

CITY OF JACKSON, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**CITY OF JACKSON, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS**

Introductory Section

Letter of Transmittal 1
 Administrative Organizational Chart 7
 List of Principal Officials 8

Financial Section

Independent Auditor's Report 9
 Management's Discussion and Analysis 12

Basic Financial Statements

Government-wide Financial Statements
 Statement of Net Position 20
 Statement of Activities 22

Fund Financial Statements

Balance Sheet - Governmental Funds 23
 Reconciliation of the Balance Sheet of Governmental Funds to the
 Statement of Net Position 24
 Statement of Revenues, Expenditures, and Changes in Fund
 Balances - Governmental Funds 25
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities 26
 Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund 27
 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget
 and Actual - Solid Waste Collection Fund 37
 Statement of Net Position - Proprietary Funds 38
 Statement of Revenues, Expenses, and Changes in Net
 Position - Proprietary Funds 40
 Statement of Cash Flows - Proprietary Funds 41
 Statement of Fiduciary Net Position - Fiduciary Fund 43
 Statement of Changes in Fiduciary Net Position - Fiduciary Fund 44
 Notes to Financial Statements 45

Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
 Participation in the Public Employee Pension Plan of TCRS 79
 Schedule of Contributions Based on Participation in the Public Employee Pension
 Plan of TCRS 80
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
 Participation in the City of Jackson, Tennessee Pension Plan 81
 Schedule of Contributions Based on Participation in the City of Jackson, Tennessee
 Pension Plan 82
 Schedule of Changes in Total OPEB Liability Based on Participation in the
 City of Jackson OPEB Plan 83

**CITY OF JACKSON, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS**

Schedule of Contributions and Notes to OPEB Required Supplementary Information..... 84

Supplementary Information

Combining Balance Sheet - Other Governmental Funds..... 85
 Combining Statement of Revenues, Expenditures, and Changes in Fund
 Balances - Other Governmental Funds 86
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
 and Actual - Police Drug Fund 87
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
 and Actual - Metro Drug Fund..... 88
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
 and Actual - Grant Fund #1 CDBG 89
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
 and Actual - Grant Fund #2 HOME..... 90
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
 and Actual - Community Redevelopment Fund 91
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
 and Actual - Debt Service Fund 92
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
 and Actual - Capital Outlay Fund 93
 Schedule of Investments..... 95
 Schedule of Principal and Interest Requirements - General Obligation Debt 96
 Schedule of Changes in Long-Term Debt by Individual Issue 97
 Schedule of Changes in Property Taxes Receivable..... 98
 Schedule of Uncollected Delinquent Taxes Filed 99
 Schedule of Tax Rates and Assessments 100
 Schedule of Expenditures of Federal Awards 101
 Schedule of State Financial Assistance 104

Statistical and Other Information Section

Financial Trends Information – Net Position by Component – Last Ten Fiscal Years 105
 Financial Trends Information – Change in Net Position – Last Ten Fiscal Years 106
 Financial Trends Information – Fund Balances, Governmental Funds – Last Ten Fiscal Years 108
 Financial Trends Information – Changes in Fund Balances, Governmental Funds –
 Last Ten Fiscal Years 109
 Revenue Capacity Information – Assessed Value and Estimated Actual Value of
 Taxable Property - Last Ten Fiscal Years 110
 Schedule of Ten Largest Taxpayers 111
 Summary of Certain Fund Balances/Net Position..... 111
 Schedule of Local Option Sales Tax..... 111
 Revenue Capacity Information – Property Tax Levies and Collections -
 Last Ten Fiscal Years 112
 Pro Forma General Obligation Debt Statement 113
 Debt Capacity Information - Ratio of Outstanding Debt by Type -
 Last Ten Fiscal Years 114

**CITY OF JACKSON, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS**

Debt Capacity Information – Ratios of General Bonded Debt Outstanding -
 Last Ten Fiscal Years 115
 Debt Capacity Information – Direct and Overlapping Debt 116
 Demographic and Economic Information – Demographic and Economic Statistics–
 Last Ten Fiscal Years 117
 Demographic Information..... 118
 General Government Expenditures by Function 121
 General Government Revenues by Source 122
 General Description 123
 Summary of Revenues and Expenditures - General Fund and
 Debt Service Fund 124

Internal Control and Compliance Section

Independent Auditor’s 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*..... 125
 Independent Auditor’s Report on Compliance For Each Major Federal Program and Report
 On Internal Control over Compliance Required by *Uniform Guidance* 127
 Schedule of Findings and Questioned Costs 129
 Summary Schedule of Prior Year Findings and Questioned Costs 133

Management’s Corrective Action Plan..... 134

INTRODUCTORY SECTION



JERRY GIST
MAYOR

ALAN L. LAFFOON
CITY RECORDER

December 26, 2019

The Honorable Mayor, City Council and Citizens of Jackson:

The Financial Statements and Supplementary Information of the City of Jackson for the fiscal year ending June 30, 2019 are hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we whereby issue the financial statements and supplementary information of the City of Jackson.

This report consists of management's representation concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Alexander Thompson Arnold PLLC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Jackson for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; in assessing the accounting principles used, and evaluating the overall financial statement presentation.

The independent auditor concludes, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Jackson's financial statement for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Jackson's MD&A can be found immediately following the report of the independent auditors.



Profile of the Government:

The City of Jackson is located in the heart of western Tennessee, approximately 80 miles east of Memphis/Shelby County and approximately 120 miles west of Nashville/Davidson County. During the last several years, west Tennessee has been one of the growth areas within the state. Although growing less rapidly than the middle section of Tennessee, our more methodical growth has occurred at a rate that has allowed for development of infrastructure at an affordable pace.

The City of Jackson occupies a land area of 59 square miles and serves a population of 66,739. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. The City has undertaken the annexation of seventeen square miles and 6,635 new residents in the city limits since 1994. The City annexed 30 sub-areas of land (Northwest Annexation), encompassing 3,704 acres and adding 1,528 new residents in May 2011.

The City was established in 1822 and incorporated in 1845. The Charter of the City is a private act of the State Legislature, which established the governing body of the City as a nine member Council who serves four-year terms of office. Members are elected by district. The CEO of the City is the Mayor, who is elected by all the voters. The Mayor is the presiding officer at City Council meetings. The Mayor has no vote on Council issues, but has veto power, which can be overridden by a 2/3 vote of Council.

The Council is responsible, among other things, for passing ordinances, adopting the budget, ratifying committee and board appointments, and electing a Treasurer and Vice Mayor from the Council, and a City Recorder, from outside the Council. The Mayor is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The City provides a wide range of services characteristic of similar jurisdictions in the State, including public safety, highways and streets, recreation, library, public works, improvements, planning and zoning, and general administrative services. The City also provides garbage collection and disposal services. Electric power, natural gas, and water and sewer operations are provided by the Jackson Energy Authority (JEA), which in 2001 was established by act of the TN legislature as an independent authority.

The annual budget serves as the foundation for the City of Jackson's financial planning and control. The budget preparation process begins in January when City departments begin preparation of their long-range capital improvement requests. During the subsequent months, the finance and accounting staff initiates the review and evaluation of each request in light of available revenues and in accordance with the City's overall goals and objectives. By April, the Accounting Department compiles a draft capital plan, which is submitted to the Mayor for review, refinement, and approval. A Budget Committee, consisting of (3) Council members and (2) community leaders was established to work with the Director of Finance, City Recorder, and Mayor's Assistant to work on the City's annual budget.



During March, City departments begin assessing resource needs for the coming year relative to their operating budgets. The operating budgets for governmental funds are developed from a “top-down” perspective, starting with the projected revenue streams and a determination of non-controllable expenses to arrive at a balance to be distributed to operating departments based on priorities of services to be supplied by the City. The product of that review is refined in meetings with the Mayor and the Finance staff. The Mayor presents a finished budget, adjusted for balance between expenditure and revenue projections and updated with current year results, to the Council in June.

Two budget hearings are held to allow public comment. The hearings provide formal citizens’ input to the City Council on decisions and issues related to the Budget. The hearings also provide the Council with access to those department heads directly involved in the allocation of available funds on a priority basis. The Council, after review of all information and after making final adjustments or amendments, passes the budget by ordinance after two readings. The budget is then submitted to the State Comptroller for review within 15 days of Council approval.

Amendments may be made by resolution to the original appropriations ordinance at any time during a current fiscal year. Transfers between funds occur only as budgeted and approved by Council and are normally related to Debt Service and Capital. Increases in overall appropriations can be made only with Council approval.

Budget-to-actual comparisons are provided in this report for each major fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition:

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Jackson operates.

While the per capita income is less than some of the wealthier “bedroom communities” that surround the metropolitan cities Jackson serves as the cultural, economic, and entertainment hub of West Tennessee.

The City’s population grew by almost 10% between 2000 and 2010 according to the U.S. Census reports.

Local Option Sales Tax collections in FY 19 were up 3.28% from FY 18. In fiscal year 2019, Jackson had a total appraised value of property of \$5.426 billion and an assessed value of \$1.719 billion.

Jackson has a well-diversified manufacturing base, with over 8,000 manufacturing jobs. Not dependent on a single, large employer, the Top 10 Manufacturing Companies averaged 542 employees each. There are approximately 30 manufacturing locations in Jackson. Among Non-Manufacturing employers, West Tennessee Healthcare was the leader with over 5,661 jobs.



Jackson is the regional or corporate headquarters for Kellogg's Pringles division, Delta Faucet, Pinnacle Foods, Gerdau Ameristeel, and several other companies. In 2003, the Bodine division of Toyota Motor Company selected Jackson as the site for its newest engine plant and has undertaken significant expansion in production equipment and volume. Although Maytag/Whirlpool did move its dishwasher operations from Jackson to Iowa, the subject 300K square foot facility was immediately occupied by Carlisle Tire & Wheel Company.

Jackson is the healthcare center for West Tennessee. West Tennessee Healthcare acquired the former Tennova Healthcare facilities in May 2018 to be financed by the issuance of \$90 million in new bonds in the fourth quarter of fiscal year 2018. West Tennessee Healthcare previously issued \$85 million in new bonds for a major expansion which was completed in fiscal year 2009 and one large medical office building which was completed in fiscal year 2010, plus a new physical therapy facility completed in fiscal year 2017. There are also 44 medical clinics, 19 retirement or nursing homes and more than 480 practicing physicians. West Tennessee Healthcare has recently constructed the Kirkland Cancer Center. The 80,000 square foot LIFT center which houses a full fitness facility, indoor climbing wall, full-size basketball court, two indoor pools and hot tub, spacious locker rooms, medical clinic, an indoor walking track, and a healthy café was opened in January, 2013.

The expansion of retail, manufacturing and healthcare delivery services have broadened the tax base of the city and made Jackson less dependent on property tax alone. Prior to the FY 2003-2004 fiscal year, the City of Jackson had provided continuing and expanded services for nineteen years without a rate increase in property tax. For FY 2004, the public exhibited the willingness to accept the increase in the property tax rate from \$1.98 to \$2.22. The six-year reappraisal process resulted in the 2005 Tax Rate being decreased to \$2.10 and subsequently reduced to \$1.9619 as a result of the 2014 reappraisal. Thus Jackson has held the property tax rate effect constant for 14 straight years. The fiscal year 2019 budget does retain the \$1.9619 rate, which is above the \$1.87 Certified Tax Rate, in order to provide a dedicated funding stream of approximately \$1.5 million for Capital projects (i.e.: street resurfacing).

Major Initiatives for the Year:

Jackson Walk, a major downtown development including apartments, homes, retail, and the LIFT Wellness Center detailed above, opened in fiscal year 2013. Jackson Walk, excluding the LIFT Wellness Center constructed by West Tennessee Healthcare, is a major private investor backed downtown development projected to amount to \$20 million upon completion. The aim of this major project was to improve the image of downtown Jackson and enhance the tax revenues accordingly. The LIFT is an 80,000 square foot facility that includes an impressive range of fitness options, a complete medical clinic, plus classrooms for overall health education, with 3,950 memberships currently. The Jackson Walk development won the 2015 EPA National Award for Smart Growth Achievement in Neighborhood Revitalization.

Jackson Walk Phase II & Morgan Street Extension, a planned residential development, is a natural progression from the success of the original Jackson Walk development plan. The plan is for 120 apartment units and 40+ single family home lots. This new development plan will



enhance the connections between Midtown, Downtown, and surrounding neighborhoods. Specifically, the new plan will help achieve the goal of completing a neighborhood corridor linking Jackson Walk/Downtown to The University of Memphis-Lambuth Campus.

Local State/Federal Partnership Projects

Dr. F.E. Wright Drive Project: This project consists of widening between Ridgecrest Road and US Highway 70 to provide a consistent four-lane roadway. The project will occur in two phases, with the first phase between Ridgecrest and Parkway having begun construction in 2019.

Highland & Deaderick Roundabout Project: This project consists of an intersection modification to a roundabout design at US-45/North Highland Avenue and Deaderick Street. This project was completed in the 2019 fiscal year.

South Bypass Extension / South Jackson Connector: This project consists of four to six lane extension of the US 45 Bypass across the Forked Deer River generally along the Riverside Drive corridor and connecting back at US 45 / South Highland. This project is still in a study and environmental evaluation phase.

State Projects

Interstate 40 & Interchanges: This project will widen Interstate 40 to 6 lanes through the City of Jackson in phases. The current work is focused from just west of the US-45 Bypass to just east of US-45 / North Highland Avenue. The project includes replacing the interchanges at the US 45 Bypass and at US-45 / North Highland Avenue.

Casey Jones Drive & US 45 Bypass Intersection: This project will revise the intersection to remove the current U-turn configuration and improve the connection of Casey Jones Lane to Carriage House Lane. The project will also resurface the Bypass from Carriage House to Channing Way.

The thrust for current and future fiscal years continues to be the rebuilding of the downtown and East Jackson areas damaged in the tornadoes of May 4, 2003. The Urban Land Institute study will serve as a guide to the redevelopment of the storm-blighted areas. Fiscal year 2006 saw the completion of the West Tennessee Healthcare Sportsplex, a \$13.4 million seventeen-field baseball/softball complex for both traveling teams and local leagues. This facility is anticipated to bring in approximately \$8 million in tourism dollars annually after the initial start-up years. FY 18 team registrations totaled over 1,000 and included teams from fourteen surrounding states. The original \$9.2 million Debt Service was reduced to less than \$2.5 million after the first twelve years of operation. The total turnstile attendance for the initial twelve years of operation was in excess of 1.7 million.

The City initiated a major Debt Service Refunding/Restructure in FY 09 totaling \$58 million, taking advantage of the low interest rates. This enabled the City to spread the current Debt Service payments at an equal amount over the next 15 years roughly equal to less than 25% of Property Tax collections. The City did guarantee a \$3 million HUD Section 108 loan in FY 11, to




be repaid through CDBG funds. This loan is for District 1 & 2 projects managed by the Jackson CRA (Community Redevelopment Agency). The City received a \$15.3 million variable rate TMBF loan in 2013, with subsequent monthly interest rates averaging 1.5% based on the monthly SIFMA rate. Another \$17.4 million variable rate TMBF loan was obtained in 2015, with the same monthly rates averaging 1.5%. The City's total debt through 2024 is now \$83 million but can be reduced to approximately \$74-75 million by FY 19, only \$2 million in excess of the \$72 million at the start of the current mayor's (3) four-year terms. The City maintains an AA rating received from Standard & Poor's in 2014, and confirmed in FY 17.

Acknowledgements:

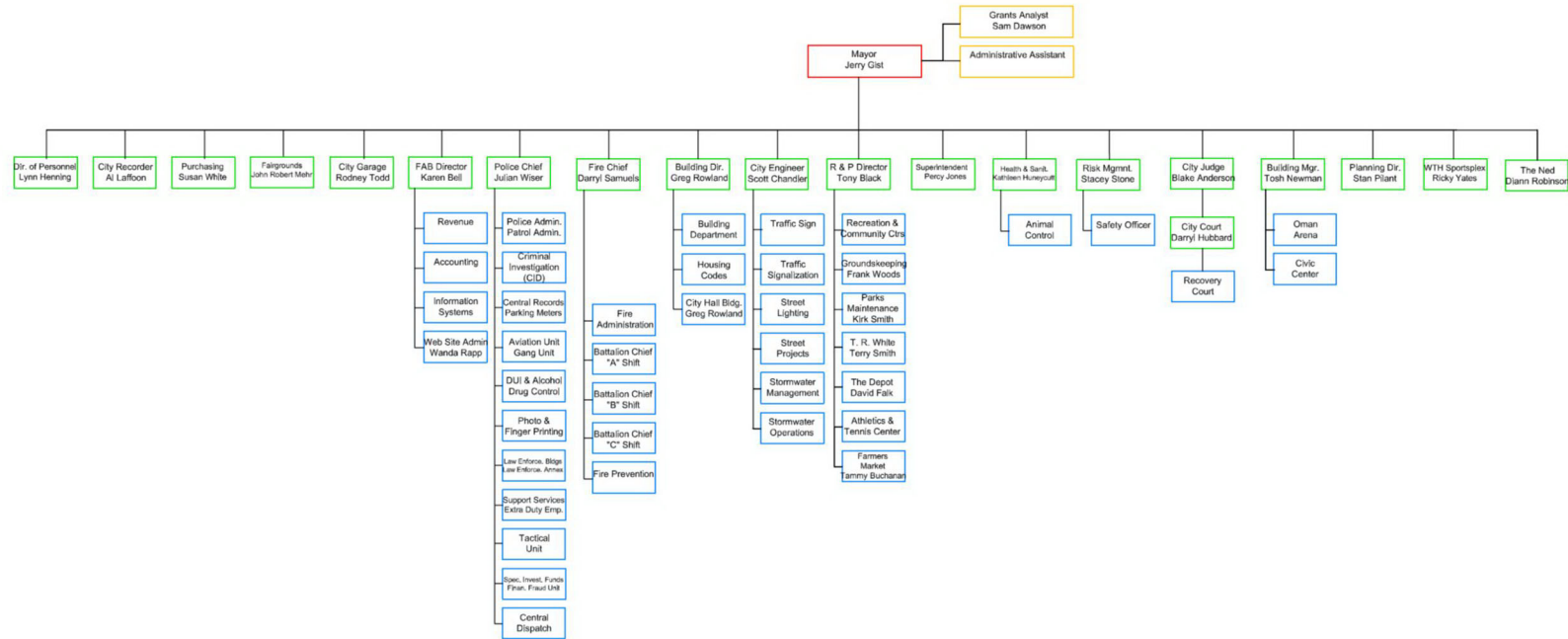
The efforts of the members of the Finance department staff and the cooperation of each of the City's departments were essential in the preparation of this report. Specific appreciation is expressed to the Director of Finance, Audit, and Budgeting, Karen Bell, and her staff for their preparation and thoroughness throughout the audit process.

Also, the City is indebted to the staff of Alexander Thompson Arnold PLLC, and specifically Matt Wood, for their valuable guidance and assistance. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standard of professionalism in the management of the City of Jackson's finances.

Respectfully submitted,


Alan L. Laffoon
City Recorder

CITY OF JACKSON - ORGANIZATIONAL STRUCTURE 2018



CITY OF JACKSON, TENNESSEE

June 30, 2019

Mayor and City Council

Jerry Gist, Mayor
Harvey Buchanan, Vice-Mayor/Council Member
Randy Wallace, Treasurer/Council Member
Charles Bray, Council Member
Ross Priddy, Council Member
David Cisco, Council Member
Ernest Brooks, II, Council Member
Johnny Lee Dodd, Council Member
Vicky Foote, Council Member
Charles Rahm, Council Member

Management Team

Al Laffoon, City Recorder
Karen Bell, Director of Finance, Audit, and Budgeting, CMFO
Christopher Wiser, Police Chief
Darryl Samuels, Fire Chief
Lynn Henning, Director of Personnel

Counsel

Lewis Cobb, City Attorney

FINANCIAL SECTION



Independent Auditor's Report

Honorable Jerry Gist, Mayor
Members of the Council
City of Jackson, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee, (the City) as of and for the year ended June 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jackson Transit Authority (JTA), which is both a major fund and 43 percent, 46 percent, and 57 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for JTA, is based solely on the report 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 report 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee, as of June 30, 2019, and respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general and solid waste collection funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages as listed in the table of contents and the required supplementary information related to pensions and other post-employment benefits on pages as listed in the table of contents 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 and other auditors, 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 regarding 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 supplementary information section, including the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the statistical and other information section – unaudited, the introductory section and management's correction action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, including the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates 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 and the other auditors. In our opinion, supplementary information, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical and other information section, introductory section, and management's corrective action plan 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 December 26, 2019 on our consideration of the City of Jackson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jackson's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
December 26, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Jackson, Tennessee (the "City" or the "City of Jackson"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with our Letter of Transmittal (pages 1-6) and the City's financial statements (beginning on page 20).

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$21.64 million. Approximately 76.31% of this total amount, \$16.51 million, is available for spending at the government's direction (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16.70 million, or 22.86% of total general fund expenditures. The General Fund reflected a \$471 thousand increase at June 30, 2019 as the result of \$1.82 million excess revenues over expenditures and \$1.35 million in Transfers to Other Funds, which resulted in a \$16.70 million unassigned fund balance.
- The City of Jackson's total debt increased by \$418 thousand or 0.53% during the current fiscal year. The \$418 thousand increase consists of \$8.84 million of draws on the \$9 million 2018 bond and \$8.43 million of principal payments on long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Jackson's basic financial statements. The City of Jackson's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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.

There are two government-wide financial statements:

- **Statement of Net Position** - The statement of net position presents information on all of the City of Jackson's assets, liabilities, and deferred outflows/inflows of resources with the difference 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.
- **Statement of Activities** - The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All current year revenues and expenses are taken

into account 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 years (for example, 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 (government 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, Parks and Recreation, Public Buildings, H&S, and Capital. The business-type activities of the City of Jackson include Hwy 70 Landfill, Sportsplex, Jackson Transit Authority, and Community Development.

The government-wide financial statements include not only the City itself (known as the primary government) but also two legally separate entities (known as component units). The Jackson Community Redevelopment Agency (ie: CRA) was established by a City Ordinance and now operates as a separate entity with its own board of directors and outside auditors.

The Jackson Energy Authority is also presented in the report as a discretely presented component unit due to the fact that the City has guaranteed their Telecom Bond Issue.

Fund Financial Statements. The fund financial statements provide more detailed information about the most significant funds - not the City as a whole. Some funds are required by State or Federal law or by bond covenants. Other funds are established by the City Council to help it control and manage money for designated or restricted purposes, or to show that it is meeting legal responsibilities for how certain taxes, grants and other monies are used (such as grants received from the United States Department of Housing and Urban Development).

All of the funds of the City of Jackson can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds. The City's basic services are included in Governmental Funds. The focus of these funds is on how cash and other financial assets that can readily be converted to cash when received are used, and what remains at the end of the fiscal year for future spending. This detailed short-term view helps in determining whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not include the additional long-term focus of the Government-Wide Statements, we provide additional information after the Governmental Fund Statements that explain the differences between the long-term view and the short-term view.

The City maintains a General Fund, multiple Special Revenue Funds, two Debt Service Funds, and a Capital Projects Fund as Governmental Funds. Information is presented separately in the governmental statement for the General Fund, Debt Service Fund, Solid Waste Collection Fund, and the Capital Projects Fund since all of these are considered major funds. Data for the other funds is combined into a single column.

The City of Jackson adopts a budget for all Governmental Funds. A budgetary comparison for the general and solid waste collection funds is found in the fund statements of this report. In the current fiscal year, both the general and solid waste collection funds had expenditures exceeding appropriations.

Proprietary Funds. Services for which the City charges customers a fee are generally reported in Proprietary Funds. Proprietary Funds, like the Government-Wide Financial Statements, provide both

long-term and short-term financial information. There are two different types of Proprietary Funds: Enterprise Funds and Internal Service Funds. The City of Jackson maintains only Enterprise Funds.

Enterprise Funds are the same as business-type activities in the Government-Wide Financial Statements but provide more detail and additional information, such as cash flows. The Sportsplex, Jackson Transit Authority, Community Development, and Solid Waste (ie: Old City Landfill) are considered major funds.

Internal Service Funds provide services for other City activities. The City of Jackson could choose to account for maintenance of City vehicles or self-financed health insurance through an internal Service Fund. Because services like these benefit predominantly governmental rather than business-type functions, the City has chosen to include those activities in the Governmental Funds.

Fiduciary Funds. Fiduciary Funds provide information about the financial relationships where the City acts solely as a trustee or fiduciary for the benefit of others to whom the resources belong. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the City's Government-Wide Financial Statements because the City cannot use these assets to finance City operations. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position in the Fund Financial Statements.

Note to the financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The additional information contained in these notes is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information about the City's progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

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 of resources exceed liabilities and deferred inflows of resources by \$66.86 million at the close of the most recent fiscal year end.

A portion of the City's net position represents resources that are subject to restrictions as to how they may be used. These include \$847 thousand for mandatory State and Council restrictions.

In order to provide a complete picture of the net position of the City, information is provided separately, in the table below, for the net position of governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 63,446,546	\$ 62,643,874	\$ 1,205,015	\$ 1,583,901	\$ 64,651,561	\$ 64,227,775
Capital assets	136,752,832	131,821,743	15,012,244	15,463,275	151,765,076	147,285,018
Total assets	200,199,378	194,465,617	16,217,259	17,047,176	216,416,637	211,512,793
Deferred outflows of resources	9,905,210	11,079,320	526,212	565,596	10,431,422	11,644,916
Current and other liabilities	6,585,968	5,996,257	361,234	1,243,710	6,947,202	7,239,967
Long-term liabilities	110,166,097	117,583,621	3,959,917	3,886,129	114,126,014	121,469,750
Total liabilities	116,752,065	123,579,878	4,321,151	5,129,839	121,073,216	128,709,717
Deferred inflows of resources	38,665,719	34,684,675	248,658	70,616	38,914,377	34,755,291
Net investment in capital assets	59,190,616	55,034,606	12,869,960	12,964,312	72,060,576	67,998,918
Restricted	847,298	859,626	-	-	847,298	859,626
Unrestricted	(5,351,110)	(8,613,848)	(696,298)	(551,995)	(6,047,408)	(9,165,843)
Total net position	\$ 54,686,804	\$ 47,280,384	\$ 12,173,662	\$ 12,412,317	\$ 66,860,466	\$ 59,692,701

Statement of Activities

Net Position of the City's governmental activities increased by \$7.41 million or 15.66%.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 20,030,514	\$ 19,283,143	\$ 2,407,093	\$ 2,331,913	\$ 22,437,607	\$ 21,615,056
Operating grants and contributions	7,793,090	5,907,519	2,404,027	2,233,286	10,197,117	8,140,805
Capital grants and contributions	2,239,488	1,437,514	84,358	900,783	2,323,846	2,338,297
General revenues:						
Property taxes	40,261,051	38,347,159	-	-	40,261,051	38,347,159
Other taxes	33,293,445	32,394,239	-	-	33,293,445	32,394,239
Other sources	1,478,509	1,197,236	10,510	25,489	1,489,019	1,222,725
Total revenues	105,096,097	98,566,810	4,905,988	5,491,471	110,002,085	104,058,281
Expenses:						
General government	\$ 38,157,080	\$ 27,841,426	\$ -	\$ -	\$ 38,157,080	\$ 27,841,426
Public safety	37,819,610	36,771,603	-	-	37,819,610	36,771,603
Public works	9,278,976	16,270,744	-	-	9,278,976	16,270,744
Public welfare and community service	8,281,760	8,852,479	-	-	8,281,760	8,852,479
Other	368,982	182,822	-	-	368,982	182,822
Interest on debt	2,511,925	2,630,181	-	-	2,511,925	2,630,181
Solid waste	-	-	69,146	137,573	69,146	137,573
Jackson Transit Authority	-	-	3,833,887	3,841,984	3,833,887	3,841,984
Community development	-	-	59,761	93,591	59,761	93,591
Sportsplex	-	-	1,964,274	1,894,449	1,964,274	1,894,449
Total expenses	96,418,333	92,549,255	5,927,068	5,967,597	102,345,401	98,516,852

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Increase (decrease) in net position						
before transfers	8,677,764	6,017,555	(1,021,080)	(476,126)	7,656,684	5,541,429
Transfers in (out)	(782,425)	(912,030)	782,425	912,030	-	-
Increase (decrease) in net position	7,895,339	5,105,525	(238,655)	435,904	7,656,684	5,541,429
Net position - beginning	47,280,384	53,391,537	12,412,317	12,841,328	59,692,701	66,232,865
Prior period restatement/adjustment	(488,919)	(11,216,678)	-	(864,915)	(488,919)	(12,081,593)
Net position - beginning - restated	46,791,465	42,174,859	12,412,317	11,976,413	59,203,782	54,151,272
Net position - ending	<u>\$ 54,686,804</u>	<u>\$ 47,280,384</u>	<u>\$ 12,173,662</u>	<u>\$ 12,412,317</u>	<u>\$ 66,860,466</u>	<u>\$ 59,692,701</u>

FINANCIAL ANALYSIS OF THE CITY'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.

As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$21.64 million, a net increase of \$372 thousand in comparison with the prior year. However, the \$372 thousand increase consists of an \$471 thousand increase in the General Fund. The remaining \$99 thousand decrease is due to a \$190 thousand decrease in the Solid Waste Collection Fund, a \$140 thousand reduction in Debt Service, and a \$295 thousand increase in the Capital Outlay Fund, and a \$64 thousand decrease in the other governmental funds. In the governmental funds approximately 76% or \$16.51 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, committed, assigned, or restricted to indicate that it is not available for new spending, as it has already been committed for debt service, capital projects, public works, or other purposes.

