

Status: Not corrected. See finding 2019-012.

2018-018 Material Weakness – Expenditures

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 were not properly segregated into principal and interest expenditure accounts.

Status: Not corrected. See finding 2019-013.

2018-019 Material Weakness – Expenditures

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.

Status: Not corrected. See finding 2019-014.

2018-020 Material Weakness and Noncompliance – Unclaimed Funds

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.

Status: Not corrected. See finding 2019-017.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2019

2018-021 Material Weakness and Noncompliance – Budget Reporting

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 did not 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.

Status: Corrected.

2018-022 Material Weakness and Noncompliance – Budgeting

Condition: Debt service, grants/subsidies/allocations, and interfund transfers were not budgeted separately from other expenditures as required by the OSA but instead were included in the Other Services and Charges and Capital Outlay budget line items.

Status: Not corrected. See finding 2019-018.

2018-023 Noncompliance – Budgeting

Condition: Cumulative budget revisions exceeding 10% per department were not published as required.

Status: Corrected.

2018-024 Noncompliance – Budgeting

Condition: Several expenditure line items in the budget were exceeded with no known applicable exception to the budget compliance requirement.

Status: Not corrected. See finding 2019-019.

2018-025 Noncompliance – Publication

Condition: The Sanitation Fund report of revenues, expenses, major contractors, and cost per customer was not published at year end as required.

Status: Corrected.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2019

2018-026 Noncompliance – Municipal Depository

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, 2018, 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.

Status: Corrected.

2018-027 Noncompliance – Investments

Condition: The Tort Claims Reserve Fund and the Water/Sewer EPA Consent Decree Account 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.

Status: Not corrected. See finding 2019-020.

2018-028 Noncompliance – Personnel

Condition: E-Verify online employment eligibility verifications were not completed for new employees.

Status: Not corrected. See finding 2019-021.

2018-029 Noncompliance – Municipal Compliance Questionnaire

Condition: The City Council authorized the Mayor to complete the Municipal Compliance Questionnaire in October, 2018, but the completed Municipal Compliance Questionnaire was not included in the official minutes as required.

Status: Corrected.

2018-030 Noncompliance – Bond Covenants

Condition: The Water/Sewer Fund’s debt service fund, operation and maintenance fund, and contingent fund were below the required amounts at September 30, 2018, and the total debt coverage ratio was below the 100% level required by the bond covenants as of September 30, 2018.

Status: Not corrected. See finding 2019-022.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2019

2018-031 Noncompliance – State Purchase Laws

Condition: We noted that the City made three purchases of multiple buses and mini-vans totaling approximately \$770,000 under other states' vendor contracts that were not approved as state contracts by MS DFA.
Status: Not corrected. See finding 2019-023.

2018-032 Noncompliance – Submission of Federal Award Programs Audit

Condition: The City's audit reports for the fiscal year ended September 30, 2017, were submitted to the Federal Audit Clearinghouse after the June 30, 2018, deadline.
Status: Corrected.

2018-033 Noncompliance – Publication of Audit

Condition: The audit report for the year ended September 30, 2017, was issued in July, 2018, but the City's publication of its availability was in November, 2018.
Status: Corrected.



CORRECTIVE ACTION PLAN
8/31/20

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, 2019.

Name and address of independent public accounting firm: Tann, Brown & Co., PLLC 1501 Lakeland Drive, Suite 300, Jackson, MS 39216

Audit period: Year Ended September 30, 2019

The findings from the September 30, 2019 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.

2. FINDING- FINANCIAL STATEMENT AUDIT

Finding No. 2019-001

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. 2019-002

MATERIAL WEAKNESS- CASH

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.

Action Taken: The procedures regarding the reconciliation of all bank accounts has been updated and the finance staff are in the process of implementing monthly reconciliations.

Finding No. 2019-003
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. 2019-004
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. 2019-005
MATERIAL WEAKNESS- INVENTORIES

Recommendation: We recommend that procedures be implemented to periodically reconcile the water meters supply inventory on hand to the accounting system at least annually.

Action Taken: The City will reconcile the water meters supply inventory on hand to the accounting system at the time of the annual inventory audit.

Finding No. 2019-006
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 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. 2019-007
MATERIAL WEAKNESS- LIABILITIES

Recommendation: We recommend that the procedures be implemented to reconcile on a monthly basis the payroll liability balances in the accounting system to the underlying amounts owed by the City.