Information about selected major Governmental Funds is presented below.

General Fund. This 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 \$16.70 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 22.86% of total general fund expenditures of \$73.04 million. The 22.86% is of some concern, since it is down from 24.04% in FY 2018 and 24.6% in FY 2017.

Capital Projects Fund. This fund focuses on project-to-date costs for many projects within the City. At the end of the year, the Capital Projects Fund had a positive fund balance of \$2.58 million which consists mainly of unspent funds from the Series 2015 \$17.4 million TMBF variable rate loan.

- The City spent \$13.47 million on capital expenditures, primarily from previous draws remaining in the Debt Service Fund at the end of FY 2018.

- Current year expenditures included \$9.47 million for Public Works projects, \$1.79 million for General Government, \$597 thousand for Public Safety, and \$1.32 million for Public Welfare and Community Services.

Debt Service Fund. This fund focuses on the issuance and payments of long-term debt, mainly related to capital needs, within the City. At the end of the year, the Debt Service Fund had a positive fund balance of \$932 thousand which will be used to make principal payments on long-term debt in fiscal year 2020.

Solid Waste Collection Fund. This fund focuses mainly on garbage collection both for residential and commercial customers within the City. At the end of the year, the Solid Waste Collection Fund had a fund balance deficit of (\$190) thousand, largely due a continued deficit in operations for the past several years.

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.

As the City completed the fiscal year, its proprietary funds had combined Net Position of \$12.17 million. Of this amount, (\$696) thousand was available to meet on-going obligations with the remainder invested in capital assets. Key factors within the major proprietary funds are presented below:

- Net Position of the Solid Waste Disposal Fund was zero at the 2007 fiscal year-end, as a result of the \$11.5 million transfer to the General Fund for the sale of the Aaron Long Road landfill. This fund remains open only to cover the post-closure expense of the "Old Highway 70 Landfill", which will occur in a future year at a cost not to exceed \$174 thousand.
- The other major factor in the Proprietary Funds category was the introduction of the Sportsplex Fund, an Enterprise Fund for the City's (17) field baseball/softball complex for "Travel Ball". Subject complex was under construction at the end of FY06 and opening tournaments started in August of FY07. The total capital cost of the subject complex came in under the \$14.0 million budget at \$13.4 million. The Sportsplex has now operated successfully for thirteen full seasons with over 1.8 million people attending the park for a combination of travel ball, Dixie Youth ball, men's softball, and special needs games.

General Fund Budgetary Highlights

Revenues

- Property Taxes were \$162 thousand under budget at \$24.91 million, primarily due to appeals and bankruptcies/foreclosures.
- Licenses and Permits were \$313 thousand over budget at \$5.55 million. The positive overrun was due primarily to a 64% overrun in Building Department permits.
- Tax equivalents were \$290 thousand or 6% under budget at \$4.52 million. JEA Telecom is now in a positive position and contributed \$340 thousand.
- Fines, Interest & Penalties were \$509 thousand over budget at \$1.28 million. This 66% overrun is primarily due to the delinquent real estate taxes, interest and penalties.
- Local Option Sales Tax collections were \$20.24 million, which is \$420 thousand or 2.0% under budget.
- State-Shared Sales Tax to the City was \$5.87 million, which is \$143 thousand or 2.50% over budget.
- Total State-Shared Revenues were \$11.22 million, which was \$1.04 million over the budgeted amounts.

Expenditures

- Actual health insurance claims came in at 14.2% over budget at \$8.2 million budget, although stop-gap provisions did have to be implemented on a few individual claims.
- Total General Government expenditures of \$16.2 million were under budget by \$2.21 million despite numerous positive/negative line item variations.
- Public Safety expenditures of \$39.7 million were \$1.72 million or 4.5% over the revised budget, and reflected a concerted effort by the Police Department to control overtime.
- Public Works expenditures of \$8.91 million were \$39 thousand or 0.43% over budget, and State Street Maintenance's budgeted expenditures had to be significantly amended in the current year.
- Public Welfare and Community Service expenditures of \$8.21 million were \$283 thousand or 3.57% over budget, with the parks and public property expenses being \$211 thousand overbudget.

**CITY OF JACKSON, TENNESSEE
OUTSTANDING DEBT
(in thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General Obligation Bonds	\$ 71,937	\$ 69,903	\$ 1,500	\$ 1,738	\$ 73,437	\$ 71,641
Section 108 HUD Loan	2,280	2,423	-	-	2,280	2,423
Capital Outlay Notes	3,096	4,162	642	761	3,738	4,923
JMCGH Note	<u>250</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>300</u>
 Total Outstanding Debt	 <u>\$ 77,563</u>	 <u>\$ 76,788</u>	 <u>\$ 2,142</u>	 <u>\$ 2,499</u>	 <u>\$ 79,705</u>	 <u>\$ 79,287</u>

The City of Jackson's total long-term debt increased by \$418 thousand, while Business-Type debt (i.e.: Sportsplex) decreased by \$357 thousand. General Obligation Bonds increased by \$1.80 million, but Capital Outlay Notes decreased by \$1.38 million.

The City of Jackson retained the AA rating achieved in 2014 from Standard & Poor's.

Contacting the City's Financial Management

Office of the City Recorder
101 East Main Street, Suite 203
Jackson, TN 38301
731-425-8248

BASIC FINANCIAL STATEMENTS

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
Assets					
Cash and cash equivalents	\$ 14,159,472	\$ 516,407	\$ 14,675,879	\$ 84,811,182	\$ 1,176,017
Investments	3,510,645	-	3,510,645	20,744,788	-
Receivables:					
Interest	16,748	-	16,748	169,912	-
Notes	-	-	-	-	96,994
Taxes (net of allowance for uncollectible accounts)	35,274,630	-	35,274,630	-	-
Accounts (net of allowance for uncollectible accounts)	1,891,543	58,782	1,950,325	19,790,637	418,565
Grants	1,105,912	704,876	1,810,788	1,132,788	-
Intergovernmental	6,563,795	-	6,563,795	-	-
Court fines (net of allowance for uncollectible accounts)	95,262	-	95,262	-	-
Internal balances	285,718	(285,718)	-	-	-
Inventories:					
Parts and supplies	304,908	191,628	496,536	5,025,748	-
Gasoline and diesel	63,369	-	63,369	-	-
For resale	2,419	-	2,419	-	-
Other assets	-	9,118	9,118	9,375,968	-
Unamortized bond issue cost	-	-	-	685,374	-
Unrecovered purchased gas cost	-	-	-	901,725	-
Long-term notes receivable	172,125	9,922	182,047	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	11,114,435	-
Investments	-	-	-	5,376,390	-
Capital assets not being depreciated:					
Land	23,363,629	2,735,465	26,099,094	-	3,737,309
Construction in progress	5,579,868	-	5,579,868	20,577,100	-
Capital assets (net of accumulated depreciation):					
Buildings	28,833,114	7,652,670	36,485,784	-	425,788
Improvements other than buildings	4,947,299	2,693,567	7,640,866	-	-
Infrastructure	65,454,061	-	65,454,061	-	-
Machinery and equipment	3,298,990	1,725,179	5,024,169	-	-
Furniture and fixtures	5,275,871	205,363	5,481,234	-	-
Plant in service	-	-	-	484,344,542	-
Total assets	\$ 200,199,378	\$ 16,217,259	\$ 216,416,637	\$ 664,050,589	\$ 5,854,673
Deferred Outflows of Resources					
OPEB contributions after measurement date	381,668	27,966	409,634	-	-
Pension changes in experience - TCRS	320,671	17,166	337,837	-	-
Pension changes of assumptions - TCRS	2,406,142	128,803	2,534,945	-	-
Pension contributions after measurement date - TCRS	6,796,729	352,277	7,149,006	-	-
Net difference between expected and actual earnings in plan investments	-	-	-	6,429,429	-
Deferred outflows related to pensions and OPEB	-	-	-	28,667,635	-
Unamortized debt refunding differences	-	-	-	4,566,004	-
Total deferred outflows of resources	\$ 9,905,210	\$ 526,212	\$ 10,431,422	\$ 39,663,068	\$ -

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
Liabilities					
Accounts payable	\$ 4,103,279	\$ 94,023	\$ 4,197,302	\$ 26,902,319	\$ 1,292
Note payable	-	-	-	-	243,071
Accrued expenses	1,673,197	262,489	1,935,686	2,656,950	-
Customer deposits	259,203	-	259,203	6,349,592	-
Accrued interest payable	550,289	4,722	555,011	-	-
Unearned revenue - grants	-	-	-	-	351,304
Unearned revenue - City	-	-	-	-	231,618
Unearned revenue - Jackson Walk advance lease payment	-	-	-	-	24,599
Unearned revenue - Jackson Walk Phase II	-	-	-	-	3,720
Gas supply imbalances	-	-	-	15,327	-
Current portion of long-term notes payable	-	-	-	2,035,443	-
Accrued revenue bond interest	-	-	-	684,813	-
Current portion - revenue bonds payable (net of discount)	-	-	-	11,995,427	-
Noncurrent liabilities:					
Due within one year	7,654,439	422,481	8,076,920	-	-
Due in more than one year	72,330,617	1,748,723	74,079,340	196,755,808	359,601
Accrued landfill closure/postclosure costs	-	173,520	173,520	-	-
Net pension liability - TCRS	14,124,079	756,074	14,880,153	-	-
Net pension liability - Old City	4,131,574	-	4,131,574	-	-
OPEB liability	11,925,388	859,119	12,784,507	39,053,883	-
Total liabilities	116,752,065	4,321,151	121,073,216	286,449,562	1,215,205
Deferred Inflows of Resources					
Unearned tax equivalent	500,000	-	500,000	-	-
Deferred property taxes	33,617,746	-	33,617,746	-	-
OPEB change of assumptions	283,203	20,554	303,757	2,547,229	-
Pension change in actuarial experience - TCRS	3,602,135	192,825	3,794,960	398,495	-
Pension change in investment earnings - TCRS	659,045	35,279	694,324	-	-
Deferred inflows - Old City	3,590	-	3,590	-	-
Total deferred inflows of resources	38,665,719	248,658	38,914,377	2,945,724	-
Net position					
Net investment in capital assets	59,190,616	12,869,960	72,060,576	358,278,827	3,560,425
Restricted for:					
Sex offender	53,528	-	53,528	-	-
Property fund reserve	197,050	-	197,050	-	-
Police drug	114,766	-	114,766	-	-
Metro drug	385,159	-	385,159	-	-
Grant funds	96,795	-	96,795	-	-
Debt service	-	-	-	10,542,748	-
Other	-	-	-	768,003	156,215
Unrestricted	(5,351,110)	(696,298)	(6,047,408)	44,728,793	922,828
Total net position	\$ 54,686,804	\$ 12,173,662	\$ 66,860,466	\$ 414,318,371	\$ 4,639,468

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Jackson Energy Authority	Jackson Community Redevelopment Agency
					Governmental Activities	Business-type Activities	Total		
Primary government									
Governmental activities:									
General government	\$ 38,157,080	\$ 1,899,291	\$ 797,223	\$ 737,617	\$ (34,722,949)	\$ -	\$ (34,722,949)	\$ -	\$ -
Public safety	37,819,610	2,317,252	1,124,588	-	(34,377,770)	-	(34,377,770)	-	-
Public works	9,278,976	13,857,375	5,871,279	1,477,738	11,927,416	-	11,927,416	-	-
Public welfare and community service	8,281,760	1,956,596	-	24,133	(6,301,031)	-	(6,301,031)	-	-
Other	368,982	-	-	-	(368,982)	-	(368,982)	-	-
Interest on debt	2,511,925	-	-	-	(2,511,925)	-	(2,511,925)	-	-
Total governmental activities	<u>96,418,333</u>	<u>20,030,514</u>	<u>7,793,090</u>	<u>2,239,488</u>	<u>(66,355,241)</u>	<u>-</u>	<u>(66,355,241)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Solid waste	69,146	-	-	-	-	(69,146)	(69,146)	-	-
Jackson Transit Authority	3,833,887	560,825	2,204,027	84,358	-	(984,677)	(984,677)	-	-
Sportsplex	1,964,274	1,923,486	200,000	-	-	159,212	159,212	-	-
Community development	59,761	(77,218)	-	-	-	(136,979)	(136,979)	-	-
Total business-type activities	<u>5,927,068</u>	<u>2,407,093</u>	<u>2,404,027</u>	<u>84,358</u>	<u>-</u>	<u>(1,031,590)</u>	<u>(1,031,590)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 102,345,401</u>	<u>\$ 22,437,607</u>	<u>\$ 10,197,117</u>	<u>\$ 2,323,846</u>	<u>(66,355,241)</u>	<u>(1,031,590)</u>	<u>(67,386,831)</u>	<u>-</u>	<u>-</u>
Component unit									
Jackson Energy Authority	\$ 223,120,965	\$ 254,273,292	\$ -	\$ 5,719,466	-	-	-	36,871,793	-
Jackson Community Redevelopment Agency	\$ 736,337	\$ 1,011,198	\$ -	\$ -	-	-	-	-	274,861
General revenues:									
Property taxes - levied for general government					34,171,626	-	34,171,626	-	-
In lieu of property taxes					6,089,425	-	6,089,425	-	-
Sales taxes					26,247,643	-	26,247,643	-	-
Franchise and excise taxes					86,573	-	86,573	-	-
Alcoholic beverage taxes					2,880,306	-	2,880,306	-	-
Business taxes					2,115,451	-	2,115,451	-	-
Income taxes					547,440	-	547,440	-	-
TVA taxes					773,789	-	773,789	-	-
Hotel-motel taxes					642,243	-	642,243	-	-
Rental and reimbursements					527,030	-	527,030	-	-
Other sources/(uses)					375,226	-	375,226	7,760	89,488
Unrestricted grants and contributions					111,339	-	111,339	-	-
Unrestricted interest income					464,914	10,510	475,424	3,312,330	-
Transfers					(782,425)	782,425	-	-	70,325
Total general revenues and transfers					<u>74,250,580</u>	<u>792,935</u>	<u>75,043,515</u>	<u>3,320,090</u>	<u>159,813</u>
Changes in net position					<u>7,895,339</u>	<u>(238,655)</u>	<u>7,656,684</u>	<u>40,191,883</u>	<u>434,674</u>
Net position - beginning					47,280,384	12,412,317	59,692,701	372,224,583	4,204,794
Prior period adjustment					(488,919)	-	(488,919)	1,901,905	-
Net position - beginning - restated					<u>46,791,465</u>	<u>12,412,317</u>	<u>59,203,782</u>	<u>374,126,488</u>	<u>4,204,794</u>
Net position - ending					<u>\$ 54,686,804</u>	<u>\$ 12,173,662</u>	<u>\$ 66,860,466</u>	<u>\$ 414,318,371</u>	<u>\$ 4,639,468</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 11,023,503	\$ 563,668	\$ 1,978,640	\$ -	\$ 593,661	\$ 14,159,472
Investments	3,510,645	-	-	-	-	3,510,645
Receivables:						
Interest	16,748	-	-	-	-	16,748
Taxes (net of allowance for uncollectible accounts)	25,880,117	8,135,314	1,259,199	-	-	35,274,630
Accounts (net of allowance for uncollectible accounts)	45,762	47,414	-	1,797,908	459	1,891,543
Grants	129,534	-	945,195	-	31,183	1,105,912
Intergovernmental	6,563,795	-	-	-	-	6,563,795
Court fines (net of allowance for uncollectible accounts)	78,875	-	-	-	16,387	95,262
Notes	172,125	-	-	-	-	172,125
Due from other funds	935,363	434,196	-	4,356	7,774	1,381,689
Inventories:						
Parts and supplies	304,908	-	-	-	-	304,908
Gasoline and diesel	63,369	-	-	-	-	63,369
For resale	2,419	-	-	-	-	2,419
Total assets	\$ 48,727,163	\$ 9,180,592	\$ 4,183,034	\$ 1,802,264	\$ 649,464	\$ 64,542,517
Liabilities						
Accounts payable	\$ 2,871,235	\$ 511	\$ 331,632	\$ 870,756	\$ 29,145	\$ 4,103,279
Accrued expenses	1,612,780	-	-	60,417	-	1,673,197
Due to other funds	286,311	-	-	801,886	7,774	1,095,971
Customer deposits	-	-	-	259,203	-	259,203
Total liabilities	4,770,326	511	331,632	1,992,262	36,919	7,131,650
Deferred inflows of resources						
Unavailable property taxes	25,791,449	8,130,698	1,258,473	-	-	35,180,620
Unavailable court fines	78,876	-	-	-	15,825	94,701
Unearned tax equivalent	367,000	117,500	15,500	-	-	500,000
Total deferred inflows of resources	26,237,325	8,248,198	1,273,973	-	15,825	35,775,321
Fund balances						
Nonspendable:						
Inventory	370,696	-	-	-	-	370,696
Restricted:						
Sex offender	53,528	-	-	-	-	53,528
Property fund reserve	197,050	-	-	-	-	197,050
Police drug	-	-	-	-	114,766	114,766
Metro drug	-	-	-	-	385,159	385,159
Grant funds	-	-	-	-	96,795	96,795
Committed:						
Debt service	-	931,883	-	-	-	931,883
Assigned:						
Capital outlay	-	-	2,577,429	-	-	2,577,429
Midnight Basketball	6,617	-	-	-	-	6,617
Federal Equitable Sharing Program	287,434	-	-	-	-	287,434
Fire training	9,102	-	-	-	-	9,102
Traffic safety	13,166	-	-	-	-	13,166
Drug court	17,841	-	-	-	-	17,841
Earth Day	6,808	-	-	-	-	6,808
Drill Field	49,877	-	-	-	-	49,877
Liberty Gardens	4,091	-	-	-	-	4,091
Jackson Idol	3,519	-	-	-	-	3,519
Unassigned	16,699,783	-	-	(189,998)	-	16,509,785
Total fund balances	17,719,512	931,883	2,577,429	(189,998)	596,720	21,635,546
Total liabilities, deferred inflows of resources, and fund balances	\$ 48,727,163	\$ 9,180,592	\$ 4,183,034	\$ 1,802,264	\$ 649,464	\$ 64,542,517

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2019

Amounts reported for the governmental activities in the statement of net position (pages 20 - 21) are different because:

Fund balance - total governmental funds (Page 23)	\$	21,635,546
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds		136,752,832
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds		1,657,575
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in the funds		(550,289)
Deferred outflows of resources - pensions and OPEB are not available to pay current expenditures and, therefore, are unavailable in the funds.		9,905,210
Deferred inflows of resources - pensions and OPEB are not due in the current period and, therefore, are not reported in the funds.		
Pension related		(4,264,770)
OPEB related		(283,203)
Long-term liabilities, including notes and bonds payable, OPEB liability, and net pension liability are not due in the current period and, therefore, are not reported in the funds		<u>(110,166,097)</u>
Net position - governmental activities (Page 21)	\$	<u>54,686,804</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2016

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 31,256,525	\$ 9,208,695	\$ 1,407,383	\$ -	\$ -	\$ 41,872,603
Licenses and permits	5,550,498	-	-	-	-	5,550,498
Fines, interest and penalties	1,280,433	-	-	-	33,777	1,314,210
Use of money and property	1,471,029	29,359	59,101	-	75,979	1,635,468
Intergovernmental	32,248,466	131,327	3,496,238	-	634,168	36,510,199
Sales and service charges	1,380,249	-	-	13,763,798	206,507	15,350,554
Other	1,673,701	-	100,000	-	72,385	1,846,086
Total revenues	74,860,901	9,369,381	5,062,722	13,763,798	1,022,816	104,079,618
Expenditures						
Current						
General government	16,246,263	-	1,787,592	-	-	18,033,855
Public safety	39,677,244	-	596,907	-	165,057	40,439,208
Public works	8,907,678	-	9,467,705	-	-	18,375,383
Solid waste collection	-	-	-	13,505,325	-	13,505,325
Public welfare and community services	8,206,821	-	1,319,206	-	469,276	9,995,303
Other	-	-	300,353	-	-	300,353
Capital Outlay						
Public safety	-	-	-	-	164,342	164,342
Solid waste collection	-	-	-	255,468	-	255,468
Debt Service						
Principal	-	7,720,222	-	156,400	193,000	8,069,622
Interest	-	2,430,490	-	36,603	94,797	2,561,890
Other	-	68,629	-	-	-	68,629
Total expenditures	73,038,006	10,219,341	13,471,763	13,953,796	1,086,472	111,769,378
Excess (deficiency) of revenues over (under) expenditures	1,822,895	(849,960)	(8,409,041)	(189,998)	(63,656)	(7,689,760)
Other financing sources (uses)						
Sale of bonds	-	8,844,600	-	-	-	8,844,600
Transfers in	-	710,200	8,844,600	-	237,797	9,792,597
Transfers out	(1,352,172)	(8,844,600)	(140,453)	-	(237,797)	(10,575,022)
Total other financing sources (uses)	(1,352,172)	710,200	8,704,147	-	-	8,062,175
Net changes in fund balances	470,723	(139,760)	295,106	(189,998)	(63,656)	372,415
Fund balances - beginning	17,248,789	1,071,643	2,282,323	-	660,376	21,263,131
Fund balances - ending	\$ 17,719,512	\$ 931,883	\$ 2,577,429	\$ (189,998)	\$ 596,720	\$ 21,635,546

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Amounts reported for the governmental activities in the statement of activities (Page 22) are different because:

Net change in fund balances - total governmental funds (Page 25)	\$ 372,415
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 in the current period. This is the amount by which capital outlays exceeded depreciation in the current period	4,931,092
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(356,306)
Some expenses reported in the statement of activities, such as accrued leave, interest payable, debt premium amortization and OPEB liability, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Compensated absences	143,145
Amortization of debt issuance premium	15,481
Accrued interest payable	34,485
Some expenses reported in the statement of activities, such as pension expense, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(3,266,623)
Employer contributions to the pension plans in the current fiscal year, which was after the valuation period of the plans, are treated as a reduction of pension expense and are deferred in the statement of net position	6,796,729
The issuance of long-term debt provides current financial resources to governmental funds. These transactions do not have any effect on net position.	(8,844,600)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any effect on net position	<u>8,069,521</u>
Change in net position of governmental activities (Page 22)	<u>\$ 7,895,339</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Taxes:				
Property taxes	\$ 25,076,425	\$ 25,076,425	\$ 24,914,922	\$ (161,503)
Less: Discounts on property taxes				
Tax equivalents:				
IDB	265,060	265,060	131,223	(133,837)
Electric Department	2,546,325	2,546,325	2,554,111	7,786
Water Department	356,801	356,801	327,320	(29,481)
Gas Department	1,243,524	1,243,524	1,127,617	(115,907)
Telecom	344,895	344,895	339,643	(5,252)
Jackson Housing	41,980	41,980	28,677	(13,303)
St. Mary's Manor	4,060	4,060	4,050	(10)
Wesley	3,386	3,386	3,375	(11)
City beer tax	1,950,000	1,950,000	1,825,587	(124,413)
Total taxes	<u>31,832,456</u>	<u>31,832,456</u>	<u>31,256,525</u>	<u>(575,931)</u>
Licenses and permits:				
Automobile license	1,250,000	1,250,000	1,346,244	96,244
Mechanical permits	35,400	35,400	34,653	(747)
Building permits	246,130	246,130	402,665	156,535
Electric permits	75,000	75,000	76,660	1,660
Chauffeur permits	100	100	-	(100)
Development permits	6,300	6,300	7,135	835
Tradesman license fees	100,050	100,050	53,015	(47,035)
Business tax	1,950,000	1,950,000	2,115,451	165,451
Plumbing permits	31,500	31,500	31,163	(337)
Wholesale liquor tax	690,000	690,000	708,626	18,626
Beer privilege tax	125,000	125,000	19,142	(105,858)
Gas permits	12,100	12,100	24,435	12,335
Other review/evaluation fees	4,800	4,800	4,900	100
Liquor application fee	2,400	2,400	3,250	850
Other investigation fees	13,000	13,000	19,100	6,100
Mixed drink taxes	75,000	75,000	50,925	(24,075)
Sign permits	10,800	10,800	10,891	91
Hotel-motel tax	610,000	610,000	642,243	32,243
Total licenses and permits	<u>5,237,580</u>	<u>5,237,580</u>	<u>5,550,498</u>	<u>312,918</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Fines, interest, and penalties:				
Police and city court revenue	260,000	260,000	522,001	262,001
City jail fees	2,000	2,000	292	(1,708)
Parking tickets	9,500	9,500	9,196	(304)
Red light tickets	5,000	5,000	-	(5,000)
Evidence awards	30,000	30,000	50,035	20,035
Privilege license and business tax penalties	15,000	15,000	12,500	(2,500)
Drug litigation tax	95,000	95,000	132,746	37,746
Delinquent real estate taxes, interest and penalties	350,000	350,000	543,323	193,323
Sex offender registrator	4,500	4,500	10,340	5,840
Total fines, interest and penalties:	<u>771,000</u>	<u>771,000</u>	<u>1,280,433</u>	<u>509,433</u>
Use of money and property				
Rent income	158,073	158,073	164,916	6,843
Recreation revenue	23,000	23,000	39,210	16,210
Casey Jones Museum rent	8,000	8,000	11,136	3,136
Interest on investments	154,000	154,000	369,598	215,598
T. R. White revenue	15,000	15,000	37,194	22,194
Westwood Community Center revenue	2,000	2,000	7,193	5,193
Oman Arena revenue	24,500	24,500	55,258	30,758
Civic Center revenue	177,000	177,000	212,435	35,435
Carnegie Center revenue	54,000	54,000	49,500	(4,500)
Fairgrounds revenue	175,000	175,000	210,594	35,594
Ned Center revenue	82,800	82,800	124,886	42,086
Community education	2,100	2,100	4,024	1,924
Athletics revenue	65,000	65,000	41,249	(23,751)
Tennis court revenues	25,000	25,000	35,025	10,025
Farmer's Market rent	29,000	29,000	42,886	13,886
Depot rent	-	-	75	75
Theater	2,500	2,500	6,914	4,414
Concessions	60,700	60,700	47,728	(12,972)
Miscellaneous	10,300	10,300	8,705	(1,595)
Swimming pool revenue	1,000	1,000	2,503	1,503
Total use of money and property:	<u>1,068,973</u>	<u>1,068,973</u>	<u>1,471,029</u>	<u>402,056</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental:				
State of Tennessee:				
Excise tax	171,000	171,000	86,573	(84,427)
Income tax	125,000	125,000	547,440	422,440
Beer tax	45,000	45,000	30,188	(14,812)
Sales tax	5,730,000	5,730,000	5,873,466	143,466
Mixed drink tax	230,000	230,000	242,588	12,588
TVA tax	775,000	775,000	773,789	(1,211)
Law enforcement education supplement	120,000	120,000	123,000	3,000
Fire protection education supplement	102,600	102,600	109,800	7,200
Municipal planning office grant	168,800	168,800	90,779	(78,021)
SART grant	-	-	47,643	47,643
Petroleum special	136,000	136,000	129,481	(6,519)
Gasoline & motor fuel tax	1,800,000	1,800,000	1,239,683	(560,317)
Gas 1989	-	-	197,010	197,010
Gas 3 cent	-	-	360,053	360,053
Gas 2017	375,000	375,000	493,386	118,386
Transportation planning project	18,631	18,631	34,993	16,362
TDOT reimbursement	80,000	80,000	103,437	23,437
Commerce-Toyota Boshuku	-	-	695,000	695,000
Invest Prep Grant - Commerce	-	250,000	-	(250,000)
Tourism enhancement grant	-	50,000	42,617	(7,383)
Madison County:				
Local sales tax apportioned	14,453,000	14,453,000	14,066,839	(386,161)
Local sales tax apportioned-Education	6,210,000	6,210,000	6,176,011	(33,989)
Federal Government:				
ACT grant	-	53,365	42,377	(10,988)
Drug court grant	-	-	69,887	69,887
JAG	74,860	121,854	144,932	23,078
VOCA grant	42,704	42,704	39,473	(3,231)
AARP grant	-	-	7,816	7,816
MPO - SPR	38,000	38,000	25,348	(12,652)
Agriculture tree grant	-	28,512	20,110	(8,402)
Miscellaneous grants	661,910	661,910	434,747	(227,163)
Total intergovernmental	<u>31,357,505</u>	<u>31,786,376</u>	<u>32,248,466</u>	<u>462,090</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Sales and service charges:				
Supply sales	40,700	40,700	48,532	7,832
Plans review	111,238	111,238	120,365	9,127
Fire protection contracts & reports	100	100	7	(93)
Fire training fees	25,000	25,000	18,015	(6,985)
Board of Appeals fees	5,500	5,500	7,250	1,750
Accident report fees by police	5,000	5,000	6,351	1,351
JTA ticket sales commission	856,000	856,000	1,025,564	169,564
Seatbelt fees	5,000	5,000	7,210	2,210
Handling fees	4,500	4,500	4,744	244
Public education training fees	15,000	15,000	13,100	(1,900)
Planning Dept, maps and services	29,200	29,200	37,550	8,350
Zoning application fees	5,300	5,300	5,700	400
Sale of merchandise and services	59,056	59,056	50,327	(8,729)
Miscellaneous	51,155	51,155	35,534	(15,621)
Total sales and service charges	1,212,749	1,212,749	1,380,249	167,500
Other revenues:				
CATV revenues	1,100,000	1,100,000	998,485	(101,515)
Donations	8,900	8,900	111,339	102,439
Riverside Cemetery trust fund income	18,000	18,000	1,258	(16,742)
Sponsors- t-shirt uniforms	-	-	4,214	4,214
Insurance recoveries	40,000	40,000	257,305	217,305
Reimbursements	337,000	337,000	300,978	(36,022)
Cash over (short)	-	-	122	122
Total other revenues	1,503,900	1,503,900	1,673,701	169,801
Total revenues	\$ 72,984,163	\$ 73,413,034	\$ 74,860,901	\$ 1,447,867

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
General Government Administration:				
Office of Mayor:				
Salaries	\$ 334,657	\$ 334,657	\$ 327,133	\$ (7,524)
Operating	41,480	41,480	37,172	(4,308)
City Council:				
Salaries	140,208	140,208	131,977	(8,231)
Operating	21,700	29,200	24,948	(4,252)
Municipal Court:				
Salaries	855,664	868,717	808,387	(60,330)
Operating	24,900	24,900	29,386	4,486
Drug Treatment:				
Salaries	137,946	137,946	142,499	4,553
Operating	73,220	73,220	72,365	(855)
Legal Department:				
Operating	189,000	224,000	239,543	15,543
Planning and Zoning:				
Salaries	554,948	554,948	573,519	18,571
Operating	28,840	28,840	27,275	(1,565)
Civil Service:				
Operating	1,500	1,500	5,216	3,716
CEDC				
Salaries	123,242	123,242	145,384	22,142
Public buildings and services:				
Salaries - janitors	116,528	131,928	105,241	(26,687)
Operating	388,757	394,757	463,104	68,347
Revenue and finance:				
Salaries	414,397	414,397	413,142	(1,255)
Printing and binding	20,500	20,500	14,851	(5,649)
Publicity, subscriptions and dues	4,000	4,000	2,458	(1,542)
Auditing	74,850	74,850	68,840	(6,010)
Office supplies and postage	17,000	17,000	10,321	(6,679)
Insurance and bonding premiums	936,000	936,000	993,986	57,986
Travel	3,000	3,000	4,261	1,261
Office equipment maintenance	300	300	-	(300)
Other operating expenses	8,420	8,420	3,295	(5,125)
County Trustee/Clerk commission	260,000	260,000	292,743	32,743

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		over (under)
General Government Administration:				
Accounting:				
Salaries	\$ 336,074	\$ 336,074	\$ 352,387	\$ 16,313
Operating	12,625	12,625	11,149	(1,476)
Information systems:				
Salaries	588,884	588,884	570,017	(18,867)
Operating	64,020	64,020	67,207	3,187
Farmer's market:				
Salaries	154,570	154,570	153,076	(1,494)
Operating	85,700	85,700	61,040	(24,660)
Purchasing:				
Salaries	145,386	145,386	151,486	6,100
Operating	9,458	9,458	8,722	(736)
Building Department:				
Salaries	809,851	809,851	836,963	27,112
Operating	57,050	57,050	39,553	(17,497)
Risk management:				
Salaries	223,361	233,361	250,635	17,274
Operating	9,452	9,452	12,039	2,587
Reimbursable Planning Act:				
Operating	148,221	148,221	76,953	(71,268)
Housing Codes Enforcement:				
Salaries	395,705	395,705	380,979	(14,726)
Operating	138,090	138,090	45,185	(92,905)
Neighborhood Services:				
Operating	33,155	33,155	-	(33,155)
Personnel:				
Salaries	271,826	271,826	284,127	12,301
Operating	14,610	14,610	11,812	(2,798)
Amphitheater:				
Salaries	10,750	10,750	-	(10,750)
Operating	25,000	25,000	20,942	(4,058)
Miscellaneous expenditures:				
Contributions	446,348	446,348	534,034	87,686
Grant expenses	70,221	136,888	134,931	(1,957)
Commerce - Toyota Boshuku	-	-	695,000	695,000
Invest Prep grant - Commercial	-	500,000	-	(500,000)
Election expense	35,000	35,000	61,415	26,415
Damage claims and court costs	25,000	25,000	27,653	2,653
Municipal development	100,000	100,000	77,765	(22,235)
Payroll taxes	25,000	25,000	33,607	8,607
Health claims paid	7,325,000	7,325,000	8,049,448	724,448
Employee/Employer health insurance	(7,200,000)	(7,200,000)	(8,220,462)	(1,020,462)
Dental insurance claims paid	338,000	338,000	374,084	36,084
Employee dental insurance	(338,000)	(338,000)	(416,444)	(78,444)
Vision insurance claims paid	125,000	125,000	116,760	(8,240)
Employee vision insurance	(86,000)	(86,000)	(77,360)	8,640
Group health insurance	410,000	410,000	444,086	34,086
Group vision insurance	71,000	71,000	77,205	6,205

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
General Government Administration:				
Publicity and marketing	\$ 480,000	\$ 480,000	\$ 519,904	\$ 39,904
On-the-job injury	625,000	625,000	502,040	(122,960)
Tax sales expense	300,000	300,000	348,721	48,721
City sticker collection fees	70,000	70,000	85,090	15,090
Employee education and training	25,000	25,000	15,533	(9,467)
Group life insurance	180,000	180,000	185,401	5,401
Reappraisal costs	300,000	300,000	429,032	129,032
Employee benefits	425,101	425,101	446,065	20,964
Retirement benefits	527,000	527,000	477,548	(49,452)
Unemployment insurance	25,000	25,000	22,319	(2,681)
Appropriation to Airport Authority	131,432	131,432	127,479	(3,953)
Appropriation to Jackson-Madison County Library	677,054	677,054	675,652	(1,402)
Appropriation to Education Foundation	210,000	210,000	-	(210,000)
Appropriation to IDB	320,000	320,000	432,110	112,110
Appropriation to EMA	192,313	192,313	145,313	(47,000)
Appropriation to CRA District	200,000	200,000	409,059	209,059
Appropriations to other agencies	275,865	275,865	274,125	(1,740)
Other health insurance costs	329,800	529,800	463,822	(65,978)
Contractual services	5,000	5,000	8,548	3,548
One Jackson - civic master	167,693	167,693	10,466	(157,227)
Cost of living adjustment	1,695,000	1,695,000	-	(1,695,000)
Long-term disability insurance	48,000	48,000	48,391	391
Credit card charges	4,000	4,000	1,934	(2,066)
Rental house expenses	1,000	1,000	38	(962)
Sundry/other	736,650	736,650	434,633	(302,017)
Total General Government Administratio	<u>17,602,320</u>	<u>18,455,939</u>	<u>16,246,263</u>	<u>(2,209,676)</u>
Public Safety:				
Police Department:				
Salaries	7,989,578	8,071,864	8,310,727	238,863
Operating	1,341,630	1,370,142	1,425,512	55,370
Patrol Department:				
Salaries	10,165,111	10,165,111	9,848,971	(316,140)
Operating	815,470	815,470	1,078,463	262,993
Police grant programs				
Salaries	530,530	581,581	627,078	45,497
Operating	21,010	73,004	87,923	14,919
Crime prevention				
Salaries	143,353	143,353	148,376	5,023
Operating	8,500	8,500	7,832	(668)
Fire Department:				
Salaries	12,695,093	12,695,093	13,243,599	548,506
Operating	863,980	976,980	1,329,371	352,391
Fire Safety & Public Education:				
Salaries	159,812	159,812	149,091	(10,721)
Operating	10,150	10,150	45,393	35,243

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Public Safety:				
Correctional administration:				
Salaries	\$ 21,250	\$ 21,250	\$ 17,481	\$ (3,769)
Operating	12,000	12,000	13,334	1,334
Traffic and street crimes:				
Salaries	791,283	791,283	1,457,119	665,836
Operating	2,000	2,000	1,004	(996)
Central dispatch operations:				
Salaries	1,578,688	1,578,688	1,558,536	(20,152)
Operating	478,021	478,021	327,434	(150,587)
Total Public Safety	<u>37,627,459</u>	<u>37,954,302</u>	<u>39,677,244</u>	<u>1,722,942</u>
Public Works:				
Engineer:				
Salaries	557,358	557,358	493,455	(63,903)
Operating	63,503	63,503	49,868	(13,635)
State Street Aid:				
Salaries	1,792,113	1,792,113	1,543,015	(249,098)
Operating	251,875	251,875	437,117	185,242
Street lighting	2,075,732	2,075,732	2,105,198	29,466
Demolition and soil erosion:				
Salaries	783,448	783,448	729,558	(53,890)
Operating	373,760	687,760	791,515	103,755
Street construction:				
Salaries	36,253	36,253	11,136	(25,117)
Operating	47,850	47,850	84,271	36,421
Street cleaning:				
Salaries	82,955	82,955	89,139	6,184
Operating	23,002	23,002	23,549	547
State street maintenance:				
Salaries	103,417	103,417	50,837	(52,580)
Operating	298,051	543,051	564,819	21,768
Jackson City Beautiful:				
Operating	22,817	22,817	18,775	(4,042)
Animal care center:				
Salaries	331,644	361,644	369,100	7,456
Operating	105,330	105,330	106,690	1,360
Garage operations:				
Salaries	389,539	389,539	436,614	47,075
Operating	72,800	72,800	158,518	85,718
Traffic sign and signalization:				
Salaries	461,996	461,996	462,105	109
Operating	406,669	406,669	382,399	(24,270)
Total Public Works	<u>8,280,113</u>	<u>8,869,113</u>	<u>8,907,678</u>	<u>38,565</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Public Welfare and Community Service:				
Recreation:				
Salaries	\$ 776,351	\$ 776,351	\$ 912,349	\$ 135,998
Operating	130,450	130,450	188,519	58,069
Direct assistance recreation grants	25,081	25,081	-	(25,081)
Athletics:				
Salaries	259,955	259,955	277,036	17,081
Operating	90,968	90,968	88,387	(2,581)
Parks and public property:				
Salaries	2,130,652	2,130,652	2,325,825	195,173
Operating	436,609	526,609	542,188	15,579
Westwood Community Center:				
Salaries	100,787	100,787	104,218	3,431
Operating	51,995	51,995	80,401	28,406
South Jackson Community Center:				
Salaries	74,921	74,921	75,311	390
Operating	13,409	13,409	15,926	2,517
Pringles Park:				
Operating	619,834	619,834	706,668	86,834
Cypress Grove Nature Park:				
Salaries	66,705	66,705	54,538	(12,167)
Operating	24,625	24,625	30,522	5,897
Dog Park:				
Operating	-	-	12,545	12,545
Depot:				
Salaries	93,037	93,037	96,759	3,722
Operating	12,913	12,913	9,474	(3,439)
Riverside Cemetery:				
Operating	16,000	16,000	18,000	2,000
Oman Arena:				
Salaries	11,527	26,527	28,517	1,990
Operating	141,947	175,947	185,971	10,024
Civic Center:				
Salaries	544,631	544,631	464,368	(80,263)
Operating	504,042	504,042	359,958	(144,084)
Fairgrounds:				
Salaries	319,856	319,856	301,688	(18,168)
Operating	144,277	144,277	176,073	31,796
Legends Music Museum:				
Salaries	68,564	68,564	26,925	(41,639)
Operating	36,000	92,950	50,836	(42,114)
Carnegie/Ned:				
Salaries	224,570	224,570	230,034	5,464
Operating	171,757	171,757	164,700	(7,057)

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Public Welfare and Community Service (Cont.):				
T. R. White Sportsplex:				
Salaries	\$ 396,604	\$ 396,604	\$ 429,180	\$ 32,576
Operating	128,237	128,237	122,276	(5,961)
Tennis Center:				
Salaries	25,351	25,351	31,807	6,456
Operating	38,942	38,942	45,020	6,078
Bemis Community Center:				
Salaries				
Operating	9,640	9,640	10,631	991
Golf Course:				
Operating	35,500	35,500	38,050	2,550
Treemendous projects	1,930	1,930	2,121	191
Total Public Welfare and Community Service	7,727,667	7,923,617	8,206,821	283,204
Total expenditures	71,237,558	73,202,970	73,038,006	(164,965)
Excess (deficiency) of revenues over/(under) expenditure	1,746,605	210,063	1,822,895	1,612,832
Other financing sources (uses)				
Transfers out to				
Debt Service Func	(710,200)	(710,200)	(710,200)	-
Jackson Transit Authority	(711,711)	(711,711)	(641,972)	69,739
Total other financing sources (uses)	(1,421,911)	(1,421,911)	(1,352,172)	69,739
Net changes in fund balance	\$ 324,694	\$ (1,211,848)	470,723	\$ 1,682,571
Fund balance - beginning			17,248,789	
Fund balance - ending			\$ 17,719,512	

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
SOLID WASTE COLLECTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Sales and service charges:				
State reimbursement	\$ 130,000	\$ 130,000	\$ 120,472	\$ (9,528)
Garbage collection revenue	13,169,000	13,169,000	13,643,326	474,326
Total revenues	<u>13,299,000</u>	<u>13,299,000</u>	<u>13,763,798</u>	<u>464,798</u>
Expenditures				
Current				
Public Works				
Salaries	1,807,454	1,807,454	1,602,197	(205,257)
Employee benefits	614,275	614,275	644,192	29,917
Travel and training	8,000	8,000	944	(7,056)
Materials and supplies	29,500	29,500	20,635	(8,865)
Motor vehicle	342,000	342,000	385,287	43,287
Mobile communication	4,000	4,000	-	(4,000)
Uniforms and clothing	16,000	16,000	12,458	(3,542)
Utilities and telephone	17,800	17,800	29,460	11,660
Professional services	83,000	83,000	94,668	11,668
Cola	80,934	80,934	-	(80,934)
BFI landfill dumping	2,900,000	2,900,000	3,230,303	330,303
Postage	15,000	15,000	12,501	(2,499)
H&S landfill dumping	100,000	100,000	147,433	47,433
Repair and maintenance	6,400	6,400	4,510	(1,890)
Bad Debt	5,000	5,000	43,205	38,205
Bank Charges/Fees	-	-	1,734	1,734
Temporary containers	144,000	144,000	199,364	55,364
Residential garbage charges	2,520,000	2,520,000	2,961,427	441,427
Commercial garbage charges	3,492,600	3,492,600	4,115,007	622,407
Total public works expenditures	12,185,963	12,185,963	13,505,325	1,319,362
Capital outlay	277,543	277,543	255,468	(22,075)
Principal	156,400	156,400	156,400	-
Interest	31,085	31,085	36,603	5,518
Total debt service	187,485	187,485	193,003	5,518
Total expenditures	<u>12,650,991</u>	<u>12,650,991</u>	<u>13,953,796</u>	<u>1,302,805</u>
Change in fund balance	<u>\$ 648,009</u>	<u>\$ 648,009</u>	<u>(189,998)</u>	<u>\$ 838,007</u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ (189,998)</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

Assets	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Current assets					
Cash and cash equivalents	\$ 137,337	\$ 307,810	\$ 500	\$ 70,760	\$ 516,407
Accounts receivable (net of allowance for uncollectible accounts)	-	15,161	43,621	-	58,782
Grants receivable	-	704,876	-	-	704,876
Due from other funds	-	-	-	19,418	19,418
Inventory	-	117,871	73,757	-	191,628
Total current assets	<u>137,337</u>	<u>1,145,718</u>	<u>117,878</u>	<u>90,178</u>	<u>1,491,111</u>
Noncurrent assets					
Other assets					
Foreclosed property	-	-	-	9,118	9,118
Long-term notes receivable	-	-	-	9,922	9,922
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,040</u>	<u>19,040</u>
Capital assets (net of accumulated depreciation):					
Land	-	352,173	2,383,292	-	2,735,465
Buildings	-	3,773,667	3,879,003	-	7,652,670
Improvements other than buildings	-	-	2,693,567	-	2,693,567
Machinery and equipment	-	1,725,179	-	-	1,725,179
Furniture and fixtures	-	25,866	179,497	-	205,363
Net capital assets	<u>-</u>	<u>5,876,885</u>	<u>9,135,359</u>	<u>-</u>	<u>15,012,244</u>
Total assets	<u>137,337</u>	<u>7,022,603</u>	<u>9,253,237</u>	<u>109,218</u>	<u>16,522,395</u>
Deferred Outflows of Resources					
OPEB contributions after measurement date	-	24,053	3,913	-	27,966
Pension changes in experience	-	14,050	3,116	-	17,166
Pension changes of assumptions	-	105,423	23,380	-	128,803
Pension contributions after measurement date	-	284,416	67,861	-	352,277
Total deferred outflows of resources	<u>-</u>	<u>427,942</u>	<u>98,270</u>	<u>-</u>	<u>526,212</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Developmen	Totals
Liabilities					
Current liabilities					
Accounts payable	\$ -	\$ 58,881	\$ 33,045	\$ 2,097	\$ 94,023
Due to other funds	-	-	305,136	-	305,136
Current maturities of long-term notes payable	28,920	-	393,561	-	422,481
Accrued expenses	-	210,885	51,604	-	262,489
Accrued interest payable	-	-	4,722	-	4,722
Total current liabilities:	<u>28,920</u>	<u>269,766</u>	<u>788,068</u>	<u>2,097</u>	<u>1,088,851</u>
Noncurrent liabilities					
Long-term notes payable	-	-	1,748,723	-	1,748,723
Net pension liability	-	618,834	137,240	-	756,074
OPEB liability	-	736,388	122,731	-	859,119
Accrued closure and post closure costs:	173,520	-	-	-	173,520
Total noncurrent liabilities:	<u>173,520</u>	<u>1,355,222</u>	<u>2,008,694</u>	<u>-</u>	<u>3,537,436</u>
Total liabilities	<u>202,440</u>	<u>1,624,988</u>	<u>2,796,762</u>	<u>2,097</u>	<u>4,626,287</u>
Deferred inflows of resources					
Pension change in actuarial experience-TCRS	-	157,824	35,001	-	192,825
Difference in projected and actual earnings-TCRS	-	28,875	6,404	-	35,279
Changes of assumptions - OPEE	-	17,488	3,066	-	20,554
Total deferred inflows of resources	<u>-</u>	<u>204,187</u>	<u>44,471</u>	<u>-</u>	<u>248,658</u>
Net position					
Net investment in capital assets	-	5,876,885	6,993,075	-	12,869,960
Unrestricted	(65,103)	(255,515)	(482,801)	107,121	(696,298)
Total net position	<u>(65,103)</u>	<u>5,621,370</u>	<u>6,510,274</u>	<u>107,121</u>	<u>12,173,662</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 137,337</u>	<u>\$ 7,450,545</u>	<u>\$ 9,351,507</u>	<u>\$ 109,218</u>	<u>\$ 17,048,607</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2019

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Operating revenues					
Charges for services	\$ -	\$ 560,825	\$ 638,703	\$ 5,311	\$ 1,204,839
Sponsorships	-	-	196,368	-	196,368
Other operating revenues	-	-	20,371	1,641	22,012
Less: Bad debt expense	-	-	-	(84,170)	(84,170)
Total operating revenues	<u>-</u>	<u>560,825</u>	<u>855,442</u>	<u>(77,218)</u>	<u>1,339,049</u>
Operating expenses					
Salaries and employee benefits	-	2,420,447	806,105	-	3,226,552
Operation	69,146	519,715	630,614	59,761	1,279,236
Maintenance	-	153,015	192,977	-	345,992
General administration	-	217,131	-	-	217,131
Provision for depreciation	-	523,579	252,208	-	775,787
Total operating expenses	<u>69,146</u>	<u>3,833,887</u>	<u>1,881,904</u>	<u>59,761</u>	<u>5,844,698</u>
Operating income (loss)	<u>(69,146)</u>	<u>(3,273,062)</u>	<u>(1,026,462)</u>	<u>(136,979)</u>	<u>(4,505,649)</u>
Nonoperating revenues (expenses)					
Interest and other income	4,043	6,436	31	-	10,510
Interest expense	-	-	(82,370)	-	(82,370)
Donations	-	-	200,000	-	200,000
Local option sales tax	-	-	773,276	-	773,276
Tax revenues restricted for debt service:					
Hotel/Motel tax	-	-	294,768	-	294,768
Grant revenues	-	2,204,027	-	-	2,204,027
Total nonoperating revenues (expenses)	<u>4,043</u>	<u>2,210,463</u>	<u>1,185,705</u>	<u>-</u>	<u>3,400,211</u>
Income (loss) before transfers and capital contributions	<u>(65,103)</u>	<u>(1,062,599)</u>	<u>159,243</u>	<u>(136,979)</u>	<u>(1,105,438)</u>
Operating transfers					
Transfers in	-	782,425	-	-	782,425
Capital contributions	-	84,358	-	-	84,358
Total operating transfers in (out)	<u>-</u>	<u>866,783</u>	<u>-</u>	<u>-</u>	<u>866,783</u>
Change in net position	<u>(65,103)</u>	<u>(195,816)</u>	<u>159,243</u>	<u>(136,979)</u>	<u>(238,655)</u>
Total net position - beginning	<u>-</u>	<u>5,817,186</u>	<u>6,351,031</u>	<u>244,100</u>	<u>12,412,317</u>
Total net position - ending	<u>\$ (65,103)</u>	<u>\$ 5,621,370</u>	<u>\$ 6,510,274</u>	<u>\$ 107,121</u>	<u>\$ 12,173,662</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2019

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Cash flows from operating activities					
Cash received from consumers	\$ -	\$ 561,848	\$ 845,532	\$ 31,141	\$ 1,438,521
Cash received from other operations	-	21,026	-	-	21,026
Cash paid to suppliers of goods and services	(98,447)	(918,283)	(806,716)	(61,454)	(1,884,900)
Cash paid to employees for services	-	(2,564,058)	(841,569)	-	(3,405,627)
Cash (paid to) received from other funds	-	-	41,963	1,693	43,656
Net cash provided (used) by operating activities	<u>(98,447)</u>	<u>(2,899,467)</u>	<u>(760,790)</u>	<u>(28,620)</u>	<u>(3,787,324)</u>
Cash flows from non-capital financing activities:					
Disbursements of community development loans	-	-	-	(30,701)	(30,701)
Principal collections of community development loans	-	-	-	30,701	30,701
Interest expense	-	-	(82,370)	-	(82,370)
Appropriations from City	-	641,972	-	-	641,972
Donations received	-	-	200,000	-	200,000
Other non-operating income	-	420	-	-	420
Cash received from grants	-	2,387,603	-	-	2,387,603
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>3,029,995</u>	<u>117,630</u>	<u>-</u>	<u>3,147,625</u>
Cash flows from capital and related financing activities					
Construction and acquisition of property and equipment	-	(231,985)	(92,773)	-	(324,758)
Proceeds from sales of property and equipment	-	5,716	-	-	5,716
Principal payments on debt	-	-	(356,679)	-	(356,679)
Hotel/Motel tax	-	-	294,768	-	294,768
State sales tax	-	-	773,276	-	773,276
Capital grants received	-	84,358	-	-	84,358
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(141,911)</u>	<u>618,592</u>	<u>-</u>	<u>476,681</u>
Cash flows from investing activities					
Interest earned	4,043	300	31	-	4,374
Net increase (decrease) in cash and cash equivalents	(94,404)	(11,083)	(24,537)	(28,620)	(158,644)
Cash and cash equivalents - beginning of year	<u>231,741</u>	<u>318,893</u>	<u>25,037</u>	<u>99,380</u>	<u>675,051</u>
Cash and cash equivalents - end of year	<u>\$ 137,337</u>	<u>\$ 307,810</u>	<u>\$ 500</u>	<u>\$ 70,760</u>	<u>\$ 516,407</u>
Cash and cash equivalents					
Unrestricted cash on hand	\$ -	\$ -	\$ 500	\$ -	\$ 500
Unrestricted cash and cash equivalents on deposit	137,337	307,810	-	70,760	515,907
Total cash and cash equivalents	<u>\$ 137,337</u>	<u>\$ 307,810</u>	<u>\$ 500</u>	<u>\$ 70,760</u>	<u>\$ 516,407</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2019

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (69,146)	\$ (3,273,062)	\$ (1,026,462)	\$ (136,979)	\$ (4,505,649)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	523,579	252,208	-	775,787
Change in closure/postclosure liability	(28,920)	-	-	-	(28,920)
(Increase) decrease in accounts receivable	-	22,049	(9,910)	-	12,139
(Increase) decrease in deferred outflows of resources	-	35,046	4,338	-	39,384
(Increase) decrease in notes receivable	-	-	-	108,359	108,359
(Increase) decrease in inventory	-	13,505	(538)	-	12,967
(Increase) decrease in due from other funds	-	-	-	1,693	1,693
Increase (decrease) in accounts payable and accrued expenses	(381)	(38,696)	17,413	(1,693)	(23,357)
Increase (decrease) in net pension liability	-	(327,475)	(72,257)	-	(399,732)
Increase (decrease) in deferred inflows of resources	-	145,587	32,455	-	178,042
Increase (decrease) in due to other funds	-	-	41,963	-	41,963
Net cash provided (used) by operating activities	\$ (98,447)	\$ (2,899,467)	\$ (760,790)	\$ (28,620)	\$ (3,787,324)

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2019

	Deferred Compensation Trust Fund
Assets	
Investments	\$ 20,145,298
Total assets	\$ 20,145,298
 Liabilities	
Deferred compensation benefits payable	\$ 20,145,298
Total liabilities	20,145,298
 Net position	
Net position held in trust for employee benefits	-
Total liabilities and net position	\$ 20,145,298

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2019

	<u>Deferred Compensation Trust Fund</u>
Revenues:	
Other:	
Increase (decrease) in FMV of investments	\$ 824,373
Employee contributions	<u>813,548</u>
Total revenues	<u>1,637,921</u>
 Expenditures:	
General government	
Employee benefits	<u>1,637,921</u>
Total expenditures	<u>1,637,921</u>
 Change in net position	 -
 Net position - beginning	 <u>-</u>
 Net position - ending	 <u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Jackson, Tennessee (the City), is a municipal corporation governed by an elected mayor and nine-member council and provides the following services as authorized by its charter: public safety (police and fire), building inspection, planning and zoning, street maintenance, sanitation, cemetery maintenance, health, parks and recreation, and general administrative services. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. The City's discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that it is legally separate from the government.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. 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.

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 government considers revenues, excluding grant revenues, to be available if they are collected within sixty days of the end of the current fiscal period. Grant revenues are considered to be available if collected within one year of the fiscal year-end. 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, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The capital outlay fund is used to account for capital asset acquisition and construction of all funds of the City except for infrastructures financed through the Sportsplex Fund.

The solid waste collection fund is a special revenue fund used to account for funds received from commercial and residential garbage collections. Use of the funds is limited to expenditures for the activities of the City's Health and Sanitation Department and the Solid Waste Fund.

The City reports the following major proprietary funds:

The solid waste fund accounts for funds received from landfill fees, solid waste related grant revenues and the reimbursement from Madison County for one-half of the operating costs of the landfill. Use of the funds is limited to expenditures for the recycling of solid waste and for providing a solid waste landfill for the disposal of solid waste.

The Sportsplex fund is used to account for the activities of the City's seventeen-field baseball/softball complex.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

The community development fund is used to account for federal, state, and local funds received by the City which are restricted to developing viable living communities, providing decent housing and a suitable living environment, providing emergency shelters for the homeless and expanding economic opportunities principally for persons of low and moderate income.

The City reports the following blended component unit:

Jackson Transit Authority accounts for the activities of the City's urban transit. The management of the Jackson Transit Authority is vested in a board of directors consisting of seven members, all of whom are elected by the City Council upon the Mayor's recommendation, for five year terms. Jackson Transit Authority is a blended component unit of the City. Jackson Transit Authority is presented as a blended component unit mainly because their board is appointed by the City Council and Jackson Transit Authority is part of both health insurance, retirement, and now post-retirement benefits of the City of Jackson.

The City reports the following discretely presented component units:

Jackson Energy Authority is responsible for planning, acquiring, constructing, improving, furnishing, equipping, financing, owning, operating, and maintaining electric, gas, water, wastewater, and telecommunications utilities systems within or outside the corporate limits of the City, and other such utility systems as a municipal water, wastewater, gas, telecommunications, or electric utility is authorized by the general laws of the State of Tennessee to own or operate. On September 10, 2003, Jackson Energy Authority issued \$54,300,000 in adjustable rate revenue bonds. Concurrent to this bond issue, the City issued a debt service guaranty agreement in which it unconditionally guarantees the debt of the entity in the event that the Authority defaults on the debt. Jackson Energy Authority is a discretely presented component unit of the City both because of the debt listed but also the fact that the Mayor appoints the board members of Jackson Energy Authority.

The Jackson Community Redevelopment Agency (Agency) was formed for the purpose of preserving health, safety, and welfare of the residents of the City and Madison County, to provide for affordable housing, and to inhibit and improve blighted areas. The management of the Agency is vested in a board of directors consisting of seven members. Five members are elected by the City Council upon the Mayor's recommendation, and the two remaining members are elected by the County Commission upon the recommendation of the County Mayor. There must be one member that is a serving City Council member and one that is a current County Commissioner. The Jackson Community Redevelopment Agency is a discretely presented component unit of the City because of the fact that the City Council appoints the board members and there is a fiscal dependency on the City by the Jackson Community Redevelopment Agency.

Complete financial statements of the component units discussed above can be obtained from their respective administrative offices at the following addresses:

Jackson Transit Authority	Jackson Energy Authority	Jackson Community Redevelopment Agency
241 E. Deaderick Street	119 E. College Street	111 E. Main Street
Jackson, Tennessee 38301	Jackson, Tennessee 38301	Jackson, Tennessee 38301

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Additionally, the City reports the following fiduciary fund:

The deferred compensation trust fund is used to account for assets held for employees in accordance with the provisions of Internal Revenue Service Code Section 457.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's utility divisions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water, and sewer funds are charges for sales to customers for sales and service. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit and other time deposits with a term of less than three months. Cash resources of all governmental funds are pooled and are invested to the extent possible in certificates of deposit. All interest earned on this pool is allocated to the General Fund except where legal restrictions require the earnings to be allocated to the source from which the cash originated.