Action Taken: The City has updated its procedures and will begin to monitor payroll liability accounts as part of its reconciliation process.

Finding No. 2019-008
MATERIAL WEAKNESS- LIABILITIES

Recommendation: We recommend that the City implement procedures to reconcile the customer meter deposits report 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. 2019-009
MATERIAL WEAKNESS- LIABILITIES

Recommendation: We recommend that the City develop a report reflecting the individual case amounts held by the City pending court action and implement procedures to reconcile the individual case 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 to be submitted to Finance as well. Additionally, an annual report will be compiled and submitted to Finance.

Finding No. 2019-010
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 funds 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. 2019-011
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 relates to cell towers, and create greater equity between agreements. Further, the City released an RFP on July 26, 2018 seeking proposals for a new enterprise system which, amongst other things, needs to 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. 2019-012
SIGNIFICANT DEFICIENCY- FEDERAL AWARDS CASH MANAGEMENT

Recommendation: Procedures should be implemented to ensure that reimbursement-type project costs are paid prior to submitting grant reimbursement request and advance-type project costs are paid upon receipt of the advance.

Action Taken: The Department of Public Works will require all project managers who oversee any Federal projects that require reimbursements to hold any submittals for reimbursements until payments to the contractor have been approved on the council docket. We believe this measure should reduce any future findings regarding this matter.

Finding No. 2019-013
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. 2019-014
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: The City will revise its procedures to ensure county collection fees are properly recorded as expenditures.

Finding No. 2019-015
MATERIAL WEAKNESS- EXPENDITURES

Recommendation: We recommend that the City's procedures for processing invoices and approving payments be reviewed and revised as necessary to ensure that overpayments are prevented.

Action Taken: The City implemented an ERP system in April, 2020 that includes approval workflows to provide more accountability to ensure payments are reviewed and paid accurately.

Finding No. 2019-016
SIGNIFICANT DEFICIENCY – PERSONNEL

Recommendation: We recommend that the City's procedures for maintaining personnel files be reviewed and revised as necessary to ensure that current documentation is maintained in the personnel files.

Action Taken: The Department of Personnel Management will review its current procedures for maintaining personnel files and revise any policies that are not functioning as intended.

Finding No. 2019-017
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. 2019-018
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 will revise its budgeting and financial reporting procedures to comply with the requirements of the Municipal Audit and Accounting Guide. More specifically, the City will incorporate these changes in its Chart of Accounts.

Finding No. 2019-019
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. 2019-020
NONCOMPLIANCE- INVESTMENTS

Recommendation: We recommend that the City move these 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. 2019-021
NONCOMPLIANCE- PERSONNEL

Recommendation: We recommend that the City revise its employee hiring procedures and revise them as necessary 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 and form I-9 requirements.

Finding No. 2019-022
NONCOMPLIANCE-BOND COVENANTS

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 ensuring that the modifications to the General Ledger and the billing system are completed in a timely manner and operating efficiently.

Finding No. 2019-023
NONCOMPLIANCE- STATE PURCHASE LAWS

Recommendation: We recommend that the City review and revise its purchasing procedures as necessary to ensure compliance with Mississippi purchase laws.

Action Taken: The City will obtain approval from MS DFA when using other states' contracts in its purchasing procedures to ensure compliance with Mississippi purchase laws.

Finding No. 2019-024
NONCOMPLIANCE -Timely Pay Statue

Recommendation: We recommend that the City review and revise its purchasing procedures as necessary to ensure compliance with Mississippi timely pay requirements.

Action Taken: The City will utilize the implementation of its ERP system to provide more accountability in monitoring and ensuring compliance with Mississippi timely pay requirements. Policies and procedures will also be updated to enforce adherence to State regulations.

FINDINGS AND QUESTIONS COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call me at (601) 960-1005.

Sincerely yours,



LaaWanda Jones-Horton, Director
Department of Administration

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PUBLIC ACCOUNTANTS

**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, 2019, and have issued our report thereon dated August 31, 2020. 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 2019-017 through 2019-021, 2019-023, and 2019-024.

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. However, this report is a matter of public record and its distribution is not limited.

Tann, Brown & Russ Co.

August 31, 2020