State statutes authorize the City to invest in certificates of deposit, obligations of the U. S. Treasury, agencies and instrumentalities, obligations guaranteed by the U. S. Government or its agencies, repurchase agreements and the state's investment pool.

Investments for the City, as well as for its component units, are reported at fair value.

Receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Property tax receivables are shown net of an allowance for uncollectibles. The allowance is recorded based on the past history of collections. Court fines receivable are also shown net of an allowance for uncollectibles. The allowance is recorded based on management's estimate of what portion of the outstanding receivable will be collected in the future.

The allowances for uncollectible customer accounts recorded in the proprietary funds are based on past history of uncollectible accounts and management's analysis of current accounts. Bad debts in the proprietary funds are recorded by the direct write-off method.

Property taxes are levied annually on October 1 and the tax bills are mailed the same date. The taxes are due and payable from the following October through February in the year of the tax levy. An unperfected lien attaches by statute to property on January 1 for unpaid taxes from the prior year's levy. Taxes uncollected by March 1, the year after due are considered delinquent and may be submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

All trade receivables are shown net of an allowance for uncollectibles if management's evaluation of credit risk determined such an allowance was necessary.

Inventories and prepaid items

Inventories in the governmental funds are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Inventories in the proprietary funds are valued at the lower of average cost or market using the FIFO method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. All land, construction in progress, and works of art will be included. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement will be reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Capital assets of the City, as well as the component units, are depreciated using the straight line method over the following useful lives:

Buildings	15 - 40 years	Infrastructure	12 - 40 years
Improvements other than buildings	20 years	Furniture and fixtures	5 - 15 years
Machinery and equipment	3 - 20 years		

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay them.

Employees of the City may accumulate up to 22 1/2 days of annual leave, which is fully vested, and 75 days of sick leave, which is not vested. Sick leave time accumulated over 75 days is paid to the employees at the rate of 50% regular pay upon normal retirement. Employees leaving the employment of the City for any reason other than retirement have no vested interest in sick leave over 75 days.

Employees of the Jackson Transit Authority (JTA) may accumulate up to 30 days of annual leave based on longevity of service which is fully vested. The sick leave policy was changed in November 1995 to allow all salaried employees who leave in good standing with JTA and who give a minimum of two weeks notice to receive 80 hours of sick leave at full pay plus one-half of all their sick leave over 80 hours.

Accrued compensated absences at June 30, 2019, are:

City of Jackson	\$2,359,662
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Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in their single employer defined benefit pension plan and also their

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

participation in TCRS' plan, and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the retirement plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the retirement plan. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting as a deferred outflow of resources are disclosed on pages 20 and 38.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The items that qualify for reporting as a deferred inflow of resources are disclosed on pages 21, 23, and 39.

The City reports unavailable property taxes, unavailable intergovernmental revenues, and unavailable public safety revenue as deferred inflows of resources in the governmental fund balance sheet. In the statement of net position, unavailable property taxes related to the subsequent tax year are reported as well as multiple deferred outflows and inflows of resources that are pension-related or OPEB-related accounts. Deferred outflows/inflows of resources are also reported on the Statement of Net Position in the government-wide statements and the proprietary fund statements.

Impact of Recently Issued Accounting Pronouncements

In March 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for financial statements for periods beginning after June 15, 2018. The primary objective of this Statement 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. Management has implemented this statement in the current financial statements.

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). 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 the Statement. There was no impact on the current financial statements from the implementation of this Statement.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund equity

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can consist of the following:

Nonspendable – consists of funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact.

Restricted – consists of funds that are mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation.

Committed – consists of funds that are set aside for a specific purpose as approved by the City Council. Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned – consists of funds that are set aside with the intent to be used for a specific purpose by the City Council or the City Recorder that has been given the authority to assign funds by the City Council. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned – consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

In accordance with this GASB Statement No. 54, the City adopted a Fund Balance Policy with the following major provisions –

Authority to Commit Funds

The City's governing body has the authority to set aside funds for a specific purpose. Any funds set aside as committed fund balance requires the passage of an ordinance by a simple majority vote. The passage of an ordinance must take place prior to June 30 of the applicable fiscal year. If the actual amount of the commitment is not available by June 30, the ordinance must state the process or formula necessary to calculate the actual amount as soon as information is available. In the event the governing body wished to lift the committed status of funds so that they may be used for general purposes, a formal action equal to that which originally committed the funds must be taken.

Authority to Assign Funds

The City's governing body and the City Recorder has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes. The same action is required to change or remove the assignment. Upon passage of a budget ordinance where fund balance is used as a source to balance the budget, the Finance Director shall record the amount as assigned fund balance.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Unassigned Fund Balance

Unassigned fund balance is the residual amount of fund balance in the general fund. It represents the resources available for future spending. An appropriate level of unassigned fund balance should be maintained in the general fund in order to cover unexpected expenditures and revenue shortfalls.

Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

Restricted net position are assets less liabilities reported in the government-wide statement of net position that have limitations imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, contributors, legislation, or the other governments.

Net investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The reconciliation of the balance sheet of governmental funds to the statement of net position includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including notes and bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$110,166,097) are as follows:

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Bonds payable	\$ 71,937,196
Notes payable	5,625,020
OPEB liability	11,925,388
Net pension liability	18,255,653
Premium on debt issuance	63,178
Compensated absences payable	<u>2,359,662</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 110,166,097</u>

B. 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 reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes 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 in the current period." The details of this \$4,931,092 difference are as follows:

Capital outlay, net change	\$ 12,292,983
Donated assets	1,374,301
Book value of assets removed	(1,515)
Depreciation expense	<u>(8,734,677)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,931,092</u>

Another element of that reconciliation states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this (\$356,306) difference are as follows:

Change in deferred court fine revenue	\$ (27,017)
Change in property taxes	<u>(329,289)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (356,306)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital project funds, and certain proprietary funds. As an extension of the budget process, City Council may transfer or appropriate additional funds for expenditures not anticipated at the time of budget

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

adoption. All annual appropriations lapse at fiscal year end. Legal level of budgetary control exists at the major function level in the General Fund and at the fund level for all other funds.

Encumbrances, when present, represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2019, investments of the City consisted of the following:

	<u>Weighted Average Maturity (Months)</u>	<u>Fair Value or Carrying Amount</u>
Certificates of deposit	7-35	\$ 3,510,645
Fixed income	N/A	8,543,984
Equities	N/A	<u>11,601,314</u>
		<u>\$ 23,655,943</u>

Interest rate risk

As a means of limiting its exposure to fair value losses arising from interest rate risks, the City generally limits its investments to those with maturities of one year or less. The City's investment portfolio did not experience a significant fluctuation in fair value during the year.

Custodial credit risk

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2019, all bank deposits were fully collateralized or insured.

Credit risk

The City's policies are designed to maximize investment earnings, while protecting the security of principal and providing adequate liquidity, in accordance with all applicable state laws. At June 30, 2019, the City's investments in U.S. Government agency securities include Federal Home Loan

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Mortgage Corporation, Federal National Mortgage Association, and Federal Agriculture Mortgage Corporation bonds, which were rated AAA by Standard & Poor's or Aaa by Moody's Investor Services.

Investment – Fiduciary Fund

The following is the asset allocation as of June 30, 2019:

	Market Value	Percentage of Total
Fixed income	\$ 8,543,984	42.41%
Equities	11,601,314	57.59%
Total	\$ 20,145,298	100.00%

The following investments represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U.S. government at June 30, 2019:

Voya Fixed Account - 457/401	\$8,543,984
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The Deferred Compensation Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2019:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Fixed income securities				
Pooled separate accounts	\$ 8,543,984	\$ 8,543,984	\$ -	\$ -
Equity securities				
Pooled separate accounts	11,601,314	11,601,314	-	-
	20,145,298	20,145,298	-	-

The fair value of the pooled separate accounts has market prices available, so therefore they are considered Level 1 investments.

B. Receivables

Receivables as of the year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

	General	Debt Service	Capital Outlay	Solid Waste Collection	Sportsplex	Jackson Transit Authority	Nonmajor and Other Funds	Total
Receivables:								
Taxes	\$ 26,972,656	\$ 8,497,541	\$ 1,259,199	\$ -	\$ -	\$ -	\$ -	\$ 36,729,396
Interest	16,748	-	-	-	-	-	-	16,748
Accounts	45,762	47,414	-	1,841,756	43,621	16,201	459	1,995,213
Grants	129,534	-	945,195	-	-	704,876	31,183	1,810,788
Intergovernmental	6,563,795	-	-	-	-	-	-	6,563,795
Court fines	519,088	-	-	-	-	-	16,387	535,475
Note	172,125	-	-	-	-	-	373,611	545,736
Gross receivables	34,419,708	8,544,955	2,204,394	1,841,756	43,621	721,077	421,640	48,197,151
Less: Allowance for uncollectibles	(1,532,752)	(362,227)	-	(43,848)	-	(1,040)	(363,689)	(2,303,556)
Net total receivables	<u>\$ 32,886,956</u>	<u>\$ 8,182,728</u>	<u>\$ 2,204,394</u>	<u>\$ 1,797,908</u>	<u>\$ 43,621</u>	<u>\$ 720,037</u>	<u>\$ 57,951</u>	<u>\$ 45,893,595</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, various components of deferred inflows of resources reported in the governmental funds were as follows:

2019 property tax assessment	\$ 33,617,746
Delinquent property taxes	1,562,874
Unearned tax equivalents	500,000
Court fines receivable	94,701
Total deferred revenue for governmental funds	<u>\$ 35,775,321</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Receivable Fund	Payable Fund	Amount
Community Development	General	\$ (19,418)
General	Sportsplex	133,477
Debt Service	Sportsplex	171,659
Solid Waste Collection	General	4,356
Grant Fund #1 CDBG	Grant Fund #2 HOME	7,774
Debt Service	General	262,537
General	Solid Waste Collection	801,886
Total		1,362,271
Governmental activities eliminated		<u>(1,076,553)</u>
Total		<u>\$ 285,718</u>

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund transfers were consummated within the normal operations of the City. The City's intention is to repay all interfund liabilities within the next fiscal year. However, due to the significant amount of the solid waste collection funds' interfund liability to the general fund, settlement within the next fiscal year is not expected.

Interfund transfers are used to 1) move revenues from the funds with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Interfund transfers during the year ended June 30, 2019, were as follows:

Transfer Out	Transfer In				Total
	Capital Outlay	Debt Service	Jackson Transit Authority	Nonmajor Governmental Funds	
General	\$ -	\$ 710,200	\$ 641,972	\$ -	\$ 1,352,172
Debt Service	8,844,600	-	-	-	8,844,600
Capital Outlay	-	-	140,453	-	140,453
Nonmajor Governmental	-	-	-	237,797	237,797
	<u>8,844,600</u>	<u>710,200</u>	<u>782,425</u>	<u>237,797</u>	<u>10,575,022</u>
Eliminations	<u>(8,844,600)</u>	<u>(710,200)</u>	<u>-</u>	<u>(237,797)</u>	<u>(9,792,597)</u>
Total Government-Wide	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 782,425</u>	<u>\$ -</u>	<u>\$ 782,425</u>

The descriptions of the transfers are as follows:

- The transfer from the Debt Service fund to the Capital Outlay fund is for capital outlay needs in the current year that were funded from long-term debt proceeds issued in the debt service fund.
- The transfers from the General fund and Capital Outlay fund to the Jackson Transit Authority were for the City's portion of operating assistance and capital assistance provided to the Transit Authority annually.
- The other transfers were made in order to fund debt service payments in the current year.

D. Capital Assets

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

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 23,363,629	\$ -	\$ -	\$ -	\$ 23,363,629
Construction in progress	2,112,253	3,535,728	-	(68,113)	5,579,868
Total capital assets, not being depreciated	<u>25,475,882</u>	<u>3,535,728</u>	<u>-</u>	<u>(68,113)</u>	<u>28,943,497</u>
Capital assets, being depreciated					
Buildings	70,248,694	2,299,809	-	(1)	72,548,502
Improvements other than buildings	6,429,152	544,273	-	-	6,973,425
Machinery and equipment	39,111,283	1,869,333	298,628	(2)	40,681,986
Infrastructure	119,944,503	5,418,141	-	68,113	125,430,757
Total capital assets, being depreciated	<u>235,733,632</u>	<u>10,131,556</u>	<u>298,628</u>	<u>68,110</u>	<u>245,634,670</u>
Less accumulated depreciation for:					
Buildings	42,082,083	1,633,305	-	-	43,715,388
Improvements other than buildings	1,388,143	248,654	-	-	1,636,797
Machinery and equipment	29,758,131	2,646,107	297,113	-	32,107,125
Infrastructure	56,159,414	4,206,611	-	-	60,366,025
Total accumulated depreciation	<u>129,387,771</u>	<u>8,734,677</u>	<u>297,113</u>	<u>-</u>	<u>137,825,335</u>
Total capital assets, being depreciated, net	<u>106,345,861</u>	<u>1,396,879</u>	<u>1,515</u>	<u>68,110</u>	<u>107,809,335</u>
Governmental activities capital assets, net	<u>\$ 131,821,743</u>	<u>\$ 4,932,607</u>	<u>\$ 1,515</u>	<u>\$ (3)</u>	<u>\$ 136,752,832</u>

	Beginning Balance	Increases	Decreases	Reclass/ Adjustments	Ending Balance
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 2,735,465	\$ -	\$ -	\$ -	\$ 2,735,465
Total capital assets not being depreciated	<u>2,735,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,735,465</u>
Capital assets, being depreciated					
Land improvements	3,178,526	-	-	-	3,178,526
Buildings	11,399,327	74,495	-	(4,106)	11,469,716
Machinery and equipment	8,481,208	157,490	144,616	(202)	8,493,880
Furniture and fixtures	1,384,099	92,773	7,381	4,308	1,473,799
Total capital assets being depreciated	<u>24,443,160</u>	<u>324,758</u>	<u>151,997</u>	<u>-</u>	<u>24,615,921</u>
Less accumulated depreciation for:					
Land improvements	472,959	9,813	-	2,187	484,959
Buildings	3,531,733	287,498	-	(2,185)	3,817,046
Machinery and equipment	6,544,437	368,880	144,616	-	6,768,701
Furniture and fixtures	1,166,221	109,596	7,381	-	1,268,436
Total accumulated depreciation	<u>11,715,350</u>	<u>775,787</u>	<u>151,997</u>	<u>2</u>	<u>12,339,142</u>
Total capital assets, being depreciated, net	<u>12,727,810</u>	<u>(451,029)</u>	<u>-</u>	<u>(2)</u>	<u>12,276,779</u>
Business-type activities capital assets, net	<u>\$ 15,463,275</u>	<u>\$ (451,029)</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ 15,012,244</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Governmental activities:	
General government	\$ 606,430
Public safety	1,800,479
Public works	5,086,452
Public welfare and community service	<u>1,241,316</u>
Total depreciation expense - governmental activities	<u><u>\$ 8,734,677</u></u>
Business-type activities:	
Sportsplex	\$ 252,208
Jackson Transit Authority	<u>523,579</u>
Total depreciation expense - business-type activities	<u><u>\$ 775,787</u></u>

E. Operating Leases

The City is engaged in multiple copier leases across the various departments of the City. The future minimum lease payments are as follows:

Year Ending June 30	Amount
2020	\$ 23,010
2021	16,441
2022	<u>10,282</u>
Total	<u><u>\$ 49,733</u></u>

Lease expense for the year ended June 30, 2019 was \$26,341.

F. Note Receivable

During the year ended June 30, 2006, the City entered into a Joint Development Agreement with a local real estate developer to develop acreage adjacent to the baseball/softball complex under construction. Under the terms of this agreement, the City holds a note receivable in the amount of \$1,000,000, which was initiated to reimburse the City for road construction and improvements in the area around the Sportsplex. The note holds a maturity date of December 15, 2020, and is to be paid at the rate of \$21,250 per acre for each acre that is subsequently developed and sold by the local developer. The balance of this note receivable at June 30, 2019, was \$160,225.

The City's community development fund is used to provide assistance to families that need to improve their residential structures. The balance of these note receivables at June 30, 2019 is \$9,922.

During the year ended June 30, 2017, the City obtained a promissory note from a City employee related to missed rental payments. The promissory note holds a maturity date in May 2024. The balance of this note receivable at June 30, 2019, was \$11,900.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

G. Long-term Debt

The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation debt at June 30, 2019, is comprised of the following bonds and notes payable:

General Obligation Bonds, Series 2009, original issue was \$6,000,000 due in annual installments beginning 2010 through 2024, fixed rates of interest ranging from 2.00% to 4.00% depending on CUSIP issue	\$ 2,340,000
General Obligation Refunding Bonds, Series 2009, original issue was \$58,535,000, payable in annual installments beginning 2010 through 2024, fixed rates of interest ranging from 2.00% to 4.50% depending on CUSIP issue	26,070,000
General Obligation Loan Program Bonds, Series 2013, original issue was \$15,300,000, payable in annual installments beginning 2016 through 2033, variable rates of interest ranging from 3.00% to 3.25% depending on CUSIP issue	13,395,000
General Obligation Loan Program Bonds, Series 2015, original issue will total \$17,400,000, payable in annual installments beginning 2018 through 2035, variable rates of interest ranging from 3.00% to 3.25% depending on CUSIP issue	15,621,000
General Obligation Refunding Bonds, Series 2011, Original issue was \$10,000,000, payable in annual installments beginning 2015 through 2027, fixed rates of interest ranging from 3.00% to 3.50% depending on CUSIP issue	7,011,000
Note Payable, Jackson-Madison County General Hospital District, original issue was \$650,000, payable in annual installments beginning 2012 through 2024, interest-free	250,000
Note Payable, Department of Housing & Urban Development, original issue was \$3,165,000, payable in annual installments beginning 2012 through 2030, fixed interest rate of 3.56%	2,280,000
General Obligation Loan Program Bonds, Series 2018, original issue was \$9,000,000, payable in annual installments beginning 2018 through 2038, interest rate of 3.39% at year end	9,000,000
General Obligation Capital Outlay Note Series 2016, original issue was \$2,400,000, payable in annual installments beginning 2017 through 2029, variable interest rate ranging from a high of 3.55% to a low of 2.45% during current year, interest rate of 2.45% at year end	2,000,000

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

General Obligation Capital Outlay Note Series 2017,
original issue was \$1,700,000, payable in annual installments
beginning 2018 through 2025, interest rate of 2.65% at year end 1,487,500

General Obligation Capital Outlay Note Series 2014,
original issue was \$500,000, payable in annual installments
beginning 2016 through 2023, variable interest rate ranging from
a high of 5.39% to a low of 2.75% during current year, interest
rate of 2.75% at year end 250,000

\$79,704,500

The annual requirements to amortize all general long-term debt, except compensated absences and accrued closure and post-closure costs, at June 30, 2019, including interest payments of \$12,995,477 are as follows:

Fiscal Year Ending	Notes		General Obligation Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 674,000	\$ 183,273	\$ 7,274,000	\$ 2,170,149	\$ 7,948,000	\$ 2,353,422
2021	681,000	165,154	7,912,000	1,895,314	8,593,000	2,060,468
2022	687,000	146,076	8,208,000	1,596,644	8,895,000	1,742,720
2023	694,000	126,685	8,494,000	1,311,796	9,188,000	1,438,481
2024	638,500	106,846	9,318,000	1,016,154	9,956,500	1,123,000
2025-2029	2,428,000	238,288	16,150,000	2,644,158	18,578,000	2,882,446
2030-2034	465,000	16,682	12,538,000	1,152,893	13,003,000	1,169,575
2035-2038	-	-	3,543,000	225,365	3,543,000	225,365
	<u>\$ 6,267,500</u>	<u>\$ 983,004</u>	<u>\$ 73,437,000</u>	<u>\$ 12,012,473</u>	<u>\$ 79,704,500</u>	<u>\$ 12,995,477</u>

During the year ended June 30, 2009, the City issued \$58,535,000 of general obligation refunding bonds for a current refunding of the City's previously issued 1997 General Refunding and Improvement Bonds, 2001 General Obligation Refunding and Capital Outlay Extension Notes, and the 2004 General Obligation Refunding and Capital Outlay Extension Notes. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$292,229. This amount is being netted against the new debt and amortized over the new debt's life.

During the year ended June 30, 2010, the City issued \$7,120,000 of general obligation refunding bonds for a current refunding of the City's previously issued 2003 General Obligation Refunding and Capital Outlay Extension Notes. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$49,663. This amount is being netted against the new debt and amortized over the new debt's life.

Long-term liability activity for the year ended June 30, 2019, was as follows:

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 69,902,517	\$ 8,844,600	\$ 6,809,921	\$ 71,937,196	\$ 6,999,007
Capital outlay notes	6,884,620	-	1,259,600	5,625,020	555,432
Premium on debt issuance	78,659	-	15,481	63,178	-
Compensated absences	2,502,807	-	143,145	2,359,662	100,000
	<u>\$ 79,368,603</u>	<u>\$ 8,844,600</u>	<u>\$ 8,228,147</u>	<u>\$ 79,985,056</u>	<u>\$ 7,654,439</u>
Business-type activities:					
General obligation bonds	\$ 1,737,883	\$ -	\$ 238,079	\$ 1,499,804	\$ 274,993
Capital outlay notes	761,080	-	118,600	642,480	118,568
Accrued closure/postclosure	231,360	-	28,920	202,440	28,920
	<u>\$ 2,730,323</u>	<u>\$ -</u>	<u>\$ 385,599</u>	<u>\$ 2,344,724</u>	<u>\$ 422,481</u>

Within the City's governmental activities, compensated absences are generally liquidated by the general fund.

NOTE 5 - OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, auto and bus liability, property, and errors and omissions coverage. The City joined the Tennessee Municipal League Risk Management Pool (Pool), which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The City pays annual premiums to the Pool for the above policies. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The City's premiums are calculated based on its prior claims history.

It is the policy of the City to purchase commercial insurance for the risk of employee dishonesty and aviation insurance. Settled claims have not exceeded this commercial coverage or the coverage provided by the Pool in any of the past three years.

The City self-insures its employee health, dental and vision insurance program. The City collects insurance premiums from its employees, and pays all claims made along with an administration fee to Blue Cross/Blue Shield of Tennessee, the plan administrator. The City, as a part of the plan, has purchased a reinsurance policy that pays 80% of the claims made by an individual within one year in excess of \$100,000 and less than \$1,000,000.

At June 30, 2019, the estimated liability for claims incurred but not paid was \$353,522. Changes in liability for the last five fiscal years are as follows:

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

	Beginning of Fiscal Year	Adjustment	Adjusted Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
	Liability		Liability			
2014-2015	\$ 92,764	\$ -	\$ 92,764	\$ 8,279,924	\$ 6,824,932	\$ 1,547,756
2015-2016	1,547,756	(999,445)	548,311	8,231,936	8,511,366	268,881
2016-2017	268,881	300,112	568,993	8,167,558	7,960,771	775,780
2017-2018	775,780	-	775,780	8,252,769	8,638,921	389,628
2018-2019	389,628	-	389,628	8,731,681	8,767,787	353,522

The City is self-insured regarding workers' compensation insurance. The City's health insurance plan will pay for any medical expenses incurred by the employee if he is a member of the health plan, a group life policy is maintained that pays the beneficiary an amount equal to one year salary and the pension plan through Tennessee Consolidated Retirement System contains some provisions for disability and early retirement. All risks associated with workers' compensation insurance concerning the coverage mentioned above are assumed by the City. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

At June 30, 2019, the estimated liability for claims incurred but not paid was \$51,332.

Changes in liability for the last five fiscal years are as follows:

	Beginning of Fiscal Year	Adjustment	Adjusted Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
	Liability		Liability			
2014-2015	\$ (49,493)	\$ -	\$ (49,493)	\$ 649,493	\$ 557,366	\$ 42,634
2015-2016	42,634	13,621	56,255	605,000	679,346	(18,091)
2016-2017	(18,091)	74,421	56,330	700,000	704,126	52,204
2017-2018	52,204		52,204	656,000	814,086	(105,882)
2018-2019	(105,882)		(105,882)	750,000	592,786	51,332

No designation of assets has been made by the City to fund future claims liabilities.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City has unconditionally guaranteed to Jackson Energy Authority (JEA), and the trustee for the beneficiaries of JEA's telecommunications debt, that the amount on deposit in the Debt Service Reserve Account for the 2009 Term Loan Agreement will at all times equal or exceed the Debt Service

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Reserve Requirement. The City's guaranty is not to exceed \$60 million. The outstanding balance of the debt at June 30, 2019, is \$33,565,000.

C. Closure and Post-closure Care Cost

State and federal laws and regulations require the City to place a final cover on its Red Lane and Highway 70 east landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The liability reported as landfill closure and postclosure care liability at June 30, 2015, represents the cumulative amount reported to date based on the use to date of the estimated costs of closure and postclosure care as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Closure on the Highway 70 landfill was begun in the fiscal year ended June 30, 1994, and was completed in the fiscal year ended June 30, 1996. Accrued closure and post-closure care costs at June 30, 2019, are \$202,440.

During the year ended June 30, 2006, the City entered into an agreement with Allied Waste dba Madison County Development, LLC to sell the remaining landfill site to Allied Waste. Based on the terms of the agreement, the City entered into an Interim Landfill Operating Agreement with Allied Waste allowing them to assume all operations of the landfill. Under the terms of the sale, the City entered into a twenty-year fixed fee agreement for waste disposal with Allied Waste. Also, the City was released from any and all postclosure liability relating to the landfill as an additional provision of the sales agreement.

D. Joint Ventures

The City participates in the following joint ventures with Madison County, Tennessee:

Jackson-Madison County Airport Authority (Authority) administers the operations of the McKellar Sipes Airport. The Board of the Authority consists of five members who are alternatively appointed each year by the City and Madison County. The City provides support to the Authority through an annual appropriation. The City has certain real estate of the Authority in the amount of \$876,212 included in the governmental activities section of the Statement of Net Position. The City does not have an equity interest in the Authority and has no ongoing funding obligation for its share of the costs of operations not recovered from the Authority's operating revenues.

Jackson-Madison County Community Economic Development Commission (Commission) is involved in tourism efforts. The Board of the Commission consists of five members who are alternatively appointed each year by the City and Madison County. Funding for the Commission is provided through a hotel/motel tax levied jointly by the City and Madison County. Twenty percent of the funds collected through the hotel/motel tax are allocated to the Commission pursuant to the provisions of a private act. The City assumes no ongoing financial interest or burden in regards to the Commission.

Jackson-Madison County General Hospital (Hospital) provides health care for the entire West Tennessee area. The five members of the board of the Hospital are alternately appointed each year by the City and Madison County. The City has certain real estate of the Hospital in the amount of \$1,356,888 included in the governmental activities section of the Statement of Net Position. The

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Hospital has decided to pay a portion of its profits to the City annually. This donation has been designated by the City Council to fund capital expenditures related to tourism. For the fiscal year ended June 30, 2019, the donation was \$200,000.

Jackson-Madison County Library (Library) administers the operations of the local library. The board of the Library consists of five members alternately appointed by the City and Madison County. The City has certain real estate of the Library in the amount of \$412,214 included in the governmental activities section of the Statement of Net Position. The City does not have an equity interest in the Library and has no ongoing funding obligation for its share of the costs of operations not recovered from the Library's operating revenues.

Complete financial statements for the above-noted ventures can be obtained from their respective administrative offices at the following addresses:

Jackson-Madison County Airport Authority
308 Grady Montgomery Drive
Jackson, Tennessee 38301

Jackson-Madison County Community Economic
Development Commission
314 E. Main Street
Jackson, Tennessee 38301

Jackson-Madison County General Hospital
708 W. Forest
Jackson, Tennessee 38301

Jackson-Madison County Library
433 E. Lafayette
Jackson, Tennessee 38301

E. Retirement Plans

State Retirement System (TCRS)

Plan description

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	674
Inactive employees entitled to but not yet receiving benefits	376
Active employees	738
	1,788

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Jackson makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, employer contributions for Jackson were \$7,149,006 based on a rate of 19.05 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Jackson’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Jackson’s net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability as of June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projects and historical market returns was used in a building-block method in which a best-estimate of future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Jackson will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive 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, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/17	<u>\$ 193,329,698</u>	<u>\$ 170,652,154</u>	<u>\$ 22,677,544</u>
Changes for the year:			
Service cost	3,166,271	-	3,166,271
Interest	13,907,964	-	13,907,964
Differences between expected and actual experience	(4,083,521)	-	(4,083,521)
Changes in Assumptions	-		
Contributions - employer	-	6,801,702	(6,801,702)
Net investment income	-	14,057,502	(14,057,502)
Benefit payments, including refunds of employee contributions	(9,323,971)	(9,323,971)	-
Administrative expense	-	(71,099)	71,099
	<u>3,666,743</u>	<u>11,464,134</u>	<u>(7,797,391)</u>
Net changes			
	<u>3,666,743</u>	<u>11,464,134</u>	<u>(7,797,391)</u>
Balance at 6/30/18	<u>\$ 196,996,441</u>	<u>\$ 182,116,288</u>	<u>\$ 14,880,153</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of Jackson calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is a 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Jackson's net pension liability (asset)	<u>\$ 39,939,839</u>	<u>\$ 14,880,153</u>	<u>\$ (6,030,570)</u>

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense)

For the year ended June 30, 2019, Jackson recognized pension expense (negative pension expense) of \$3,951,908.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2019, Jackson reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 337,837	\$ 3,794,960
Net difference between projected and actual earnings on pension plan investments	-	694,324
Changes in Assumptions	2,534,945	-
Contributions subsequent to the measurement date of June 30, 2018	7,149,006	-
	\$ 10,021,788	\$ 4,489,284

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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 June 30:	
2020	\$ 944,455
2021	8,906
2022	(1,397,314)
2023	(1,172,549)
2024	-
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2019, the City of Jackson reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

City Pension Plans

Plan Description

The City previously maintained an original pension plan fund and later a second plan called the Employees Retirement System fund, which is a single-employer defined benefit plan. The valuation is based on the arrangement commonly referred to as the City of Jackson Pension Plan. The Pension Plan actually consists of four funds, established by Tennessee State statute. They are Firemen and Policemen Pension and Retirement Fund, Water and Administrative Departments Pension Fund, Health and Sanitation Department Pension Fund, and Street Maintenance Department Pension Fund. The amount of the retirement benefit is 50% of the highest salary earned. The payment will be made monthly for life with 50% continuing to spouse

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

upon participant's death. Benefits are increased annually in accordance with the Consumer Price Index, to a maximum of 5% per year. The adjustment is applied to base benefit only.

Membership of each plan consisted of the following at July 1, 2019:

Retirees & beneficiaries receiving benefits	31
Active plan members	<u>0</u>
Total	<u>31</u>

Contributions

Employee contributions were 3% of salary.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at July 1, 2019.

Actuarial Methods, Assumptions and Participant Data: The actuarial cost method used is the projected unit credit, at a discount rate of 4.25% per annum. Prior to July 1, 2009, the discount rate was 4.25% per annum. Compensation increases are no longer applicable and cost of living increases are 2.5% per annum. Mortality rates were determined using the RP-2000 Healthy Annuitant Mortality Table, blended male and female rates. Census data appeared reasonable for valuation purposes although it was not totally complete. When a beneficiary birth date was not available, it was assumed that the male spouse is three years older than the female. When a birth date for neither the retired participant nor beneficiary is available, the participant is assumed to be age 77. The sex of each participant was assigned by reference to the first name; doubtful individuals were assumed to be male.

The Plan has been financed on a pay-as-you-go basis. Prior to 1996, actuarial determinations of the actuarial required contribution were not made. The contribution to the Plan has equaled the benefit payments from the Plan. As a result, the net pension obligation at transition is equal to \$0 as of July 1, 1996, in accordance with Statement Number 27.

Net Pension Liability (Asset)

The Plan's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

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

Inflation	2.50%
Salary increases	2.50%
Mortality	Pub-2010 Amount Weighted Tables for General Retirees, Projected Generationally using Scale MP-2019
Actuarial cost method	Entry Age Normal

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

The actuarial assumptions used in the July 1, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2014 through June 30, 2015. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Discount Rate: The discount rate used to measure the total pension liability was 3.50%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/18	\$ 4,089,452	\$ 71,084	\$ 4,018,368
Changes for the year:			
Interest	158,262	-	158,262
Effect of economic/demographic gains or losses	(49,367)	-	(49,367)
Effect of assumption changes or inputs	489,280	-	489,280
Contributions - employer	-	483,685	(483,685)
Net investment income	-	1,284	(1,284)
Benefit payments, including refunds of employee contributions	(483,133)	(483,133)	-
Net changes	<u>115,042</u>	<u>1,836</u>	<u>113,206</u>
Balance at 6/30/19	<u>\$ 4,204,494</u>	<u>\$ 72,920</u>	<u>\$ 4,131,574</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the Plan calculated using the discount rate of 3.50 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Jackson's net pension liability	\$ 4,440,317	\$ 4,131,574	\$ 3,862,374

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense: Under GASB 68 the annual pension expense is intended to recognize certain changes in the net pension liability compared to the previous measurement date. Changes not recorded as a pension expense will be recorded and tracked separately as deferred inflows and outflows to be recognized in a future period's pension expense. Changes in the Total Pension Liability due to differences between actual experience and assumptions are recognized over a closed period equal to the future remaining service of plan participants. Differences between actual and expected investment performance are recognized over a five year period. Any changes due to plan amendment or other benefit changes will be recognized in the year of adoption.

Pension Expense

Interest on total pension liability	\$ 158,262
Expected investment return net of investment expenses	<u>(2,498)</u>
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(49,367)
Recognition of assumption changes or inputs	489,280
Recognition of investment gains or losses	<u>2,045</u>
Pension Expense	<u>\$ 597,722</u>

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2019, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,590
Contributions subsequent to the measurement date of June 30, 2019	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 3,590</u>

There are no subsequent contributions due to the fact that the measurement date and the fiscal year end are both June 30, 2019.

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 June 30:	
2020	\$ 1,525
2021	1,147
2022	676
2023	242
2024	-
Thereafter	-

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Payable to the Pension Plan

At June 30, 2019, the City of Jackson reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

F. Other Postemployment Benefits

In addition to the retirement benefits described in Note E, the City provides postretirement health care benefits to all employees who retire from the City on or after attaining age 60 with 10 or more years of service; or those with 30 or more years of service regardless of age; or those Public Safety employees with 25 years of service and age 55. Employees retiring prior to July 1, 1992, have the same benefits as active employees. There is currently 1 retiree covered under the PPO plan. The City pays 76% of individual medical and hospitalization premiums for 1 pre-Medicare retiree for the PPO plan.

Employees retiring after July 1, 1992, have limited benefits. There are currently 56 retirees under the PPO plan. Under the new PPO plan, the City pays 64% of individual medical and hospitalization premiums for 48 pre-Medicare retirees and 33% of family premiums for 8 pre-Medicare retirees.

Post 65 retirees are covered by a "Medicare carve out" plan that provides similar benefits. The City pays 74% of individual medical and hospitalization premiums for no post 65 retirees with the PPO plan.

Claims in excess of \$100,000 are reinsured. The cost of retiree health care is recognized as an expenditure as claims are paid. For the fiscal year ended June 30, 2019, these costs are not separable from the costs for active employees.

Benefits provided

The City provides post-retirement life insurance benefits to all employees who retire from the City on or after attaining age 60 with 10 or more years of service; or those with 30 or more years of service regardless of age; or those Public Safety employees with 25 years of service and age 55. Currently, a total of 646 retirees of the City and Jackson Transit Authority meet these eligibility requirements. The cost of the retiree's life insurance benefit is recognized as an expenditure and, for the fiscal year ended June 30, 2019, is not separable from the costs for active employees.

Employees covered by benefit terms – At the measurement date of June 30, 2018, the following employees of the City were covered by the benefit terms of the plan:

Actives	622
Retirees and Surviving Spouses	79
Spouses of Current Retirees	21
	722

Annual OPEB Cost and Net OPEB Obligation

Actuarial assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Measurement date	June 30, 2018
Actuarial valuation date	June 30, 2018
Cost method	Entry age normal
Discount rate	The discount rate used to measure the total OPEB liability was 3.87 percent. Because the plan is unfunded, the plan's projected benefits are discounted back using rates equivalent to AA 20-year municipal bonds. The GO Bond Buyer Index was used to approximate those yields as of June 30, 2018.
Mortality	RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2017.
Inflation	2.30%
Salary scale	3.00%
Retirement age	Termination rates based on 2018 actuarial study
Utilization	80% of eligible employees who retire between age 50 and age 65 are assumed to elect medical coverage under the plan. Coverage ends when retirees become eligible for Medicare.
Valuation of assets	Not applicable
Trend	Medical costs were assumed to increase by 5.8% for 2018, gradually decreasing to an ultimate trend rate of 4.1% for 2078 and beyond.

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at 6/30/17	<u>\$ 12,870,766</u>	<u>\$ -</u>	<u>\$ 12,870,766</u>
Changes for the year:			
Service cost	485,720	-	485,720
Interest	465,787	-	465,787
Changes of benefit terms	-	-	-
Contributions - employer	-	411,792	(411,792)
Differences between expected and actual experience	-	-	-
Effect of assumptions changes or inputs	(340,272)	-	(340,272)
Benefit payments	<u>(697,494)</u>	<u>(411,792)</u>	<u>(285,702)</u>
Net changes	<u>(86,259)</u>	<u>-</u>	<u>(86,259)</u>
Balance at 6/30/18	<u>\$ 12,784,507</u>	<u>\$ -</u>	<u>\$ 12,784,507</u>

Sensitivity of total OPEB liability to changes in the discount rate – The following represents the net OPEB liability calculated using the stated discount rate, as well as what the 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 rate:

	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	<u>\$ 14,008,214</u>	<u>\$ 12,784,507</u>	<u>\$ 11,696,274</u>

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate – The following represents the net OPEB liability calculated using the stated healthcare cost trend rate, as well as

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 11,551,715	\$ 12,784,507	\$ 14,239,964

OPEB Expense

Under GASB Statement 75, the annual OPEB expense is intended to recognize certain changes in the Net OPEB Liability compared to the previous measurement date. Changes not recorded as OPEB expense will be recorded and tracked separately as deferred inflows and outflows to be recognized in a future period's OPEB expense. Changes in the total OPEB Liability due to changes in assumptions are recognized over a closed period equal to the future remaining service of plan participants. Any changes due to plan amendment or other benefit changes will be recognized in the year of adoption.

OPEB Expense

Service cost	\$ 485,720
Interest on total OPEB liability	465,787
Effect of plan changes	-
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	-
Recognition of assumption changes or inputs	(36,667)
OPEB Expense	\$ 914,840

As of June 30, 2019, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	303,757
Contributions subsequent to the measurement date of June 30, 2018	409,634	-
	\$ 409,634	\$ 303,757

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (36,667)
2020	(36,667)
2021	(36,667)
2022	(36,667)
2023	(36,667)
Thereafter	(120,422)

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

G. Tax Abatements

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with several companies in the current fiscal year:

<u>Entity and Terms</u>	<u>Percentage of Taxes Abated During Year Ended June 30, 2019</u>	<u>Amount of Taxes Abated during Year Ended June 30, 2019</u>
Butler Manufacturing - Effective January 1, 2016 with a 60% real and personal property tax reduction then 40% reduction in 2017 through 2019 tax years	40% Real and Personal Property	26,629
CTP Transportation Products, LLC - Effective January 1, 2009 with a 90% tax reduction on real and tangible personal property and then reducing by 10% starting in 2021 until zero in 2029.	90% Real and Personal Property	174,743
Delta Faucet Company of TN - Effective January 1, 2006 through tax year 2019, a 25% reduction in a selection of tangible personal property.	25% Personal Property	3,549
Delta Faucet Company - 100% reduction in both real and tangible personal property through the 2017 tax year (for a selection of personal property);		
MAT Industries - Two different agreements: 1) Effective January 1, 2012 through 2018 tax year, a 100% reduction in tangible personal property tax; and 2) Effective January 1, 2013 through the 2018 tax year, a 50% reduction of tangible personal property tax	1) 100% Personal Property and 2) 50% Personal Property	6,940
Pacific Manufacturing Group - Effective 2016 tax year through tax year 2030, a 100% reduction in tangible personal property tax for 2017-2021 tax years, 90% the next two years, 85% the next three, 80% the next two, and 60% for tax year 2029, before an elimination of the abatement.	100% Personal Property	87,197
Pinnacle Foods Group - Effective January 1, 2010 through tax year 2019, a 40% reduction in tangible personal property tax for 2016-2017 tax years and a 20% reduction the following two years	40% Personal Property	17,803
Pringles Mfg. Co. - Multiple tax abatement agreements that abate between 33.7% to 100% of tangible personal property tax ending in either 2026 or 2027	33.7% - 100% Personal Property	248,527
UGN, Inc. - Effective January 1, 2012 through tax year 2018, a 100% reduction in tangible personal property tax.	100% Personal Property	51,831
US Farathane - Two different agreements: 1) Effective January 1, 2011 through 2017 tax year, an de-escalating abatement, which for tax year 2017 was a 30% reduction in tangible personal property tax; and 2) Effective January 1, 2012 through the 2019 tax year, a de-escalating abatement that for 2017 is 50% and will be 40% in 2018, 20% in 2019, and 0% in 2020.	40% Personal Property	13,805

NOTE 6 - LITIGATION

The City is involved in legal proceedings arising in the normal course of business. In the opinion of management, after consulting with counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the City as of June 30, 2019.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 –PRIOR PERIOD ADJUSTMENT

As of June 30, 2019, a prior period adjustment was made in the governmental activities due to a FEMA receivable that was determined to be uncollectible in the current year. It has been recorded as a receivable and a deferred revenue in the general fund for several years. A prior period adjustment was necessary to remove the receivable from the government-wide financial statements in the amount of \$488,919.

NOTE 8 –SUBSEQUENT EVENT

On October 29, 2019, the City refunded the majority of its long-term debt with a Series 2019 bond in the amount of \$69 million. The refunding bond is estimated to have gross savings of \$4.72 million.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND
RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC
EMPLOYEE PENSION PLAN OF TCRS
For the Fiscal Year Ended June 30

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 3,166,271	\$ 2,984,148	\$ 2,901,389	\$ 2,913,921	\$ 2,812,416
Interest	13,907,964	13,467,519	12,955,605	12,556,747	11,835,576
Changes in benefit terms	-	-	-	-	-
Differences between actual and expected experience	(4,083,521)	563,063	(355,294)	(1,930,126)	2,414,505
Change of assumptions	-	4,224,907	-	-	-
Benefit payments, including refunds of employee contribution	(9,323,971)	(8,985,428)	(8,532,446)	(7,887,368)	(7,209,401)
Net change in total pension liability	<u>3,666,743</u>	<u>12,254,209</u>	<u>6,969,254</u>	<u>5,653,174</u>	<u>9,853,096</u>
Total pension liability - beginning	<u>193,329,698</u>	<u>181,075,489</u>	<u>174,106,235</u>	<u>168,453,061</u>	<u>158,599,965</u>
Total pension liability - ending (a)	<u>\$ 196,996,441</u>	<u>\$ 193,329,698</u>	<u>\$ 181,075,489</u>	<u>\$ 174,106,235</u>	<u>\$ 168,453,061</u>
Plan fiduciary net position					
Contributions - employer	\$ 6,801,702	\$ 6,790,927	\$ 6,617,222	\$ 6,432,498	\$ 6,552,755
Contributions - employee	-	-	388	3,130	-
Net investment income	14,057,502	17,484,095	4,041,409	4,604,343	21,401,369
Benefit payments, including refunds of employee contributions	(9,323,971)	(8,985,428)	(8,532,446)	(7,887,368)	(7,209,401)
Administrative expense	(71,099)	(64,160)	(56,020)	(37,025)	(33,628)
Net change in plan fiduciary net position	<u>11,464,134</u>	<u>15,225,434</u>	<u>2,070,553</u>	<u>3,115,578</u>	<u>20,711,095</u>
Plan fiduciary net position - beginning	<u>170,652,154</u>	<u>155,426,720</u>	<u>153,356,167</u>	<u>150,240,589</u>	<u>129,529,496</u>
Plan fiduciary net position - ending (b)	<u>\$ 182,116,288</u>	<u>\$ 170,652,154</u>	<u># \$ 155,426,720</u>	<u>\$ 153,356,167</u>	<u>\$ 150,240,591</u>
Net Pension Liability (asset)-ending (a) - (b)	<u>\$ 14,880,153</u>	<u>\$ 22,677,544</u>	<u>\$ 25,648,769</u>	<u>\$ 20,750,068</u>	<u>\$ 18,212,470</u>
Plan fiduciary net position as a percentage of total pension liability	92.45%	88.27%	85.84%	88.08%	89.19%
Covered - employee payroll	\$ 36,021,470	\$ 36,334,102	\$ 35,416,058	\$ 34,325,416	\$ 34,206,282
Net pension liability (asset) as a percentage of covered-employee payroll	41.31%	62.41%	72.42%	60.45%	53.24%

Changes of assumptions : In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

**GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN
THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
For the Fiscal Year Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 7,149,006	\$ 6,801,702	\$ 6,790,927	\$ 6,617,222	\$ 6,432,498	\$ 6,552,755
Contributions in relation to the actuarially determined contribution	<u>7,149,006</u>	<u>6,801,702</u>	<u>6,790,927</u>	<u>6,617,222</u>	<u>6,432,498</u>	<u>6,552,755</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 37,530,596	\$ 36,021,470	\$ 36,334,102	\$ 35,416,058	\$ 34,325,416	\$ 34,206,282
Contributions as a percentage of covered payroll	19.05%	18.88%	18.69%	18.68%	18.74%	19.16%

GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2019 were calculated based on the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

Changes of assumptions . In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND
RELATED RATIOS BASED ON PARTICIPATION IN THE CITY
OF JACKSON, TENNESSEE PENSION PLAN
For the Fiscal Year Ended June 30

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	158,262	206,174	206,174	240,196	266,292
Changes in benefit terms	-	-	-	-	-
Effect of economic/demographic gains or losses	(49,367)	-	(159,486)	(23,827)	-
Effect of assumption changes or inputs	489,280	-	-	-	-
Differences between actual and expected experience	-	-	322,397	166,523	386,166
Change of assumptions	-	-	-	-	-
Adjustments	(747,694)	-	-	-	-
Benefit payments, including refunds of employee contributions	(483,133)	(590,316)	(573,432)	(606,568)	(650,034)
Net change in total pension liability	(632,652)	(384,142)	(204,347)	(223,676)	2,424
Total pension liability - beginning	4,837,146	5,221,288	5,425,635	5,649,311	5,646,887
Total pension liability - ending (a)	\$ 4,204,494	\$ 4,837,146	\$ 5,221,288	\$ 5,425,635	\$ 5,649,311
Plan fiduciary net position					
Contributions - employer	\$ 483,685	\$ 592,336	\$ 572,207	\$ 605,568	\$ 650,934
Contributions - employee	-	-	-	-	-
Net investment income	1,284	144	42	110	6
Benefit payments, including refunds of employee contributions	(483,133)	(590,316)	(573,432)	(606,568)	(650,034)
Administrative expense	1,831	-	-	-	-
Net change in plan fiduciary net position	3,667	2,164	(1,183)	(890)	906
Plan fiduciary net position - beginning	69,253	67,089	68,272	69,162	68,256
Plan fiduciary net position - ending (b)	\$ 72,920	\$ 69,253	\$ 67,089	\$ 68,272	\$ 69,162
Net Pension Liability (asset)-ending (a) - (b)	\$ 4,131,574	\$ 4,767,893	\$ 5,154,199	\$ 5,357,363	\$ 5,580,149
Plan fiduciary net position as a percentage of total pension liability	1.73%	1.43%	1.28%	1.26%	1.22%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN
THE CITY OF JACKSON, TENNESSEE PENSION PLAN
For the Fiscal Year Ended June 30

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 483,133	\$ 483,133	\$ 696,570	\$ 696,570	\$ 696,570	\$ 1,090,016
Contributions in relation to the actuarially determined contribution	483,133	483,133	590,316	573,432	606,568	650,934
Contribution deficiency (excess)	\$ -	\$ -	\$ 106,254	\$ 123,138	\$ 90,002	\$ 439,082
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of June 30.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, open (not to exceed 10 years)
Remaining amortization period	10
Asset valuation	No smoothing period
Inflation	2.50%
Salary increases	N/A
Investment rate of return	2.85%
Cost of living adjustments	2.50%
Retirement age	N/A
Mortality	RP-2000 (Healthy and Disabled) with generational projection per Scale AA for healthy participants

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
BASED ON PARTICIPATION IN THE CITY OF JACKSON OPEB PLAN
For the Fiscal Year Ended June 30

	2018
Total OPEB liability	
Service cost	\$ 485,720
Interest	465,787
Changes in benefit terms	-
Differences between actual and expected experience	-
Effect of assumptions changes or inputs	(340,272)
Benefit payments	(697,494)
Net change in total OPEB liability	(86,259)
Total OPEB liability - beginning	12,870,766
Total OPEB liability - ending (a)	\$ 12,784,507
Plan fiduciary net position	
Contributions - employer	\$ 411,792
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(411,792)
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	\$ -
Net OPEB Liability (asset)-ending (a) - (b)	\$ 12,784,507
Plan Fiduciary Net Position as a % of the Total OPEB	0.00%
Covered payroll	\$ 36,334,102
Net OPEB Liability as a % of covered payroll	35.19%

Changes of assumptions: In 2018, amounts reported as changes of assumptions resulted from changes to the discount rate, from 3.58% in 2017 to 3.87% in 2018.

**GASB 75 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 75*. The information in this schedule is not required to be presented retroactively prior to the implementation date.

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS AND NOTES TO OPEB REQUIRED
SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30

	2018
Employer contributions	\$ 411,792
Covered payroll	\$ 36,334,102
Contributions as a percentage of covered payroll	1.13%

Notes to OPEB Required Supplementary Information

Valuation date: Actuarially determined contribution rates for 2018 were calculated based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Inflation	2.30%
Discount rate	The discount rate used to measure the total OPEB liability was 3.87 percent. Because the plan is unfunded, the plan's projected benefits are discounted back using rates equivalent to AA 20-year municipal bonds.
Salary increases	3.00% per annum
Retirement age	TCRS Political Subdivision retirement rates
Mortality	RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2017.
Healthcare Cost Trend Rates	The healthcare trends used in this valuation are based on long-term healthcare trends generated by the Getzen Model. The Getzen Model is the result of research sponsored by the Society of Actuaries and completed by a committee of economists and actuaries. Medical costs were assumed to increase by various rates over the next 60 years ranging between 4.10% to 6.40%.

See independent auditor's report.

**SUPPLEMENTARY
AND OTHER INFORMATION
SECTION**

**CITY OF JACKSON, TENNESSEE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2019**

	Special Revenue Funds:				Debt Service		Totals
	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Community Redevelopmen		
Assets							
Cash and cash equivalents	\$ 117,692	\$ 389,347	\$ 86,622	\$ -	\$ -		\$ 593,661
Receivables							
Accounts (net of allowance for uncollectible accounts)	-	459	-	-	-		459
Grants	-	-	22,727	8,456	-		31,183
Court fines (net of allowance for uncollectible accounts)	10,235	6,152	-	-	-		16,387
Due from other funds	-	-	7,774	-	-		7,774
Total assets	<u>\$ 127,927</u>	<u>\$ 395,958</u>	<u>\$ 117,123</u>	<u>\$ 8,456</u>	<u>\$ -</u>		<u>\$ 649,464</u>
Liabilities, deferred inflows and fund balances							
Liabilities:							
Accounts payable and accrued expenses	3,487	4,648	20,328	682	-		29,145
Due to other funds	-	-	-	7,774	-		7,774
Total liabilities:	<u>3,487</u>	<u>4,648</u>	<u>20,328</u>	<u>8,456</u>	<u>-</u>		<u>36,919</u>
Deferred inflows:							
Unavailable court fines:	<u>9,674</u>	<u>6,151</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>15,825</u>
Fund balances:							
Restricted	<u>114,766</u>	<u>385,159</u>	<u>96,795</u>	<u>-</u>	<u>-</u>		<u>596,720</u>
Total fund balances:	<u>114,766</u>	<u>385,159</u>	<u>96,795</u>	<u>-</u>	<u>-</u>		<u>596,720</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 127,927</u>	<u>\$ 395,958</u>	<u>\$ 117,123</u>	<u>\$ 8,456</u>	<u>\$ -</u>		<u>\$ 649,464</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds				Debt Service		Totals
	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Community Redevelopmen		
Revenues							
Fines, interest and penalties	\$ 20,765	\$ 13,012	\$ -	\$ -	\$ -		\$ 33,777
Use of money and property	18,856	7,123	-	-	50,000		75,979
Intergovernmental	-	-	541,473	92,695	-		634,168
Sales and service charges	2,900	203,607	-	-	-		206,507
Other	-	-	109	72,276	-		72,385
Total revenues	<u>42,521</u>	<u>223,742</u>	<u>541,582</u>	<u>164,971</u>	<u>50,000</u>		<u>1,022,816</u>
Expenditures							
Current:							
Public safety	14,318	150,739	-	-	-		165,057
Public welfare and community services	-	-	304,305	164,971	-		469,276
Capital outlay							
Public safety	145,166	19,176	-	-	-		164,342
Debt service:							
Principal	-	-	-	-	193,000		193,000
Interest	-	-	-	-	94,797		94,797
Total expenditure:	<u>159,484</u>	<u>169,915</u>	<u>304,305</u>	<u>164,971</u>	<u>287,797</u>		<u>1,086,472</u>
Excess (deficiency) of revenues over (under) expenditures	(116,963)	53,827	237,277	-	(237,797)		(63,656)
Other financing sources (uses)							
Transfers in	-	-	-	-	237,797		237,797
Transfers out	-	-	(237,797)	-	-		(237,797)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(237,797)</u>	<u>-</u>	<u>237,797</u>		<u>-</u>
Net changes in fund balances	(116,963)	53,827	(520)	-	-		(63,656)
Fund balances - beginning	<u>231,729</u>	<u>331,332</u>	<u>97,315</u>	<u>-</u>	<u>-</u>		<u>660,376</u>
Fund balances - ending	<u>\$ 114,766</u>	<u>\$ 385,159</u>	<u>\$ 96,795</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 596,720</u>

See independent auditor's report.

**CITY OF JACKSON, TENNESSEE
POLICE DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, interest and penalties:				
Fines, forfeits and penalties	\$ 29,000	\$ 29,000	\$ 20,765	\$ (8,235)
Use of money and property:				
Interest earned	1,500	1,500	3,756	2,256
Insurance recoveries	-	-	15,100	15,100
Sales and service charges:				
Seized assets/unclaimed evidence	<u>14,500</u>	<u>14,500</u>	<u>2,900</u>	<u>(11,600)</u>
Total revenues:	<u>45,000</u>	<u>45,000</u>	<u>42,521</u>	<u>(2,479)</u>
Expenditures				
Current:				
Public Safety:				
Contractual services	7,000	7,000	3,670	(3,330)
Utilities	7,500	7,500	5,175	(2,325)
Special investigative funds	30,000	30,000	5,000	(25,000)
Court clerk fees	500	500	473	(27)
Capital outlay	<u>-</u>	<u>-</u>	<u>145,166</u>	<u>145,166</u>
Total expenditures:	<u>45,000</u>	<u>45,000</u>	<u>159,484</u>	<u>114,484</u>
Net changes in fund balance:	<u>\$ -</u>	<u>\$ -</u>	(116,963)	<u>\$ (116,963)</u>
Fund balance - beginning			<u>231,729</u>	
Fund balance - ending			<u>\$ 114,766</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
METRO DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Fines, interest and penalties:				
Fines, forfeits and penalties	\$ 25,250	\$ 25,250	\$ 13,012	\$ (12,238)
Use of money and property:				
Interest earned	-	-	7,123	7,123
Sales and service charges:				
Controlled substance tax	-	-	5,475	5,475
Seizures	125,000	125,000	198,132	73,132
Total revenues	150,250	150,250	223,742	73,492
 Expenditures				
Current:				
Public Safety:				
Telephone	25,000	25,000	19,147	(5,853)
Vehicle tow-in/storage	1,000	1,000	802	(198)
Subscriptions and dues	1,000	1,000	215	(785)
Computer/IS services	7,000	7,000	8,700	1,700
Travel and training	15,000	15,000	12,947	(2,053)
Office supplies	10,500	10,500	12,158	1,658
Operating expenditures	20,000	20,000	16,806	(3,194)
Rent	6,000	6,000	1,644	(4,356)
Court clerk fees	1,000	1,000	535	(465)
Special investigative funds	40,000	40,000	26,256	(13,744)
Federal sharing expense	-	-	16,451	16,451
Utilities	11,000	11,000	25,584	14,584
Copier expense	4,000	4,000	2,817	(1,183)
Uniforms and clothing	8,000	8,000	6,677	(1,323)
Capital outlay	30,550	30,550	19,176	(11,374)
Total expenditures	180,050	180,050	169,915	(10,135)
Net changes in fund balances:	\$ (29,800)	\$ (29,800)	53,827	\$ 83,627
Fund balance - beginning			331,332	
Fund balance - ending				\$ 385,159

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
GRANT FUND #1 - CDBG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Intergovernmental:				
Block Grant - CDBG	\$ 543,712	\$ 543,712	\$ 541,473	\$ (2,239)
Other income	-	-	109	109
Total revenues	<u>543,712</u>	<u>543,712</u>	<u>541,582</u>	<u>(2,130)</u>
Expenditures				
Current				
Public Welfare and Community Services				
Administration and Program Delivery:				
Salaries	108,742	108,742	54,763	(53,979)
Employee benefits	-	-	14,874	14,874
Travel and training	-	-	421	421
Professional services	-	-	6,000	6,000
Contracted labor	-	-	18,400	18,400
Dues and subscriptions	-	-	6,352	6,352
Telephone	-	-	1,390	1,390
Office supplies	-	-	596	596
Postage	-	-	31	31
Advertising	-	-	1,293	1,293
Computer	-	-	3,201	3,201
Miscellaneous	-	-	58	58
Repairs and maintenance	-	-	736	736
Insurance	-	-	1,256	1,256
	<u>108,742</u>	<u>108,742</u>	<u>109,371</u>	<u>629</u>
Program				
Housing	78,970	78,970	77,164	(1,806)
Public services	68,000	68,000	67,770	(230)
CHDO	50,000	50,000	50,000	-
	<u>196,970</u>	<u>196,970</u>	<u>194,934</u>	<u>(2,036)</u>
Total expenditures	<u>305,712</u>	<u>305,712</u>	<u>304,305</u>	<u>(1,407)</u>
Excess (deficiency) of				
revenues over (under) expenditures	<u>238,000</u>	<u>238,000</u>	<u>237,277</u>	<u>(723)</u>
Other financing sources (uses)				
Transfers out - Section 108 Loan Payments	<u>(238,000)</u>	<u>(238,000)</u>	<u>(237,797)</u>	<u>(203)</u>
Total other financing sources (uses)	<u>(238,000)</u>	<u>(238,000)</u>	<u>(237,797)</u>	<u>(203)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(520)</u>	<u>\$ (520)</u>
Fund balance - beginning			<u>97,315</u>	
Fund balance - ending			<u>\$ 96,795</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
GRANT FUND #2 - HOME
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
HOME Grant	\$ 309,968	\$ 309,968	\$ 92,695	\$ (217,273)
Administration income	-	-	21,476	21,476
Program income	60,000	60,000	50,800	(9,200)
Total revenues	<u>369,968</u>	<u>369,968</u>	<u>164,971</u>	<u>(204,997)</u>
Expenditures				
Current				
Public Welfare and Community Services				
Administration:				
Salaries	30,996	30,996	17,264	(13,732)
Employee benefits	-	-	3,258	3,258
Insurance	-	-	25	25
Maintenance	-	-	930	930
	<u>30,996</u>	<u>30,996</u>	<u>21,477</u>	<u>(9,519)</u>
Program				
Housing	<u>338,972</u>	<u>338,972</u>	<u>143,494</u>	<u>(195,478)</u>
Total expenditures	<u>369,968</u>	<u>369,968</u>	<u>164,971</u>	<u>(204,997)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ -</u>	

See independent auditor's report.

**CITY OF JACKSON, TENNESSEE
COMMUNITY REDEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Appropriation from CRA District	\$ -	\$ -	\$ 50,000	\$ 50,000
Total revenues	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Expenditures:				
Principal payments	143,000	143,000	193,000	50,000
Interest expense	<u>83,693</u>	<u>83,693</u>	<u>94,797</u>	<u>11,104</u>
Total expenditures	<u>226,693</u>	<u>226,693</u>	<u>287,797</u>	<u>61,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(226,693)</u>	<u>(226,693)</u>	<u>(237,797)</u>	<u>(11,104)</u>
Other financing sources (uses)				
Transfer from other funds	<u>226,693</u>	<u>226,693</u>	<u>237,797</u>	<u>11,104</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ -</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Taxes:				
Property tax apportionments	\$ 8,025,414	\$ 8,025,414	\$ 7,847,527	\$ (177,887)
Tax equivalent apportionments	1,347,149	1,347,149	1,361,168	14,019
Total taxes	9,372,563	9,372,563	9,208,695	(163,868)
Use of money & property:				
Interest income	20,000	20,000	29,359	9,359
Total use of money & property	20,000	20,000	29,359	9,359
Intergovernmental				
Madison County				
Local option sales tax - Pringles Park	37,000	37,000	40,001	3,001
State of Tennessee:				
Sales tax - Pringles Park	67,000	67,000	91,326	24,326
Total intergovernmental	104,000	104,000	131,327	27,327
Total revenues	9,496,563	9,496,563	9,369,381	(127,182)
Expenditures				
Principal	7,958,200	7,958,200	7,720,222	(237,978)
Interest	2,461,278	2,461,278	2,430,490	(30,788)
Other expenditures	-	-	67,644	67,644
Debt issuance costs	-	-	985	985
Total expenditures	10,419,478	10,419,478	10,219,341	(200,137)
Excess (deficiency) of revenues over (under) expenditures	(922,915)	(922,915)	(849,960)	72,955
Other financing sources (uses):				
Proceeds from sale of bonds	8,844,600	8,844,600	8,844,600	-
Transfers from other funds	710,200	710,200	710,200	-
Transfers to other funds	(8,844,600)	(8,844,600)	(8,844,600)	-
Total other financing sources (uses)	710,200	710,200	710,200	-
Net changes in fund balance	\$ (212,715)	\$ (212,715)	(139,760)	\$ 72,955
Fund balance - beginning			1,071,643	
Fund balance - ending			\$ 931,883	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
CAPITAL OUTLAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Use of money and property:				
Interest	\$ -	\$ -	\$ 55,078	\$ 55,078
Insurance recoveries	200,000	200,000	4,023	(195,977)
Total use of money and property	200,000	200,000	59,101	(140,899)
Intergovernmental:				
Bulletproof vest grant	-	-	6,407	6,407
EMA Grant-Dist 10	-	-	73,158	73,158
Reimbursement: 45 Bypass project	-	4,696,330	-	(4,696,330)
Transportation enhancement grants	7,790,648	7,790,648	3,416,673	(4,373,975)
Total intergovernmental	7,790,648	12,486,978	3,496,238	(8,990,740)
Taxes:				
Property taxes	1,411,602	1,411,602	1,195,142	(216,460)
Tax equivalents:				
IDB	3,980	3,980	6,500	2,520
Electric Department	38,190	38,190	126,125	87,935
Water Department	5,350	5,350	7,161	1,811
Gas Department	18,650	18,650	55,683	37,033
Telecom	5,170	5,170	16,772	11,602
Other	740	740	-	(740)
Total taxes	1,483,682	1,483,682	1,407,383	(76,299)
Other:				
Donations: Animal Care	-	-	100,000	100,000
Total other	-	-	100,000	100,000
Total revenues	9,474,330	14,170,660	5,062,722	(9,107,938)
Expenditures				
General government:				
Accounting	1,450	1,450	-	(1,450)
Building department	1,650	1,650	1,242	(408)
Risk management	1,850	1,850	1,840	(10)
Animal Care Center	189,260	1,489,260	160,540	(1,328,720)
Information Systems	155,500	155,500	153,074	(2,426)
Municipal court	30,000	30,000	39,154	9,154
Municipal court building	2,898,600	2,898,600	1,351,639	(1,546,961)
Municipal building (Main/Liberty)	95,700	95,700	80,103	(15,597)
Total general government	3,374,010	4,674,010	1,787,592	(2,886,418)
Public safety:				
Police administration	101,192	101,192	82,162	(19,030)
District 10-EMA grant	-	-	41,868	41,868
Criminal investigation	312	312	-	(312)
Police Central Records	4,786	4,786	4,037	(749)
Support services	30,000	30,000	29,969	(31)
K-9 capital expense	44,164	44,164	39,389	(4,775)
Police building	31,913	31,913	30,754	(1,159)
Patrol	39,771	39,771	35,133	(4,638)
Aviation unit	51,600	51,600	51,567	(33)
Fire prevention	40,000	40,000	40,198	198
Fire Dept administration	50,000	50,000	39,933	(10,067)
Photo and fingerprinting	2,400	2,400	2,370	(30)
Police tactical unit	62,632	62,632	91,135	28,503
Gang control	9,676	9,676	5,701	(3,975)
Fire Dept buildings/operations	90,689	92,689	102,691	10,002
Total public safety	559,135	561,135	596,907	35,772

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
CAPITAL OUTLAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Expenditures	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Public works:				
Street resurfacing	\$ 3,966,080	\$ 3,966,080	\$ 5,197,153	\$ 1,231,073
US 45 bypass southern extension	-	4,696,330	-	(4,696,330)
Highland Deaderick Roundabout	1,651,318	1,651,318	1,179,431	(471,887)
FE Wright improvements	7,424,163	7,424,163	2,369,964	(5,054,199)
Street maintenance	133,000	133,000	137,172	4,172
Municipal garage	58,200	61,264	67,370	6,106
Traffic sign department	40,000	40,000	35,836	(4,164)
Traffic signalization	234,750	234,750	228,575	(6,175)
Engineering department	30,000	30,000	28,149	(1,851)
Stormwater operations	225,000	225,000	224,055	(945)
Total public works	<u>13,762,511</u>	<u>18,461,905</u>	<u>9,467,705</u>	<u>(8,994,200)</u>
Public welfare and community services:				
Groundskeeping	104,848	114,894	114,717	(177)
T. R. White Sportsplex	16,178	16,178	14,094	(2,084)
Fairgrounds	30,000	30,000	35,742	5,742
Civic Center	77,000	328,538	327,883	(655)
Ned Center	14,800	14,800	17,846	3,046
Jackson Ballpark	50,000	94,251	99,841	5,590
Depot	-	1,931	317	(1,614)
Stella Duncan Park	-	-	2,087	2,087
Oman arena	3,600	5,100	4,872	(228)
Cypress Grove Nature	38,296	38,296	12,462	(25,834)
Bemis Community Center	3,750	3,750	3,000	(750)
Bennett Community Center	-	-	18,075	18,075
Bemis Mill Memorial Park	500,000	500,000	481,806	(18,194)
North Park	46,249	46,249	38,297	(7,952)
Forest Hills Park	-	-	1,205	1,205
Westwood Community Center & Pool	15,000	15,000	17,820	2,820
Carnegie Center	-	4,036	47,303	43,267
South Jackson Community Center	7,789	7,789	5,709	(2,080)
City of Jackson Tennis Complex	-	-	6,282	6,282
Recreation	69,852	69,852	69,848	(4)
Total public welfare and community services	<u>977,362</u>	<u>1,290,664</u>	<u>1,319,206</u>	<u>28,542</u>
Other:				
Jackson-Madison County Public Library	81,000	204,000	163,103	(40,897)
Emergency Management	28,000	28,000	33,000	5,000
Airport Authority	54,250	54,250	54,250	-
CRA District	188,412	188,412	50,000	(138,412)
Total other	<u>351,662</u>	<u>474,662</u>	<u>300,353</u>	<u>(174,309)</u>
Total expenditures	<u>19,024,680</u>	<u>25,462,376</u>	<u>13,471,763</u>	<u>(11,990,613)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,550,350)</u>	<u>(11,291,716)</u>	<u>(8,409,041)</u>	<u>2,882,675</u>
Other financing sources (uses)				
Transfer to Jackson Transit Authority	(140,453)	(140,453)	(140,453)	-
Transfer from other funds	8,844,600	8,844,600	8,844,600	-
Total other financing sources (uses)	<u>8,704,147</u>	<u>8,704,147</u>	<u>8,704,147</u>	<u>-</u>
Net changes in fund balances	<u>\$ (846,203)</u>	<u>\$ (2,587,569)</u>	<u>295,106</u>	<u>\$ 2,882,675</u>
Fund balance - beginning			2,282,323	
Fund balance - ending			<u>\$ 2,577,429</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2019

	<u>Interest</u>	<u>Yield</u>	<u>Maturity</u>	<u>Face</u>	<u>Carrying</u>
	<u>Rate</u>	<u> </u>	<u>Date</u>	<u>Amount</u>	<u>Amount/ Market Value</u>
Governmental funds					
General Fund:					
Certificates of Deposit	Varies	Varies	Varies	3,510,645	3,510,645
 Fiduciary fund types					
Deferred Compensation Expendable Trust Fund					<u>20,145,298</u>
					<u>\$ 23,655,943</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
 June 30, 2019

	General Obligation Bonds Series 2009		General Obligation Refunding Bonds Series 2009 (2)		General Obligation Loan Program Bonds Series 2013 (1)		General Obligation Loan Program Bonds Series 2015 (1)		General Obligation Refunding Bonds Series 2011		Housing & Urban Development Section 108 Loan		General Obligation Loan Program Bonds Series 2018	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 435,000	\$ 93,600	\$ 4,780,000	\$ 1,112,844	\$ 495,000	\$ 267,900	\$ 903,000	\$ 160,896	\$ 661,000	\$ 229,809	\$ 149,000	\$ 78,494	\$ -	\$ 305,100
2021	450,000	76,200	4,995,000	897,744	500,000	258,000	912,000	151,595	684,000	206,675	156,000	73,272	371,000	305,100
2022	465,000	58,200	5,220,000	672,969	510,000	248,000	922,000	142,202	707,000	182,750	162,000	67,403	384,000	292,523
2023	485,000	39,600	5,430,000	464,169	520,000	237,800	931,000	132,705	731,000	158,016	169,000	61,510	397,000	279,506
2024	505,000	20,200	5,645,000	246,968	1,060,000	227,400	941,000	123,116	757,000	132,423	176,000	55,368	410,000	266,047
2025	-	-	-	-	1,080,000	206,200	951,000	113,424	783,000	105,935	184,000	49,102	424,000	252,148
2026	-	-	-	-	1,095,000	184,600	960,000	103,628	810,000	78,535	192,000	42,264	438,000	237,775
2027	-	-	-	-	1,110,000	162,700	970,000	93,740	1,878,000	32,302	200,000	35,286	453,000	222,926
2028	-	-	-	-	1,125,000	140,500	980,000	83,749	-	-	209,000	28,004	469,000	207,570
2029	-	-	-	-	1,150,000	118,000	990,000	73,655	-	-	218,000	20,469	484,000	191,671
2030	-	-	-	-	1,165,000	95,000	1,001,000	63,458	-	-	227,000	12,480	501,000	175,263
2031	-	-	-	-	1,180,000	71,700	1,011,000	53,148	-	-	238,000	4,202	518,000	158,279
2032	-	-	-	-	1,190,000	48,100	1,021,000	42,735	-	-	-	-	535,000	140,719
2033	-	-	-	-	1,215,000	24,300	1,032,000	32,218	-	-	-	-	554,000	122,582
2034	-	-	-	-	-	-	1,043,000	21,589	-	-	-	-	572,000	103,802
2035	-	-	-	-	-	-	1,053,000	10,846	-	-	-	-	592,000	84,411
2036	-	-	-	-	-	-	-	-	-	-	-	-	612,000	64,342
2037	-	-	-	-	-	-	-	-	-	-	-	-	632,000	43,595
2038	-	-	-	-	-	-	-	-	-	-	-	-	654,000	22,171
	<u>\$ 2,340,000</u>	<u>\$ 287,800</u>	<u>\$ 26,070,000</u>	<u>\$ 3,394,694</u>	<u>\$ 13,395,000</u>	<u>\$ 2,290,200</u>	<u>\$ 15,621,000</u>	<u>\$ 1,402,704</u>	<u>\$ 7,011,000</u>	<u>\$ 1,126,445</u>	<u>\$ 2,280,000</u>	<u>\$ 527,854</u>	<u>\$ 9,000,000</u>	<u>\$ 3,475,530</u>

Notes Payable

	General Obligation Capital Outlay Note, Series 2014 ** (1)		General Obligation Capital Outlay Note, Series 2016		General Obligation Capital Outlay Note, Series 2017 (3)		Jackson-Madison County General Hospital District		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	\$ 62,500	\$ 6,876	\$ 200,000	\$ 61,300	\$ 212,500	\$ 36,603	\$ 50,000	\$ -	\$ 7,948,000	\$ 2,353,422	\$ 10,301,422
2021	62,500	5,160	200,000	55,750	212,500	30,972	50,000	-	8,593,000	2,060,468	10,653,468
2022	62,500	3,432	200,000	49,900	212,500	25,341	50,000	-	8,895,000	1,742,720	10,637,720
2023	62,500	1,716	200,000	43,750	212,500	19,709	50,000	-	9,188,000	1,438,481	10,626,481
2024	-	-	200,000	37,400	212,500	14,078	50,000	-	9,956,500	1,123,000	11,079,500
2025	-	-	200,000	30,950	212,500	8,447	-	-	3,834,500	766,206	4,600,706
2026	-	-	200,000	24,350	212,500	2,816	-	-	3,907,500	673,968	4,581,468
2027	-	-	200,000	17,550	-	-	-	-	4,811,000	564,504	5,375,504
2028	-	-	200,000	10,600	-	-	-	-	2,983,000	470,423	3,453,423
2029	-	-	200,000	3,550	-	-	-	-	3,042,000	407,345	3,449,345
2030	-	-	-	-	-	-	-	-	2,894,000	346,201	3,240,201
2031	-	-	-	-	-	-	-	-	2,947,000	287,329	3,234,329
2032	-	-	-	-	-	-	-	-	2,746,000	231,554	2,977,554
2033	-	-	-	-	-	-	-	-	2,801,000	179,100	2,980,100
2034	-	-	-	-	-	-	-	-	1,615,000	125,391	1,740,391
2035	-	-	-	-	-	-	-	-	1,645,000	95,257	1,740,257
2036	-	-	-	-	-	-	-	-	612,000	64,342	676,342
2037	-	-	-	-	-	-	-	-	632,000	43,595	675,595
2038	-	-	-	-	-	-	-	-	654,000	22,171	676,171
	<u>\$ 250,000</u>	<u>\$ 17,184</u>	<u>\$ 2,000,000</u>	<u>\$ 335,100</u>	<u>\$ 1,487,500</u>	<u>\$ 137,966</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 79,704,500</u>	<u>\$ 12,995,477</u>	<u>\$ 92,699,977</u>

- (1) Notes have variable interest rates. The interest requirements are estimated, not exact.
 (2) A portion of this debt is held by the Sportsplex Fund (\$1,499,804 at June 30, 2019).
 (3) A portion of this debt is held by the Sportsplex Fund (\$392,480 at June 30, 2019).
 ** Obligations of the Sportsplex Fund, an Enterprise fund of the City.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2019

Description of Indebtness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2018	Issued during period	Paid and/or matured during	Refunded during	Outstanding 6/30/2019
Governmental Activities:									
Bonds Payable									
General Obligation Bonds, Series 2009	\$ 6,000,000	2.00%	May 19, 2009	June 1, 2024	\$ 2,760,000	\$ -	\$ 420,000	\$ -	\$ 2,340,000
General Obligation Refunding Bonds, Series 2009	55,506,427	2.00%	February 6, 2009	March 1, 2024	28,937,117	-	4,366,921	-	24,570,196
General Obligation Loan Program Bonds, Series 2013	15,300,000	3.00%	July 25, 2013	June 1, 2033	13,885,000	-	490,000	-	13,395,000
General Obligation Loan Program Bonds, Series 2015	17,400,000	3.00%	August 13, 2015	June 1, 2035	16,515,000	-	894,000	-	15,621,000
General Obligation Refunding Bonds, Series 2011	10,000,000	3.44%	August 15, 2011	August 1, 2026	7,650,000	-	639,000	-	7,011,000
General Obligation Loan Program Bonds, Series 2018	9,000,000	3.39%	April 6, 2018	March 1, 2038	155,400	8,844,600	-	-	9,000,000
Total Bonds Payable	\$ 113,206,427				\$ 69,902,517	\$ 8,844,600	\$ 6,809,921	\$ -	\$ 71,937,196
Notes Payable									
JMCGH District	\$ 650,000	0.00%	August 5, 2009	August 5, 2023	\$ 300,000	\$ -	\$ 50,000	\$ -	\$ 250,000
Department of Housing & Urban Development, Section 108	3,165,000	3.56%	August 1, 2011	August 1, 2030	2,423,000	-	143,000	-	2,280,000
Capital Outlay Note, Series 2016	2,400,000	2.45%	September 28, 2016	September 1, 2028	2,200,000	-	200,000	-	2,000,000
Capital Outlay Note, Series 2016-A	750,000	0.00%	July 14, 2016	July 31, 2019	710,200	-	710,200	-	-
Capital Outlay Note, Series 2017	1,251,420	2.65%	December 28, 2017	December 1, 2025	1,251,420	-	156,400	-	1,095,020
Total Notes Payable	\$ 8,216,420				\$ 6,884,620	\$ -	\$ 1,259,600	\$ -	\$ 5,625,020
Business-Type Activities:									
Bonds Payable									
General Obligation Refunding Bonds, Series 2001	3,028,573	2.00%	February 6, 2001	March 1, 2024	1,737,883	-	238,079	-	1,499,804
Total Bonds Payable	\$ 3,028,573				\$ 1,737,883	\$ -	\$ 238,079	\$ -	\$ 1,499,804
Notes Payable									
Capital Outlay Note, Series 2014	500,000	2.75%	June 9, 2014	June 9, 2022	312,500	-	62,500	-	250,000
Capital Outlay Note, Series 2017	448,580	2.65%	December 28, 2017	December 1, 2025	448,580	-	56,100	-	392,480
Total Notes Payable	\$ 948,580				\$ 761,080	\$ -	\$ 118,600	\$ -	\$ 642,480
Total Long-Term Debt					\$ 79,286,100	\$ 8,844,600	\$ 8,426,200	\$ -	\$ 79,704,500

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2019

Year of Levy	Balance 7/1/18	Taxes Levied	Adjustments	Collections	Balance 6/30/19
2018	\$ -	\$ 33,734,234	\$ 432,765	\$ 32,990,065	\$ 1,176,934
2017	1,024,359	-	995	705,623	319,731
2016	374,285	-	6,287	147,577	232,995
2015	301,922	-	1,459	73,068	230,313
2014	277,598	-	(1,313)	58,177	218,108
2013	255,675	-	(203)	39,899	215,573
2012	362,350	-	(1,344)	30,482	330,524
2011	203,440	-	(110)	42,493	160,837
2010	118,097	-	(45)	23,243	94,809
2009	71,769	-	(44)	7,387	64,338
2008	73,090	-	(44)	5,558	67,488
2007	60,785	-	(60,785)	-	-
	<u>\$ 3,123,370</u>	<u>\$ 33,734,234</u>	<u>\$ 377,618</u>	<u>\$ 34,123,572</u>	<u>\$ 3,111,650</u>

Property taxes receivable allocated as follows:

	<u>General Fund</u>	<u>Debt Services</u>	<u>Capital</u>	<u>Total</u>
Considered current receivable	\$ 88,668	\$ 4,616	\$ 726	\$ 94,010
Allowance for uncollectibles	1,092,539	362,227	-	1,454,766
Unavailable revenues	<u>1,152,600</u>	<u>368,407</u>	<u>41,867</u>	<u>1,562,874</u>
	2,333,807	735,250	42,593	3,111,650
Estimated 2019 tax levy due October 1, 2019 considered as deferred revenue	<u>24,638,849</u>	<u>7,762,291</u>	<u>1,216,606</u>	<u>33,617,746</u>
Total taxes receivable	<u>\$ 26,972,656</u>	<u>\$ 8,497,541</u>	<u>\$ 1,259,199</u>	<u>\$ 36,729,396</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED
June 30, 2019

The following uncollected delinquent property taxes are filed for collection in Chancery Court of Madison County:

<u>Year of Levy</u>	<u>Amount</u>
2017	\$ 319,731
2016	232,995
2015	230,313
2014	218,108
2013	215,573
2012	330,524
2011	160,837
2010	94,809
2009	64,338
2008	<u>67,488</u>
	<u>\$ 1,934,716</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF TAX RATES AND ASSESSMENTS
 Last Ten Fiscal Years

<u>Year of Levy</u>	<u>Tax Rate*</u>	<u>Assessed Valuation</u>
2018	1.96	\$ 1,719,467,687
2017	1.96	1,603,308,247
2016	1.96	1,564,300,034
2015	1.96	1,564,832,429
2014	1.96	1,532,815,538
2013	1.97	1,532,815,538
2012	1.97	1,482,624,991
2011	1.97	1,431,434,365
2010	2.10	1,431,434,365
2009	2.10	1,456,888,986

*Per \$100 of assessed valuation.

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Amounts provided to subrecipients</u>
U.S. DEPARTMENT OF AGRICULTURE				
Food and Nutrition Services:				
Passed through Tennessee Department of Human Services:				
SNAP Cluster:				
AARP - SNAP Food Insecurity Nutrition Incentive	2015-70018-23332	10.551	\$ 7,816	
<u>Total U.S. Department of Agriculture</u>			<u>7,816</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Office of Community Planning and Development:				
CDBG Entitlement Grants Cluster:				
Community Development Block Grants	B18MC470011	14.218	530,057	
Community Development Block Grants	B17MC470011	14.218	11,416	
Total CDBG Entitlement Cluster			<u>541,473</u>	<u>209,460</u>
HOME Investment Partnerships Program	M14MC470207	14.239	1	
HOME Investment Partnerships Program	M16MC470207	14.239	6,233	
HOME Investment Partnerships Program	M17MC470207	14.239	36,333	
HOME Investment Partnerships Program	M18MC470207	14.239	122,404	
			<u>164,971</u>	<u>143,494</u>
<u>Total U.S. Department of Housing & Urban Development</u>			<u>\$ 706,444</u>	<u>\$ 352,954</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Amounts provided to subrecipients</u>
U.S. DEPARTMENT OF JUSTICE				
Violence Against Women Office				
Passed through Tennessee Department of Finance and Administration				
Office of Criminal Justice				
Violence Against Women Formula Grant				
	35603	16.588	\$ 47,643	\$ -
Safe Hope Center Navigator				
Passed through the Tennessee Department of Finance and Administration				
Office of Criminal Justice				
Crime Victim Assistance/Safe Hope Center Formula Grants (VOCA)				
	32106	16.575	39,473	
Crime Victim Assistance/Safe Hope Center Formula Grants (VOCA)				
	35604	16.575	<u>42,377</u>	-
			<u>81,850</u>	
Passed through Tennessee Department of Finance and Administration				
Office of Criminal Justice				
Bulletproof Vest Partnership Program				
	2017BUBX14072412	16.607	<u>6,408</u>	
Bureau of Justice Assistance:				
Edward Byrne Memorial Justice Assistance Grant Program				
	2018-DJ-BX-0711	16.738	28,713	
Edward Byrne Memorial Justice Assistance Grant Program				
	2017-DJ-BX-0303	16.738	<u>44,669</u>	
			<u>73,382</u>	-
Passed through the Tennessee Department of Finance and Administration,				
Office of Criminal Justice Programs:				
Edward Byrne Memorial Justice Assistance Grant Program (GRIT)				
	32078	16.738	71,550	
Equitable Sharing Funds				
	N/A	16.922	<u>41,868</u>	
			<u>113,418</u>	-
<u>Total U.S. Department of Justice</u>			<u>\$ 322,701</u>	<u>\$ -</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

	Grant Number	CFDA Number	Expenditures	Amounts provided to subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Highway Administration:				
Highway Planning and Construction Cluster:				
Passed through the Tennessee Department of Transportation:				
Highway Planning and Construction Highland	CPD119201	20.205*	\$ 943,545	
Highway Planning and Construction FE Wright	57-LPLM-F3-017	20.205*	2,237,242	
Highway Planning and Construction	40100-02519	20.205*	67,163	
Highway Planning and Construction 14/15	Z14MPO005	20.205*	19,405	
Highway Planning and Construction MPO SPR	56735	20.205*	25,348	
Highway Planning and Construction - Southern Bypass	HPP-NHE-1(225)	20.205*	27,994	
Total Highway Planning and Construction Cluster			3,320,697	33,685
National Highway Traffic Safety Administration:				
Passed through the Tennessee Department of Transportation:				
Alcohol Open Container Requirements ACT	Z-19-THS-136	20.600	27,387	
Alcohol Open Container Requirements ACT	Z-18-GHS-154	20.616	18,121	
			45,508	-
Total U.S. Department of Transportation			3,366,205	33,685
U.S. DEPARTMENT OF DEFENSE				
Passed through the State of Tennessee				
Donations/Loans of Obsolete DOD Property		12.700	273,576	
Total U.S. Department of Homeland Security			273,576	
Total Expenditures of Federal Awards			\$ 4,676,742	\$ 386,639

* Denotes a major program
Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal award and state financial assistance activity of the City under programs of the federal government and State of Tennessee for the year ended June 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, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

* Grants of the Jackson Transit Authority other than the one being passed through the City of Jackson are not included in this schedule due to the fact that they are included in a separately issued report audited by other auditors as noted in the independent auditors' report.

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2019

Source/Grant Name	State Grant Number	Expenditures	Amounts provided to subreipients
TENNESSEE DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction Highland	CPD119201	\$ 235,887	
Highway Planning and Construction	40100-02519	3,036	
Highway Planning and Construction 14/15	Z14MPO005	1,175	
Highway Planning and Construction - Southern Bypass	57LPLM-F0-005	6,999	
		<u>247,097</u>	<u>4,211</u>
 TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT			
FastTrack Economic Development Grant - Black & Decker	56610	356,239	
Toyota Boshuku Tennessee	57692	695,000	
		<u>1,051,239</u>	<u>1,051,239</u>
 TENNESSEE DEPARTMENT OF TOURISM DEVELOPMENT			
Tourism Enhancement Grant	56940	42,617	-
 TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES			
Drug Court	59011	69,887	-
 TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES			
Adverse Childhood Experience (ACE)	58963	20,110	-
 Total State Financial Assistance		 <u>\$ 1,430,950</u>	 <u>\$ 1,055,450</u>

See independent auditor's report.

**STATISTICAL AND OTHER
INFORMATION SECTION**

**CITY OF JACKSON, TENNESSEE
FINANCIAL TRENDS INFORMATION
NET POSITION BY COMPONENT - LAST TEN FISCAL YEARS**

	<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>
Governmental activities:										
Net investment in capital assets	\$ 59,190,616	\$ 57,613,743	\$ 50,662,923	\$ 63,901,448	\$ 57,159,718	\$ 57,923,130	\$ 57,186,099	\$ 32,237,522	\$ 38,258,669	\$ 30,500,160
Restricted For:										
Self insurance	-	-	-	-	-	-	-	-	-	1,900,000
State Street Aid	-	-	-	-	-	-	96,209	292,165	247,021	177,733
Drug litigation tax	-	-	-	-	-	1,384	54,595	95,011	146,600	223,426
Sex offender	53,528	49,432	44,893	39,445	33,590	28,708	24,131	22,555	17,016	11,065
Property fund reserve	197,050	149,818	119,762	90,674	-	-	-	-	-	-
Police drug	114,766	231,729	213,385	217,693	250,202	285,188	191,469	152,387	102,238	-
Metro drug	385,159	331,332	278,634	345,259	383,679	211,969	286,410	340,687	295,817	-
Grant funds	96,795	97,315	97,315	94,726	94,726	237,513	967,900	1,201,545	3,802,918	-
Solid Waste Collection	-	-	-	313,945	59,934	-	657,516	-	-	-
Unrestricted	<u>(5,351,110)</u>	<u>(11,192,985)</u>	<u>1,974,625</u>	<u>(8,120,253)</u>	<u>(1,848,472)</u>	<u>20,391,515</u>	<u>23,850,330</u>	<u>47,508,348</u>	<u>46,778,762</u>	<u>52,024,220</u>
Total net position	<u>54,686,804</u>	<u>47,280,384</u>	<u>53,391,537</u>	<u>56,882,937</u>	<u>56,133,377</u>	<u>79,079,407</u>	<u>83,314,659</u>	<u>81,850,220</u>	<u>89,649,041</u>	<u>84,836,604</u>
Business-type activities:										
Net investment in capital assets	12,869,960	12,964,312	12,315,973	9,008,707	9,526,134	9,175,382	10,258,341	10,609,844	10,611,583	8,798,224
Unrestricted	<u>(696,298)</u>	<u>(551,995)</u>	<u>525,355</u>	<u>637,410</u>	<u>1,002,880</u>	<u>1,989,933</u>	<u>1,196,520</u>	<u>1,268,992</u>	<u>1,760,836</u>	<u>1,103,832</u>
Total net position	<u>12,173,662</u>	<u>12,412,317</u>	<u>12,841,328</u>	<u>9,646,117</u>	<u>10,529,014</u>	<u>11,165,315</u>	<u>11,454,861</u>	<u>11,878,836</u>	<u>12,372,419</u>	<u>9,902,056</u>
Primary government:										
Net investment in capital assets	72,060,576	70,578,055	62,978,896	72,910,155	66,685,852	67,098,512	67,444,440	42,847,366	48,870,252	39,298,384
Restricted For:										
Self insurance	-	-	-	-	-	-	-	-	-	1,900,000
State street aid	-	-	-	-	-	-	96,209	292,165	247,021	177,733
Drug litigation tax	-	-	-	-	-	1,384	54,595	95,011	146,600	223,426
Sex offender	53,528	49,432	44,893	39,445	33,590	28,708	24,131	22,555	17,016	11,065
Property fund reserve	197,050	149,818	119,762	90,674	-	-	-	-	-	-
Police drug	114,766	231,729	213,385	217,693	250,202	285,188	191,469	152,387	102,238	-
Metro drug	385,159	331,332	278,634	345,259	383,679	211,969	286,410	340,687	295,817	-
Grant funds	96,795	97,315	97,315	94,726	94,726	237,513	967,900	1,201,545	3,802,918	-
Solid Waste Collection	-	-	-	313,945	59,934	-	657,516	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>(6,047,408)</u>	<u>(11,744,980)</u>	<u>2,449,980</u>	<u>(7,482,843)</u>	<u>(845,592)</u>	<u>22,381,448</u>	<u>25,046,850</u>	<u>48,777,340</u>	<u>48,539,598</u>	<u>53,128,052</u>
Total net position	<u>\$ 66,860,466</u>	<u>\$ 59,692,701</u>	<u>\$ 66,182,865</u>	<u>\$ 66,529,054</u>	<u>\$ 66,662,391</u>	<u>\$ 90,244,722</u>	<u>\$ 94,769,520</u>	<u>\$ 93,729,056</u>	<u>\$ 102,021,460</u>	<u>\$ 94,738,660</u>

**CITY OF JACKSON, TENNESSEE
FINANCIAL TRENDS INFORMATION
CHANGE IN NET POSITION - LAST TEN FISCAL YEARS**

(Prepared using the accrual basis of accounting)

Primary Government

Governmental activities:

Revenues:

Program revenues:

Charges for services	\$20,030,514	\$19,283,143	\$19,209,946	\$19,111,393	\$18,158,458	\$18,142,785	\$18,757,566	\$16,182,113	\$16,083,308	\$16,366,678
Operating grants & contributions	7,793,090	5,907,519	4,171,449	4,440,305	6,112,059	6,325,667	4,742,903	5,399,312	9,056,003	7,457,927
Capital grants & contributions	2,239,488	1,437,514	2,188,005	2,503,563	1,142,853	2,846,467	994,760	1,947,785	412,817	1,042,913

General Revenues:

Property taxes - levied for general government	34,171,626	32,162,494	31,236,336	30,580,859	30,705,467	29,764,448	29,739,661	28,458,635	28,526,409	27,927,794
In lieu of property taxes	6,089,425	6,184,665	6,017,236	5,819,195	5,213,125	4,972,381	4,710,100	4,552,400	4,109,278	4,121,778
Sales taxes	26,247,643	25,392,216	19,418,303	18,448,435	17,508,484	16,666,185	16,452,302	16,185,845	15,711,381	15,225,257
Franchise and excise taxes	86,573	206,969	221,260	171,040	112,288	101,186	68,445	58,623	85,103	128,311
Alcoholic beverage taxes	2,880,306	2,899,449	2,961,178	3,039,990	2,970,067	2,933,526	3,149,498	3,142,867	3,006,707	2,860,100
Business taxes	2,115,451	2,076,457	2,105,999	1,934,842	1,856,714	1,700,285	1,973,142	1,780,010	1,794,468	1,475,633
Income taxes	547,440	455,866	471,681	867,920	765,047	665,961	605,058	399,160	363,289	393,179
TVA taxes	773,789	741,019	737,332	766,812	757,366	723,030	745,213	754,980	672,772	657,664
Hotel-motel taxes	642,243	622,263	467,443	429,052	410,073	387,040	408,358	308,290	405,877	391,851
Rental and reimbursements	527,030	788,596	755,661	664,434	609,984	520,011	844,134	403,693	274,092	495,246
Other sources/uses	375,226	181,670	216,305	350,366	63,290	78,709	174,625	498,271	864,628	592,134
Unrestricted grants and contributions	111,339	15,532	40,811	84,921	35,393	130,600	6,331	9,669	26,117	68,685
Unrestricted interest income	464,914	211,438	102,620	199,076	61,810	98,535	124,809	236,583	213,617	296,329
Transfers	(782,425)	(912,030)	(587,807)	(824,903)	(721,537)	(1,023,781)	(1,086,746)	(817,278)	120,437	(611,000)
Total general revenues and transfers	<u>74,250,580</u>	<u>71,026,604</u>	<u>64,164,358</u>	<u>62,532,039</u>	<u>60,347,571</u>	<u>57,718,116</u>	<u>57,914,930</u>	<u>55,971,748</u>	<u>56,174,175</u>	<u>54,022,961</u>

Expenses:

General government	38,157,080	27,841,426	26,672,930	25,322,132	24,781,907	25,045,466	22,684,091	25,158,473	21,219,517	10,791,560
Public safety	37,819,610	36,771,603	38,782,268	35,638,253	35,902,248	38,401,202	35,651,998	36,474,004	35,270,913	32,377,665
Public works	9,278,976	16,270,744	16,052,662	14,999,426	10,767,419	10,984,081	10,158,970	10,552,273	12,381,594	19,562,491
Public Welfare and community service	8,281,760	8,852,479	8,225,809	8,244,911	8,641,898	9,272,810	9,651,532	9,940,450	5,388,415	9,776,818
Other	368,982	182,822	517,104	117,470	88,134	226,084	182,586	201,423	190,338	377,791
Interest on debt	2,511,925	2,630,181	2,431,154	2,461,835	2,474,298	2,564,607	2,646,108	2,597,226	2,463,089	2,702,703
Total expenses	<u>96,418,333</u>	<u>92,549,255</u>	<u>92,681,927</u>	<u>86,784,027</u>	<u>82,655,904</u>	<u>86,494,250</u>	<u>80,975,285</u>	<u>84,923,849</u>	<u>76,913,866</u>	<u>75,589,028</u>
Change in net position	<u>7,895,339</u>	<u>5,105,525</u>	<u>(2,948,169)</u>	<u>1,803,273</u>	<u>3,105,037</u>	<u>(1,461,215)</u>	<u>1,434,874</u>	<u>(5,422,891)</u>	<u>4,812,437</u>	<u>3,301,451</u>

UNAUDITED

**CITY OF JACKSON, TENNESSEE
FINANCIAL TRENDS INFORMATION
CHANGE IN NET POSITION - LAST TEN FISCAL YEAR**

(Prepared using the accrual basis of accounting)

Primary Government Business-Type activities:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Program revenues:										
Charges for services	\$ 2,407,093	\$ 2,359,945	\$ 3,044,981	\$ 3,187,894	\$ 3,162,841	\$3,385,122	\$3,026,734	\$3,102,868	\$2,765,595	\$2,447,679
Operating Grants and Contributions	2,404,027	2,233,286	2,505,360	1,534,302	2,736,795	2,266,620	2,244,165	2,451,921	2,172,852	2,171,651
Capital Grants and Contributions	84,358	900,783	21,774	587,716	587,716	228,478	-	22,447	2,327,470	1,652,578
General Revenues:										
Other Sources	-	-	-	-	-	-	(8,617)	-	(199,453)	-
Unrestricted interest income	10,510	(2,543)	1,923	1,920	9,158	1,497	75,257	26,701	3,708	20,586
Transfers	782,425	912,030	587,807	584,210	547,863	890,704	1,082,718	611,000	918,355	611,000
Total general revenues and transfers	<u>792,935</u>	<u>909,487</u>	<u>589,730</u>	<u>62,532,039</u>	<u>557,021</u>	<u>892,201</u>	<u>1,149,358</u>	<u>637,701</u>	<u>722,610</u>	<u>631,586</u>
Expenses:										
Solid waste	69,146	137,573	30,053	4,930	35,647	22,415	20,383	99,327	32,191	45,218
Jackson Transit Authority	3,833,887	3,841,984	3,868,858	4,459,746	4,306,766	4,549,674	4,491,481	4,325,609	3,366,436	3,251,846
Sportsplex	1,964,274	1,894,449	2,232,789	2,204,200	2,304,555	2,489,878	2,275,654	2,283,584	2,098,534	2,124,990
Community development	59,761	93,591	74,934	110,063	-	-	56,714	-	21,003	15,783
Total business-type activities	<u>5,927,068</u>	<u>5,967,597</u>	<u>6,206,634</u>	<u>6,778,939</u>	<u>6,646,968</u>	<u>7,061,967</u>	<u>6,844,232</u>	<u>6,708,520</u>	<u>5,518,164</u>	<u>5,437,837</u>
Change in net position	<u>(238,655)</u>	<u>435,904</u>	<u>(44,789)</u>	<u>(882,897)</u>	<u>397,405</u>	<u>(289,546)</u>	<u>(423,975)</u>	<u>(493,583)</u>	<u>2,470,363</u>	<u>1,465,657</u>
Total change in net position	<u>7,656,684</u>	<u>5,541,429</u>	<u>(2,992,958)</u>	<u>920,376</u>	<u>3,502,442</u>	<u>(1,750,761)</u>	<u>1,010,899</u>	<u>(5,916,474)</u>	<u>7,282,800</u>	<u>4,767,108</u>

**CITY OF JACKSON, TENNESSEE
FINANCIAL TRENDS INFORMATION -
FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS**

(Prepared using the accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Funds:										
(Pre-GASB 54)										
Unreserved:										
Unreserved, designated for, reported in										
General Fund:										
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 264,545
Midnight Basketball	-	-	-	-	-	-	-	-	-	2,275
Police equipment	-	-	-	-	-	-	-	-	-	-
Police memorial	-	-	-	-	-	-	-	-	-	-
Think Green	-	-	-	-	-	-	-	-	-	-
Traffic Safety	-	-	-	-	-	-	-	-	-	33,136
Drug court	-	-	-	-	-	-	-	-	-	15,591
Cigarette Litter	-	-	-	-	-	-	-	-	-	-
Liberty Gardens	-	-	-	-	-	-	-	-	-	23,331
Capital Outlay Fund:										
Soccer	-	-	-	-	-	-	-	-	-	1,333
Special Revenue Funds:										
Unreserved, undesignated:										
Total unreserved funds	-	-	-	-	-	-	-	-	-	<u>28,643,480</u>
Reserved for:										
Self insurance	-	-	-	-	-	-	-	-	-	1,900,000
Sex offender	-	-	-	-	-	-	-	-	-	11,065
Drug litigation tax	-	-	-	-	-	-	-	-	-	223,426
Ag tag	-	-	-	-	-	-	-	-	-	-
Fed Equitable Sharing	-	-	-	-	-	-	-	-	-	-
State Street Aid	-	-	-	-	-	-	-	-	-	177,733
Total reserved fund balances	-	-	-	-	-	-	-	-	-	<u>2,312,224</u>
(Post-GASB 54)										
Nonspendable:										
Inventory	\$ 370,696	\$ 317,892	\$ 351,307	\$ 362,556	\$ 322,288	\$ 332,611	\$ 335,805	\$ 329,851	\$ 228,670	\$ -
Prepays	-	2,897	1,089	13,458	550	4,185	-	-	-	-
Restricted:										
State street aid	-	-	-	-	-	-	96,209	292,165	247,021	-
Drug litigation tax	-	-	-	-	-	1,384	54,595	95,011	146,600	-
Sex Offender	53,528	49,432	44,893	39,445	33,590	28,708	24,131	22,555	17,016	-
Property fund reserve	197,050	149,818	119,762	90,674	62,383	41,510	19,856	16,769	-	-
Police drug	114,766	231,729	213,385	217,693	250,202	285,188	191,469	152,387	102,238	-
Metro drug	385,159	331,332	278,634	345,259	383,679	211,969	286,410	340,687	295,817	-
Grant funds	96,795	97,315	97,315	94,726	94,726	237,513	967,900	1,201,545	3,802,918	-
Solid Waste Collection	-	-	-	313,945	59,934	-	657,516	-	-	-
Committed:										
Community redevelopment agency	-	-	-	-	-	-	-	-	1,574,264	-
Debt Service	931,883	1,071,643	5,675,240	7,344,964	1,320,964	2,118,764	1,448,764	5,528,107	708,266	-
Assigned:										
Robertson Trust	-	-	-	-	-	-	866,607	866,607	866,607	-
Capital outlay	2,577,429	1,436,120	3,024,971	1,688,775	2,549,774	664,469	1,949	-	-	-
Solid waste collection	-	-	-	-	-	-	-	654,130	836,110	-
Self insurance	-	-	-	-	1,099,143	1,299,546	1,520,960	1,120,960	1,900,000	-
Provision for subsequent year's budget	-	846,203	-	3,239,950	-	-	-	-	-	-
Midnight Basketball	6,617	7,022	7,475	6,575	5,275	5,775	5,125	3,625	3,525	-
Federal Equitable Sharing	287,434	76,771	134,178	133,534	64,484	-	-	-	-	-
Fire Training	9,102	1,287	-	35,596	-	-	-	-	-	-
Traffic Safety	13,166	6,205	-	-	17,680	20,179	27,745	32,609	30,008	-
Drug Court	17,841	17,664	18,775	18,342	17,398	17,004	15,460	16,249	16,313	-
Cypress Grove	-	-	-	-	65,799	70,250	-	-	-	-
Keep Jackson Beautiful	-	-	-	-	-	3,420	-	-	-	-
Scott Miracle Grow	-	-	-	733	-	-	-	-	-	-
Earth Day	6,808	6,794	7,648	9,487	8,378	-	-	-	-	-
JIFAF	-	-	3,795	6,025	2,302	-	-	-	-	-
Drill Field	49,877	45,316	44,486	-	-	-	-	-	-	-
Liberty Gardens	4,091	3,769	298	63,007	80,488	71,069	24,657	22,052	20,950	-
Jackson Idol	3,519	4,918	5,659	4,603	3,941	3,133	1,357	845	-	-
Unassigned:	<u>16,509,785</u>	<u>16,559,004</u>	<u>14,963,080</u>	<u>14,719,799</u>	<u>18,011,428</u>	<u>18,922,912</u>	<u>20,017,909</u>	<u>17,928,715</u>	<u>19,659,197</u>	<u>-</u>
Total Fund Balances	<u>\$21,635,546</u>	<u>\$21,263,131</u>	<u>\$24,991,990</u>	<u>\$28,749,146</u>	<u>\$24,515,987</u>	<u>\$24,339,589</u>	<u>\$26,564,424</u>	<u>\$28,624,869</u>	<u>\$ 30,455,520</u>	<u>\$ 31,526,423</u>

Note: GASB Statement No. 54 was implemented in fiscal year 2011 for the City. It created new categories of fund balance as well as changing existing terminology such as "unreserved" changed to "unassigned."

CITY OF JACKSON, TENNESSEE
FINANCIAL TRENDS INFORMATION -
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

(Prepared using the accrual basis of accounting)

	<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>
Revenues										
Taxes	\$ 41,872,603	\$ 39,233,013	\$ 38,888,338	\$ 38,397,620	\$37,546,041	\$ 36,651,044	\$ 35,732,505	\$ 34,314,956	\$ 33,861,993	\$33,395,000
Licenses and permits	5,550,498	5,501,941	5,304,717	4,886,165	4,747,749	4,421,460	4,949,878	4,477,943	4,496,601	4,175,097
Fines, interest and penalties	1,314,210	1,007,850	1,124,359	1,466,077	1,383,875	1,307,520	1,412,135	1,739,362	2,056,261	2,374,725
Use of money and property	1,635,468	1,382,250	3,515,536	3,132,293	1,058,117	1,111,536	1,317,406	1,539,504	1,562,595	1,985,950
Intergovernmental	36,510,199	33,019,492	25,303,536	25,019,838	25,741,800	24,615,793	23,343,197	24,830,708	27,302,169	22,833,281
Sales and service charges	15,350,554	14,650,222	14,331,126	14,388,360	13,624,672	13,244,956	13,671,042	11,267,735	11,100,784	11,146,741
Other	1,846,086	1,964,157	2,031,363	2,159,879	1,890,848	1,825,092	2,002,958	1,924,011	1,350,958	2,749,434
Total revenues	<u>104,079,618</u>	<u>96,758,925</u>	<u>90,498,975</u>	<u>89,450,232</u>	<u>85,993,102</u>	<u>83,177,401</u>	<u>82,429,121</u>	<u>80,094,219</u>	<u>81,731,361</u>	<u>78,660,228</u>
Expenditures										
Current:										
General Government	18,033,855	15,226,292	13,430,824	13,459,329	12,454,250	14,155,073	11,711,991	15,326,086	11,824,788	10,888,579
Public Safety	40,439,208	39,070,250	41,725,992	41,539,569	37,110,370	38,460,084	35,668,075	37,063,197	34,282,313	31,954,104
Public works	18,375,383	11,813,529	12,939,816	11,474,568	11,985,377	12,281,080	9,703,875	10,346,992	14,682,509	19,624,895
Solid waste collection	13,505,325	13,021,622	13,706,232	12,154,539	12,217,185	10,820,346	10,546,710	10,494,226	8,734,703	-
Public welfare and community services	9,995,303	10,177,357	9,697,857	9,776,884	9,808,900	9,124,857	8,637,549	9,500,786	8,361,546	8,646,614
Other	300,353	34,695	457,709	115,850	87,291	110,860	96,834	367,620	298,064	478,318
Capital Outlay:										
Public Works	-	-	-	-	-	-	-	1,575,324	1,582,570	1,189,736
Public Safety	164,342	73,142	133,607	230,597	89,755	102,230	164,032	-	-	102
Solid waste collection	255,468	248,673	629,229	371,179	294,500	102,171	30,765	125,104	126,118	-
Debt Service:										
Principal	8,069,622	8,389,900	5,908,164	5,735,043	5,887,200	4,187,777	4,173,723	3,863,410	3,745,130	3,725,000
Interest	2,561,890	2,702,220	2,482,588	2,428,600	2,532,048	2,623,361	2,668,387	2,475,126	2,492,290	2,533,634
Other	68,629	148,127	59,395	1,620	843	4,616	30,444	21,679	1,596	1,179
Total Expenditures	<u>111,769,378</u>	<u>100,905,807</u>	<u>101,171,413</u>	<u>97,287,778</u>	<u>92,467,719</u>	<u>91,972,455</u>	<u>83,432,385</u>	<u>91,159,550</u>	<u>86,131,627</u>	<u>79,042,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,689,760)</u>	<u>(4,146,882)</u>	<u>(10,672,438)</u>	<u>(7,837,546)</u>	<u>(6,474,617)</u>	<u>(8,795,054)</u>	<u>(1,003,264)</u>	<u>(11,065,331)</u>	<u>(4,400,266)</u>	<u>(381,933)</u>
Other financing sources (uses):										
Sale of bonds	8,844,600	155,400	5,646,320	12,400,000	-	-	-	-	-	1,663
Issuance of debt	-	1,251,420	2,400,000	-	7,614,200	7,594,000	-	10,051,958	3,208,926	650,000
Transfers in	9,792,597	6,972,705	9,883,757	6,878,453	9,372,623	11,308,548	7,050,832	6,925,606	4,088,792	10,564,429
Transfers out	(10,575,022)	(7,884,735)	(10,471,564)	(7,703,356)	(10,335,808)	(12,332,329)	(8,137,578)	(7,742,884)	(3,968,355)	(11,175,429)
Total other financing sources (uses)	<u>8,062,175</u>	<u>494,790</u>	<u>7,458,513</u>	<u>11,575,097</u>	<u>6,651,015</u>	<u>6,570,219</u>	<u>(1,086,746)</u>	<u>9,234,680</u>	<u>3,329,363</u>	<u>40,663</u>
Net changes in fund balances	<u>\$ 372,415</u>	<u>\$ (3,652,092)</u>	<u>\$ (3,213,925)</u>	<u>\$ 3,737,551</u>	<u>\$ 176,398</u>	<u>\$ (2,224,835)</u>	<u>\$ (2,090,010)</u>	<u>\$ (1,830,651)</u>	<u>\$ (1,070,903)</u>	<u>\$ (341,270)</u>
Debt service as a % of noncapital expenditures	9.61%	11.17%	8.42%	8.45%	9.14%	7.43%	8.26%	7.11%	7.39%	8.04%

**CITY OF JACKSON, TENNESSEE
REVENUE CAPACITY INFORMATION
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY -
LAST TEN TAX YEARS**

TAX YEAR	APPRAISED VALUE			ASSESSED VALUE			TOTAL DIRECT TAX RATE ¹
	REAL AND PERSONAL PROPERTY	PUBLIC UTILITIES	TOTAL APPRAISED VALUE	REAL AND PERSONAL PROPERTY	PUBLIC UTILITIES	TOTAL ASSESSED VALUE	
2018	\$ 5,364,098,763	\$ 62,336,151	\$ 5,426,434,914	\$ 1,685,299,709	\$ 34,167,978	\$ 1,719,467,687	\$ 1.96
2017	5,015,058,972	68,247,107	5,083,306,079	1,565,772,338	37,535,909	1,603,308,247	1.96
2016	4,893,883,190	68,246,816	4,962,130,006	1,526,764,285	37,535,749	1,564,300,034	1.96
2015	4,893,883,190	69,214,814	4,963,098,004	1,526,764,285	38,068,144	1,564,832,429	1.96
2014	4,779,103,285	92,869,110	4,871,972,395	1,495,667,894	37,147,644	1,532,815,538	1.96
2013	4,779,103,285	92,869,110	4,871,972,395	1,495,667,894	37,147,644	1,532,815,538	1.97
2012	4,634,445,589	146,089,540	4,780,535,129	1,446,102,606	36,522,385	1,482,624,991	1.97
2011	4,433,985,999	148,590,576	4,582,576,575	1,394,286,721	37,147,644	1,431,434,365	1.97
2010	4,433,985,999	148,590,576	4,582,576,575	1,394,286,721	37,147,644	1,431,434,365	2.10
2009	4,511,236,112	153,429,756	4,664,665,868	1,418,531,547	38,357,439	1,456,888,986	2.10

*Per \$100 of assessed valuation.

Note - Property of the City is reappraised periodically. For this reason appraised value is considered equal to actual value. All information was pulled from the tax levies by the year noted.

See independent auditor's report.

**CITY OF JACKSON, TENNESSEE
SCHEDULE OF TEN LARGEST TAXPAYERS**

	Assessed Valuation	Taxes Due	Products/Services
1. The Kellogg Co.	\$ 28,533,005	\$ 559,789	Food Products
2. Regional Hospital of Jackson	22,887,820	449,037	Healthcare
3. West Tennessee Healthcare	20,831,975	408,706	Healthcare
4. Owens Corning	17,724,433	347,735	Roofing Products
5. Black & Decker	6,097,573	232,324	Power Tools
6. Old Hickory Mall	10,155,000	199,231	Shopping Mall
7. Gary Taylor	9,871,449	193,668	Developer
8. G&I VIII WTC, LLC	9,610,880	188,556	Strip Mall
9. Wal-Mart	9,016,480	176,894	Retail
10. Cherry Grove, LLC	8,205,800	160,990	Apartments

Based on Year 2018 tax information

Source: City 2018 Tax Rolls

**SUMMARY OF CERTAIN FUND BALANCES / NET POSITION
Fiscal Years Ended June 30**

	2019	2018	2017	2016	2015	2014	2013
General Fund	\$ 17,719,512	\$ 17,248,789	\$ 17,116,966	\$ 18,743,784	\$ 19,856,708	\$ 20,964,473	\$ 23,883,590
Special Revenue and Capital Outlay Funds	2,984,151	2,942,699	2,199,784	2,660,398	3,338,315	1,256,352	2,680,834
Debt Service Fund	931,883	1,071,643	5,675,240	7,344,964	1,320,964	2,118,764	1,448,764

**SCHEDULE OF LOCAL OPTION SALES TAX
Fiscal Years Ended June 30**

Year	Collections	Percent Change
2019	\$ 20,242,850	3.28%
2018*	19,600,453	41.01%
2017	13,899,991	2.38%
2016	13,577,434	6.03%
2015	12,805,307	7.63%
2014	11,897,150	0.60%
2013	11,826,624	1.62%
2012	11,637,731	0.02%
2011	11,635,059	2.83%
2010	11,314,658	1.54%

Source: Tennessee Department of Revenue

*Included \$5,973,614 of Local Option Sales Tax per July 2017 City/County Agreement

**CITY OF JACKSON, TENNESSEE
REVENUE CAPACITY INFORMATION
PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>ASSESSED VALUATION</u>	<u>TOTAL TAX LEVY</u>	<u>COLLECTED WITHIN TAX YEAR OF LEVY</u>	<u>PERCENT COLLECTED</u>	<u>COLLECTIONS IN SUBSEQUENT YEARS</u>	<u>TOTAL COLLECTIONS</u>	<u>TOTAL COLLECTIONS AS PERCENT OF TOTAL LEVY</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>OUTSTANDING DELINQUENT TAXES AS PERCENT OF CURRENT LEVY</u>
2019	\$ 1,719,467,687	\$ 33,734,234	\$ 32,990,065	97.79%	\$ -	\$ 32,990,065	97.79%	\$ 1,176,934	3.49%
2018	1,603,308,247	31,397,370	30,699,032	97.78%	378,607	31,077,639	98.98%	319,731	1.02%
2017	1,564,300,034	31,249,418	30,332,173	97.06%	684,250	31,016,423	99.25%	232,995	0.75%
2016	1,564,832,429	30,449,875	29,995,928	98.51%	223,634	30,219,562	99.24%	230,313	0.76%
2015	1,532,815,538	30,069,122	29,392,621	97.75%	458,393	29,851,014	99.27%	218,108	0.73%
2014	1,532,815,538	29,392,172	28,671,121	97.55%	505,478	29,176,599	99.27%	215,573	0.73%
2013	1,482,624,991	29,128,047	28,277,072	97.08%	520,451	28,797,523	98.87%	330,524	1.13%
2012	1,431,434,365	27,405,300	26,931,839	98.27%	312,624	27,244,463	99.41%	160,837	0.59%
2011	1,431,434,365	27,194,850	26,605,068	97.83%	494,973	27,100,041	99.65%	94,809	0.35%
2010	1,456,888,986	26,497,571	26,192,753	98.85%	240,480	26,433,233	99.76%	64,338	0.24%

Assessed valuation amount was taken from the property tax levy for the year noted.

CITY OF JACKSON, TENNESSEE
PRO FORMA
GENERAL OBLIGATION DEBT STATEMENT
As of June 30, 2019

Series 2018 General Obligation Loan	\$ 9,000,000
Series 2011 General Obligation Bonds	7,011,000
Series 2009 General Obligation & Refunding Bonds	26,070,000
Series 2009 General Obligation Bonds	2,340,000
Series 2013 Local Government Loan Program Bond	13,395,000
Series 2015 Local Government Loan Program Bond	<u>15,621,000</u>
 Total general obligation bond:	 \$ <u>73,437,000</u>
 Series 2016 Capital Outlay Note	 \$ 2,000,000
Jackson-Madison County General Hospital District	250,000
HUD Section 108 Loan	2,280,000
Series 2014 General Obligation Capital Outlay Note	250,000
Series 2017 Capital Outlay Note	<u>1,487,500</u>
 Total capital outlay notes:	 \$ <u>6,267,500</u>
 <u>Total General Obligation Deb</u>	 <u>\$ 79,704,500</u>
 Overlapping General Obligation Debt (68.56% of Madison County)	 <u>43,687,893</u>
 <u>General Obligation and Overlapping Deb</u>	 <u>\$ 123,392,393</u>

RATIOS

Total General Obligation Debt to Assessed Value	4.64%
Total General Obligation Debt to Estimated Actual Value	1.47%
General Obligation and Overlapping Debt to Assessed Value	7.38%
General Obligation and Overlapping Debt to Estimated Actual Value	2.34%

PER CAPITA

Assessed Value	\$ 25,700
Estimated Actual Value	81,109
Total General Obligation Debt	1,191
Net General Obligation and Overlapping Debt	1,922

**CITY OF JACKSON, TENNESSEE
DEBT CAPACITY INFORMATION
RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS**

FISCAL YEAR	POPULATION*	PERSONAL INCOME**	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL PRIMARY GOVERNMENT	DEBT PER CAPITA	PERCENT OF PERSONAL INCOME
			GENERAL OBLIGATION BONDS	NOTES	TOTAL GOVERNMENTAL	BONDS	NOTES	TOTAL BUSINESS-TYPE ACTIVITIES			
2019	66,903	\$ 23,986	\$ 71,937,196	\$ 5,625,020	\$ 77,562,216	\$ 1,499,804	\$ 642,480	\$ 2,142,284	\$ 79,704,500	\$ 1,191.34	4.97%
2018	67,162	23,986	69,902,517	6,884,620	76,787,137	1,737,883	761,080	2,498,963	79,286,100	1,180.52	4.92%
2017	66,847	23,986	76,350,310	7,419,907	83,770,217	1,967,689	706,799	2,674,488	86,444,705	1,293.17	5.39%
2016	66,751	23,094	76,983,939	4,667,922	81,651,861	1,967,689	706,799	2,674,488	84,326,349	1,263.30	5.47%
2015	66,729	22,757	69,842,187	5,041,037	74,883,224	2,189,741	1,101,799	3,291,540	78,174,764	1,171.53	5.15%
2014	67,071	22,964	66,944,187	6,212,037	73,156,224	2,404,813	1,691,243	4,096,056	77,252,280	1,151.80	5.02%
2013	67,462	22,997	63,330,164	3,554,000	66,884,164	2,611,613	2,214,246	4,825,859	71,710,023	1,062.97	4.62%
2012	67,051	22,211	67,292,887	3,765,000	71,057,887	2,724,836	2,231,785	4,956,621	76,014,508	1,133.68	5.10%
2011	66,715	21,848	61,156,295	3,815,000	64,971,295	2,832,113	2,480,535	5,312,648	70,283,943	1,053.50	4.82%
2010	66,841	21,701	64,901,427	650,000	65,551,427	2,933,705	2,979,285	5,912,990	71,464,417	1,069.17	4.93%

* SOURCE FOR POPULATION: US Census and Tennessee Department of Economic and Community Development

** PERSONAL INCOME amounts were obtained from the Bureau of Economic Analysis and the Tennessee Department of Labor and Workforce Development

**CITY OF JACKSON, TENNESSEE
DEBT CAPACITY INFORMATION
RATIOS OF GENERAL BONDED DEBT OUTSTANDING - LAST TEN FISCAL YEARS**

<u>GOVERNMENTAL ACTIVITIES</u>						
<u>FISCAL YEAR</u>	<u>POPULATION¹</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>TOTAL GOVERNMENTAL</u>	<u>APPRAISED VALUE</u>	<u>RATIO OF GENERAL OBLIGATION DEBT TO APPRAISED VALUE</u>	<u>NET GENERAL OBLIGATION DEBT PER CAPITA</u>
2019	66,903	\$ 71,937,196	\$ 71,937,196	\$ 1,719,467,687	4.18%	\$ 1,075.25
2018	67,162	69,902,517	69,902,517	1,603,308,247	4.36%	1,040.80
2017	66,847	76,350,310	76,350,310	1,564,300,034	4.88%	1,142.17
2016	66,751	76,983,939	76,983,939	1,564,832,429	4.92%	1,153.30
2015	66,729	69,842,187	69,842,187	1,532,815,538	4.56%	1,046.65
2014	67,071	66,944,187	66,944,187	1,532,815,538	4.37%	998.11
2013	67,462	63,330,164	63,330,164	1,482,624,991	4.27%	938.75
2012	67,051	67,292,887	67,292,887	1,431,434,365	4.70%	1,003.61
2011	66,715	61,156,295	61,156,295	1,431,434,365	4.27%	916.68
2010	66,841	64,901,427	64,901,427	1,456,888,986	4.45%	970.98

* SOURCE FOR POPULATION: US Census and Tennessee Department of Economic and Community Development

** PERSONAL INCOME amounts were obtained from the Bureau of Economic Analysis and the Tennessee Department of Labor and Workforce Development

CITY OF JACKSON, TENNESSEE
DEBT CAPACITY INFORMATION
DIRECT AND OVERLAPPING DEBT
As of June 30, 2019

<u>CALENDAR YEAR</u>	<u>POPULATION*</u>	<u>Madison Co. Population</u>	<u>Madison Co. Bonds</u>	<u>Overlapping Debt Allocable to City</u>	<u>Total Direct Governmental Debt</u>
2019	66,903	97,586	\$ 63,724,000	\$ 43,687,893	\$ 77,562,216

* Source for Population: US Census Bureau

**CITY OF JACKSON, TENNESSEE
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 DEMOGRAPHIC AND ECONOMIC STATISTICS -
 LAST TEN FISCAL YEARS**

CALENDAR YEAR	POPULATION*	PERSONAL INCOME**	PER CAPITA PERSONAL INCOME***	UNEMPLOYMENT RATE****
2019	66,903	1,604,735,358	\$ 23,986	3.40%
2018	67,162	1,610,947,732	23,986	4.40%
2017	66,847	1,603,392,142	23,986	4.30%
2016	66,751	1,541,547,594	23,094	5.40%
2015	66,729	1,518,551,853	22,757	6.60%
2014	67,071	1,540,218,444	22,964	7.30%
2013	67,462	1,551,423,614	22,997	8.90%
2012	67,051	1,489,269,761	22,211	9.10%
2011	66,715	1,457,589,320	21,848	10.50%
2010	66,841	1,450,516,541	21,701	10.10%

* Source for Population: US Census Bureau

** Personal Income is calculation of Population times per Capita Personal Income

*** Source for Per Capita Personal Income: 2000-2004; Bureau of Economic Analysis; 2005-2009; Tennessee Department of Labor and Workforce; Data for 2019 not yet available, so PY estimate used

**** Source for School Enrollment: Tennessee Department of Education

***** Source for Unemployment Rates: Tennessee Department of Labor and Workforce Development

UNAUDITED

CITY OF JACKSON, TENNESSEE DEMOGRAPHIC INFORMATION

SOCIAL AND ECONOMIC CHARACTERISTICS

	Jackson	Madison County
Median value owner occupied housing	\$ 143,094	\$ 142,951
% High school graduates or higher persons 25 years old & older	89.6%	89.6%
Per Capita Income	\$ 26,507	\$ 26,793
Median household income	\$ 43,054	\$ 46,987

Source: ESRI 2018

LABOR FORCE TRENDS

Year	Persons Employed in Madison Cty	Persons Unemployed in Madison Cty	Unemployment Rate Madison County	Tennessee	USA
1994	43,330	1,980	4.4%	4.8%	6.1%
1995	44,290	2,340	5.0%	5.2%	5.6%
1996	45,140	2,160	4.6%	5.2%	5.4%
1997	45,210	2,140	4.5%	5.4%	4.9%
1998	46,720	1,660	3.4%	4.2%	4.5%
1999	48,050	1,290	2.6%	3.4%	4.2%
2000	49,770	1,760	3.4%	4.2%	4.6%
2001	50,070	2,190	4.2%	4.0%	4.9%
2002	51,527	2,620	5.1%	5.1%	5.8%
2003	50,890	2,950	5.8%	5.8%	6.0%
2004	43,580	2,590	5.6%	5.5%	5.5%
2005	44,050	2,600	5.6%	5.6%	5.1%
2006	45,450	2,560	5.3%	5.1%	4.6%
2007	46,130	2,430	5.0%	4.7%	4.6%
2008	48,490	5,310	11.0%	10.5%	10.2%
2009	47,780	5,120	10.7%	10.5%	9.3%
2010	48,370	4,840	10.0%	9.7%	9.6%
2011	49,280	4,740	9.6%	9.2%	8.9%
2012	49,730	4,080	8.2%	8.0%	8.1%
2013	48,520	4,090	8.4%	8.2%	7.4%
2014	46,230	3,190	6.9%	6.7%	6.2%
2015	46,640	2,820	6.1%	5.8%	5.3%
2016	47,680	2,370	5.0%	4.8%	4.9%
2017	48,260	1,890	3.9%	3.7%	4.4%
2018	46,832	1,832	3.8%	3.5%	3.9%

Source: Tennessee Department of Employment Security, Tennessee Department of Labor and Workforce Development; Bureau of Labor and Statistics

UNAUDITED

**CITY OF JACKSON, TENNESSEE
DEMOGRAPHIC INFORMATION**

TOP TEN MANUFACTURERS/DISTRIBUTORS

	Employees	Product
1. Delta Faucet Company	1,149	Commercial and Residential Faucets
2. The Kellogg Company	900	Snack products
3. Stanley Black and Decker	825	Professional Power Tools
4. Kirkland's, Inc.	572	Home Interior distribution
5. TBDN Tennessee Company	540	Automotive air induction systems
6. Toyota Boshoku Tennessee	450	Automotive products
7. Carlstar Group	400	Agricultural and construction tires and wheels
8. Gerdau	382	Reinforced Steel and Merchant Bar Products
9. UGN, Inc.	370	Automotive products
10. Berry Plastics	335	Plastic Injection Molding

Source: Jackson Chamber of Commerce

TOP TEN EMPLOYERS

	Employees	Type
1. West Tennessee Healthcare	7,000	Hospital
2. Jackson-Madison County School System	1,806	School System
3. Delta Faucet Company	1,149	Manufacturing
4. Kellogg Company	900	Manufacturing
5. City of Jackson	850	Government
6. Stanley Black and Decker	825	Manufacturing
7. Union University	824	Education
8. Madison County	755	Government
9. The Jackson Clinic	715	Healthcare
10. Kirkland's, Inc.	572	Distribution

Source: Jackson Chamber of Commerce

**CITY OF JACKSON, TENNESSEE
DEMOGRAPHIC INFORMATION**

POPULATION
(in thousands)

	2018	2010	2000	1990	1980	1970
Jackson	69	65	60	49	49	40
Tennessee	6,770	6,346	5,609	4,877	4,591	3,926
United States	327,167	308,745	283,876	249,632	226,546	203,302

Source: ESRI 2018

2018 POPULATION BY AGE GROUP: CITY, STATE AND NATION

Age Group	Jackson	Tennessee	United States
Under 5 years	6.9%	6.2%	6.3%
5 to 9 years	6.5%	6.4%	6.5%
10 to 14 years	6.4%	6.5%	6.5%
15 to 19 years	7.9%	6.5%	6.7%
20 to 24 years	8.6%	7.1%	7.1%
25 to 34 years	13.1%	13.1%	13.5%
35 to 44 years	11.8%	13.0%	12.8%
45 to 54 years	12.4%	13.9%	13.9%
55 to 59 years	6.8%	6.8%	6.6%
60 to 64 years	5.3%	3.1%	5.8%
65 to 74 years	8.0%	8.6%	7.9%
75 to 84 years	4.5%	4.4%	4.3%
85 years and older	1.7%	1.6%	1.9%

Source: ESRI 2018

2018 HOUSEHOLD INCOME AND BENEFITS

	Jackson	Tennessee	United States
Total households	25,605	2,522,204	117,716,237
Less than \$15,000	12.4%	8.3%	7.0%
\$15,000 - \$24,999	12.5%	12.3%	10.2%
\$25,000 - \$34,999	11.6%	11.6%	9.9%
\$35,000 - \$49,999	14.8%	14.7%	13.2%
\$50,000 - \$74,999	16.3%	18.3%	17.8%
\$75,000 - \$99,999	10.5%	11.3%	12.2%
\$100,000 - \$149,999	8.2%	10.5%	13.5%
\$150,000 - \$199,999	2.6%	3.6%	5.4%
\$200,000 or More	3.2%	3.5%	5.7%
Median Household Income	\$ 39,747	\$ 46,574	\$ 55,322
Average Household Income	\$ 57,774	\$ 65,368	\$ 77,866

Source: ESRI 2018

CITY OF JACKSON, TENNESSEE
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
 Last Ten Fiscal Years
 (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Public Welfare</u>	<u>Debt Service(1)</u>	<u>Capital Projects</u>	<u>Total</u>
2010	\$ 9,977	\$ 31,576	\$ 17,036	\$ 8,448	\$ 6,260	\$ 5,573	\$ 78,870
2011	11,739	32,976	10,930	8,109	6,239	7,219	77,212
2012	15,206	33,693	7,059	864	6,360	9,320	72,502
2013	11,722	35,688	20,251	8,638	6,872	261	83,432
2014	14,155	38,460	23,101	9,125	6,816	315	91,972
2015	12,454	37,110	24,203	9,809	8,420	472	92,468
2016	13,459	41,540	23,629	9,777	8,165	718	97,288
2017	13,431	41,726	26,646	9,698	8,450	1,221	101,172
2018	15,226	39,070	24,835	10,177	11,240	357	100,905
2019	18,034	40,439	31,881	9,995	10,700	720	111,769

(1) Excludes debt refundings

CITY OF JACKSON, TENNESSEE
GENERAL GOVERNMENT REVENUES BY SOURCE
 Last Ten Fiscal Years
 (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Fines, Interest & Penalties</u>	<u>Use of Money and Property</u>	<u>Intergovernmental</u>	<u>Sales and Service Charges</u>	<u>Other</u>	<u>Total</u>
2010	\$ 33,395	\$ 4,175	\$ 2,375	\$ 1,986	\$ 22,833	\$ 11,147	\$ 2,749	\$ 78,660
2011	33,862	4,497	2,056	1,563	27,302	11,101	1,351	81,732
2012	34,315	4,478	1,739	1,540	24,831	11,268	1,924	80,095
2013	35,733	4,950	1,412	1,317	23,343	13,671	2,003	82,429
2014	36,651	4,421	1,308	1,112	24,616	13,425	1,825	83,358
2015	37,546	4,748	1,384	1,058	25,742	13,625	1,891	85,994
2016	38,398	4,886	1,466	3,132	25,020	14,388	2,160	89,450
2017	38,888	5,305	1,124	3,516	25,304	14,331	2,031	90,499
2018	39,233	5,502	1,008	1,382	33,019	14,650	1,964	96,758
2019	41,873	5,550	1,314	1,635	36,510	15,351	1,846	104,080

CITY OF JACKSON, TENNESSEE

GENERAL DESCRIPTION

The City of Jackson, Tennessee (the City), the county seat of Madison County, was founded in 1822. Located approximately 85 miles northeast of Memphis and 120 miles southwest of Nashville, the City is the largest city in rural West Tennessee. Jackson encompasses a land area of approximately 49 square miles and serves as West Tennessee's economic, cultural and healthcare center. The population is approximately 67,000.

Government

The City operates under a Mayor and Council form of government. The Mayor, elected to four-year terms directly by the voters, is the Chief Administrative Officer of the City and serves as the presiding officer of the City Council. The City Council is comprised of nine members elected to four-year terms by district.

The City provides a wide range of services to its citizens including police and fire protection, solid waste disposal, public transportation, recreation, libraries and public meeting facilities. Currently, there are approximately 650 regular full-time employees. The Jackson Energy Authority provides water, sewer, gas and electrical utilities, and telecommunications. The Authority is governed by a Board of Directors appointed by the City.

Economy

The City enjoys a diverse economy based on retail trade, manufacturing, agriculture and service-related businesses. The unemployment rate is consistently below the state average. Major corporations currently operating manufacturing or distribution facilities in the City include Kellogg's, Carlisle Transportation Products, TBDN, Pinnacle Foods, Stanley Black and Decker, and Delta Faucet. Retail sales in the City were \$1.9 billion in 2010.

Transportation

Major highway transportation is provided by U.S. Interstate 40, three federal highways and two state highways. Railroad transportation is provided by CSX and West Tennessee Railroad. The City jointly owns and operates McKellar-Sipes Regional Airport with Madison County. The airport has a 6,000 foot runway and provides general aviation and charter services. Air Choice One, offers flights to Nashville and St. Louis on a daily basis.

Education

The Jackson and Madison County school systems were consolidated in 1990. The system currently consists of twelve elementary schools, two intermediate schools, four middle schools, five high schools, and two alternative schools. There are also six private schools. The City is home to six institutions of higher learning, including Jackson State Community College, University of Memphis, Lane College, Union University, West Tennessee Business College, and Tennessee Technology Center.

Healthcare

The City is served by Jackson-Madison County General Hospital, a 766-bed general acute care facility operated by a Board appointed by Madison County and the City. There are 44 medical clinics, 19 retirement, nursing, and/or assisted living homes, plus more than 450 physicians practicing in the Jackson area.

CITY OF JACKSON, TENNESSEE
SUMMARY OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND
Fiscal Years Ended June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:									
Property taxes	\$ 32,762,449	\$ 31,221,197	\$ 30,975,608	\$ 30,572,683	\$ 30,326,175	\$ 29,636,236	\$ 28,977,426	\$ 27,761,426	\$ 27,833,117
Tax equivalents	5,877,184	6,184,665	6,017,236	5,819,195	5,213,125	4,972,381	4,710,100	4,552,400	4,109,278
Local option sales tax	20,282,851	19,648,619	13,937,337	13,103,665	12,501,322	11,934,014	11,866,585	11,919,582	12,202,451
Beer tax	1,825,587	1,827,151	1,895,494	2,005,742	2,006,741	2,042,427	2,044,979	2,001,130	1,919,598
Licenses and permits	5,550,498	5,501,941	5,304,717	4,886,165	4,747,749	4,421,460	4,949,878	4,477,943	4,496,601
Fines & penalties	1,280,433	959,358	1,039,059	1,339,609	1,278,502	1,213,382	1,306,995	1,649,104	1,946,197
Interest income	398,957	187,434	88,866	189,439	59,283	96,251	122,234	234,302	203,297
Other property income	1,101,431	1,110,714	1,220,294	908,183	884,937	1,013,001	1,145,808	1,172,374	1,294,167
State of Tennessee	11,312,252	10,629,261	9,635,577	9,750,264	9,280,496	9,025,052	9,031,715	8,797,088	7,550,539
Federal government	784,690	814,524	416,613	532,006	1,738,137	1,949,325	984,599	2,556,646	4,404,748
Other	3,053,950	2,988,385	2,949,163	2,948,013	2,526,166	2,396,138	2,180,444	2,251,548	1,733,186
Total revenues	84,230,282	81,073,249	73,479,964	72,054,964	70,562,633	68,699,667	67,320,763	67,373,543	67,693,179
Expenditures:									
General government	16,246,263	14,777,842	13,095,226	13,284,884	12,243,337	13,833,810	11,675,384	15,206,465	11,739,451
Public safety	39,677,244	37,863,032	37,670,188	37,231,417	36,176,247	36,183,118	33,866,018	33,435,056	32,613,023
Public works	8,907,678	8,057,727	7,881,158	7,489,804	6,698,714	7,010,521	6,706,476	7,058,775	10,929,701
Public welfare	8,206,821	8,174,048	7,795,052	7,553,980	6,896,037	7,281,795	7,217,366	7,544,421	7,156,270
Net debt service	10,219,341	10,954,226	8,166,390	7,883,378	8,140,731	6,589,528	6,550,073	6,360,215	6,239,016
Total expenditures	83,257,347	79,826,875	74,608,014	73,443,463	70,155,066	70,898,772	66,015,317	69,604,932	68,677,461
Excess of revenues over (under) expenditures	972,935	1,246,374	(1,128,050)	(1,388,499)	407,567	(2,199,105)	1,305,446	(2,231,389)	(984,282)
Net transfers in (out) and other sources (uses)	(641,972)	(5,718,148)	(2,168,492)	6,220,665	(2,313,132)	(50,012)	(3,755,766)	2,355,937	1,070,437
Excess of revenues and net transfers over (under) expenditures	330,963	(4,471,774)	(3,296,542)	4,832,166	(1,905,565)	(2,249,117)	(2,450,320)	124,548	86,155
Combined fund balances									
Beginning balance	18,320,432	22,792,206	26,088,748	21,177,672	23,083,237	25,332,354	27,782,674	27,658,126	27,571,971
Change in acct. principle	-	-	-	78,910	-	-	-	-	-
Ending balance	\$ 18,651,395	\$ 18,320,432	\$ 22,792,206	\$ 26,088,748	\$ 21,177,672	\$ 23,083,237	\$ 25,332,354	\$ 27,782,674	\$ 27,658,126

INTERNAL CONTROL AND COMPLIANCE SECTION



**Independent Auditor’s 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***

Honorable Jerry Gist, Mayor
Members of the Council
City of Jackson, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee (the City), as of and for the year ended June 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, and have issued our report thereon dated December 26, 2019.

Our report includes a reference to other auditors who audited the financial statements of Jackson Transit Authority (JTA), as described in our report on the City’s financial statements. This report includes our consideration of the results of the other auditors testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors identified no deficiencies in internal control that we consider to be a material weakness. We and the other auditors

did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 through 2019-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 and those of the other auditors, 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 2019-001 through 2019-004.

City's Response to Findings

The City's response to the findings identified in our audit are 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
December 26, 2019



**Independent Auditor's Report on Compliance for Each Major Program and
Report on Internal Control over Compliance
Required by the Uniform Guidance**

Honorable Jerry Gist, Mayor
Members of the Council
City of Jackson, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the City of Jackson, Tennessee'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 June 30, 2019. The City's major federal programs are identified in the summary of auditor's 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 awards applicable to its federal programs.

Auditor's 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 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct a material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City 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 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Alexander Thompson Arnold PLLC

Jackson, Tennessee
December 26, 2019

CITY OF JACKSON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2019

SECTION I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> yes	_____ none reported
Noncompliance material to financial statements noted?	_____ <u>X</u> yes	_____ no

Federal Awards

Internal Control over major programs:		
Material weaknesses identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular 2 CFR 200.516(a)?	_____ yes	_____ <u>X</u> no
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	_____ <u>X</u> yes	_____ no
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CITY OF JACKSON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

SECTION II – Financial Statement Findings

2019-001 – Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency)

Condition: We noted the following major functions in the general fund had expenditures exceeding appropriations: public safety by \$1,722,942, public works by \$38,565, and public welfare and community service by \$283,204. We also noted that total expenditures in the solid waste collection fund exceeded appropriations by \$1,302,805 due primarily to commercial garbage charges which exceeded appropriations by \$622,407. We also noted that total expenditures in the police drug fund exceeded appropriations by \$114,484 due to capital outlay not appropriated of \$145,166. We also noted that total expenditures in the Community Redevelopment Fund exceeded appropriations by \$61,104, due to principal payments of \$50,000 in excess of budget amounts and interest payments of \$11,104 in excess of budgeted amounts. On an additional note, the City used an operational budget internally throughout the year that included amendments that were not approved by City Council. These amounts were not included as amendments in the City's financial statements. The unapproved amounts were as follows: general fund revenues of \$399,546, general fund expenditures of \$336,723, solid waste collection expenditures of \$75,466, capital outlay fund revenues of \$15,100, and capital outlay expenditures of \$1,294,199.

Cause: The City had multiple occurrences of unbudgeted expenditures due to needs of the various departments mentioned.

Criteria: Tennessee Code Annotated (TCA) 6-56-203 states "notwithstanding any other provision or law, no municipality may expend any monies regardless of their source except in accordance with a budget ordinance adopted under this section."

Effect: The City failed to comply with the TCA 6-56-203 by expending monies that were not budgeted.

Recommendation: We recommend that all expenditures, including transfers, be authorized by the City's budget in the future. Potential budget overruns should be anticipated in advance so that appropriate action may be taken by the City Council.

Response: The City understands the requirements of TCA 6-56-203 and will make every effort to comply with these requirements. The City has implemented and will continue to implement new policies and processes addressing planning, budgeting, financial management and accountability to ensure our compliance with TCA 6-56-203.

2019-002 – Failure to Receive Authorization for Issuance of Debt (Noncompliance and Significant Deficiency)

Condition: We noted that the City has an outstanding interfund liability due from the solid waste collection fund to the general fund in the amount of \$801,886. This balance is the result of multiple issues including previous years of an indirect cost allocation being performed that created an advance that is currently unable to be paid from current operations. We also noted that the City has two outstanding interfund liabilities due from the Sportsplex fund to the General and Debt

CITY OF JACKSON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

Service funds in the amounts of \$133,477 and \$171,659, respectively. This amount is for assistance in paying the Sportsplex fund's capital outlay needs as well as their operations. There are also other interfund liabilities noted during the current year, but they are expected to be repaid within the next fiscal year.

Cause: Insufficient revenues in various funds in the current year caused interfund liabilities to be necessary in order to continue to fund expenditures in the funds.

Criteria: Tennessee Code Annotated (TCA) 9-21-601 requires a governing body to receive authorization from the State Comptroller's office before issuing new long-term debt.

Effect: The City failed to comply with the TCA 9-21-601. The State of Tennessee can stop the City from entering into any further debt obligations until they have complied with the law.

Recommendation: We recommend that the City comply with the State requirements relating to the issuance of new long-term debt. We also recommend that the City make the necessary transfers/payments to clear out their interfund liabilities. This may require issuance of long-term debt through the State of Tennessee or budgeted transfers between funds.

Response: The City understands the requirements of TCA 9-21-601 and will comply with the requirements relating to the issuance of long-term debt. The City will make the necessary transfers, payments or change in operations to eliminate all interfund liabilities.

2019-003 – Reconciliations Not Performed (Significant Deficiency and Noncompliance)

Condition: Auditors had to propose material journal entries due to various accounts not being properly reconciled at year-end. The City's records did not properly reconcile multiple accounts in the current year, which resulted in material adjustments to the City's financial statements. Accounts payable was significantly adjusted by over \$432 thousand, inventory was adjusted by \$91 thousand, and there were other significant entries. The net effect to the general fund's change in net position was a decrease of \$1.20 million.

Cause: The City's books required significant adjustment in the current year in order to be materially correct.

Criteria: Tennessee Code Annotated (TCA) 9-2-102(b) *Uniform Accounting System* states that it is the duty of all local governments that are subject to the audit requirements of the Comptroller of the Treasury and that handle public funds to close their official accounting records and to have those records available for audit no later than two (2) months after the close of their fiscal year, and the necessity of material journal entries prevents that. Monthly reconciliations of accounts receivable, accounts payable, bank reconciliations, investments, and year-end reconciliations of accounts like inventory should be performed to ensure that accounts are correctly stated. A good system of internal control is part of generally accepted accounting principles.

Effect: Failure to perform monthly reconciliations of accounts receivable, accounts payable, bank reconciliations, investments, and year-end reconciliations can lead to undetected errors and irregularities in these accounts. Properly reconciling accounts payable is an especially crucial part of the internal control process and the budgeting process for a municipality.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

Recommendation: We recommend that the City work to properly reconcile the accounts listed to ensure that the pre-audit financial statements are free of material misstatement.

Response: The City will work to properly reconcile accounts to ensure that the pre-audit financial statements are free of material misstatement.

2019-004 – Three-Day Deposit Rule (Noncompliance)

Condition: During our testing of cash receipts at the City, we noted multiple instances where the City did not deposit receipts within 3 business days as required.

Cause: The City's daily revenue and cash functions were not completed properly.

Criteria: The Internal Control and Compliance Manual for Tennessee Municipalities, Title 5, Chapter 11, Section 1 & 5, states "collections are deposited daily, if possible, but no more than three business days."

Effect: Failure to deposit funds timely can lead to erroneous or incorrect information and creates the potential for a loss of funds.

Recommendation: We recommend that official receipts should be issued for all collections and they should be deposited intact within three days of collection. The City should follow the Internal Control and Compliance Manual for Tennessee Municipalities regarding depositing funds intact.

Response: The City will work to ensure that all receipts are deposited within three days of collection.

SECTION III – Federal Award Findings and Questioned Costs

None reported.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019

Financial Statement Findings

Finding Number	Finding Title	Status
2018-001	Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency) (original finding #2013-001)	Repeated as 2019-001; See explanation on Corrective Action Plan
2018-002	Failure to Receive Authorization for Issuance of Debt (Noncompliance and Significant Deficiency) (original finding #2016-003)	Repeated as 2019-002; See explanation on Corrective Action Plan

Federal Award Findings and Questioned Costs

None noted.



MANAGEMENT'S CORRECTIVE ACTION PLAN

The City of Jackson, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2019.

Cognizant agency:
Department of Transportation

Name and address of independent public accounting firm:

Alexander Thompson Arnold PLLC
227 Oil Well Road
Jackson, TN 38305

Audit period:

June 30, 2019

The findings from the June 30, 2019, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

2019-001 – Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency)

Person Responsible for Implementing the Correction Action: Al Laffoon, City Recorder

Anticipated Completion Date of Corrective Action: June 30, 2020

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: The City failed to make the proper appropriations to cover expenditures made near the end of the fiscal year.

Planned Corrective Action: City Council will take the appropriate action in advance of any funds being spent above the budgeted amounts. This will provide the proper authorization for all expenditures in the future.

2019-002 – Failure to Receive Authorization for Issuance of Debt (Noncompliance and Significant Deficiency)

Person Responsible for Implementing the Correction Action: Al Laffoon, City Recorder

Anticipated Completion Date of Corrective Action: December 31, 2019

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: Since this finding was related to the outstanding interfund balances, the City believed there were opportunities for the situation to correct itself in the 2019 fiscal year, however the circumstances that caused the liabilities did not change.

Action Taken: The City is planning to make the necessary transfers, payments or changes in operations to eliminate all interfund liabilities.

2019-003 – Reconciliations Not Performed (Significant Deficiency and Noncompliance)

Person Responsible for Implementing the Correction Action: Al Laffoon, City Recorder

Anticipated Completion Date of Corrective Action: December 31, 2019

Repeat Finding: No

Action Taken: The City is reviewing accounting functions to help ensure all material accounts are properly reconciled at year-end

2019-004 – Three-Day Deposit Rule (Noncompliance)

Person Responsible for Implementing the Correction Action: Al Laffoon, City Recorder

Anticipated Completion Date of Corrective Action: December 31, 2019

Repeat Finding: No

Action Taken: The City is going to review operations and accounting functions to help ensure all deposits are made within three days of cash receipts.

Respectfully submitted,


Alan L. Laffoon
City Recorder