

CITY OF JACKSON, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION



JERRY GIST
MAYOR

ALAN L. LAFFOON
CITY RECORDER

December 28, 2018

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, 2018 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.

The Governmental Financial Statements for fiscal year 2018 include the adoption of GASB 75 reflecting the long-term liabilities for the City's Postemployment Benefits plan. This adoption had an \$11.57 million negative effect on the Governmental Activities' Net Position and an \$865 thousand negative effect on the Business-type Activities in the period ending June 30, 2018.

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, 2018, 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, 2018, 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 18 were up 3.2% from FY 17. In fiscal year 2018, Jackson had a total appraised value of property of \$5.083 billion and an assessed value of \$1.603 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 anticipated to start 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. Building demolition needed to start the project is anticipated late in 2017 with construction in 2018.

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:

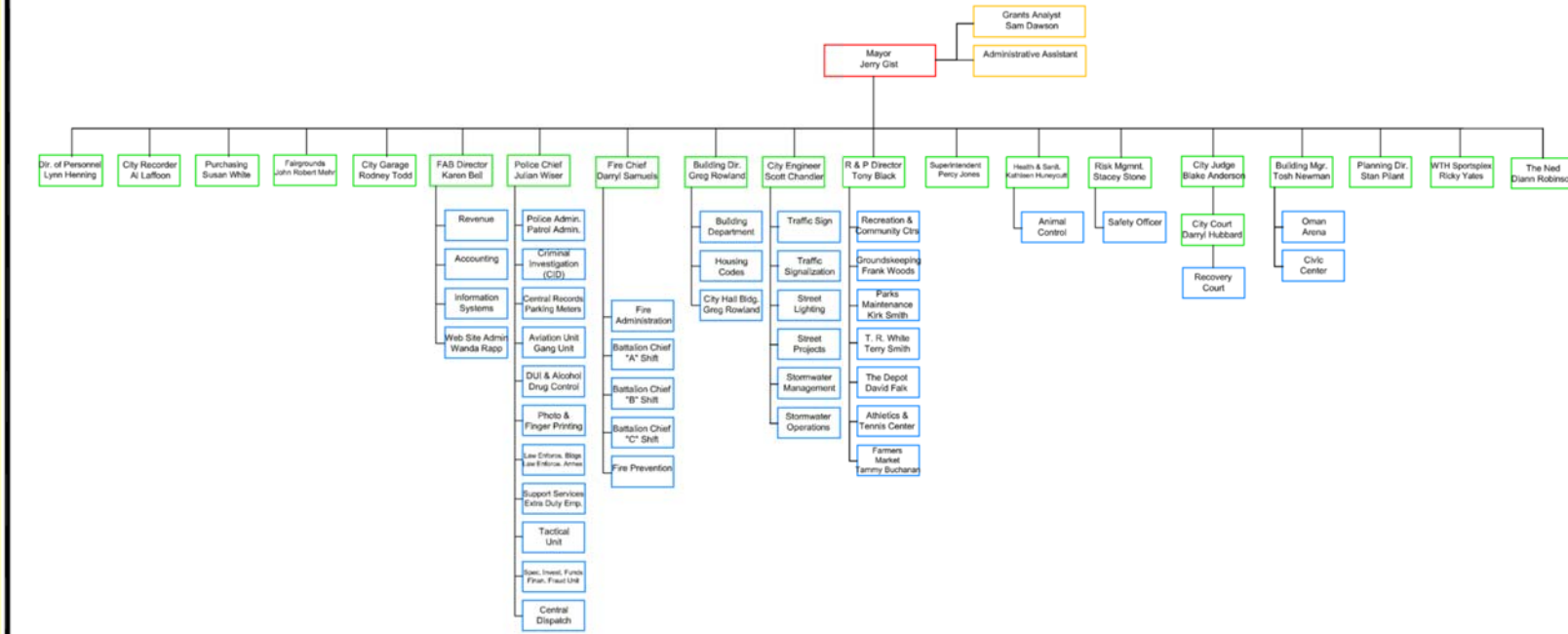
The efforts of the members of the Finance department staff and the cooperation of each of the City's departments were essential in the preparation of this report. Specific appreciation is expressed to the Director of Finance, Audit, and Budgeting, Karen Bell, and her staff for their preparation and thoroughness 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, 2018

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
Max Stewart, 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, 2018, 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, 47 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, 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018 the City adopted new accounting guidance, *GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 and other 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 historical and other miscellaneous information section – unaudited and the introductory section 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. 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 and the introductory section 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 28, 2018 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 28, 2018

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, 2018.

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 19).

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$21.26 million. Approximately 77.88% of this total amount, \$16.56 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 \$16.56 million, or 24.04% of total general fund expenditures. The General Fund reflected a \$132 thousand increase at June 30, 2018 as the result of \$2.68 million excess revenues over expenditures and \$2.55 million in Transfers to Other Funds, which resulted in a \$16.56 million unassigned fund balance.
- The City of Jackson's total debt decreased by \$7.17 million or 8.29% during the current fiscal year. The \$7.17 million decrease consists of a \$1.38 million pay-off of the Mixed Drink Tax note, a \$332 thousand pay-off of a 12-year Capital Outlay note in the Sportsplex fund, plus \$5.46 million on 10 other long-term debt obligations. The original \$9 million Sportsplex debt now stands at \$1.74 million which was included in the Governmental General Obligation Bonds refunded in 2009.

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. Budgetary comparisons are provided to demonstrate compliance with the budget.

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 \$59.69 million at the close of the most recent fiscal year end.

An additional portion of the City's net position represents resources that are subject to restrictions as to how they may be used. These include \$860 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 62,643,874	\$ 62,432,598	\$ 1,583,901	\$ 1,801,543	\$ 64,227,775	\$ 64,234,141
Capital assets	131,821,743	131,890,923	15,463,275	14,990,461	147,285,018	146,881,384
Total assets	194,465,617	194,323,521	17,047,176	16,792,004	211,512,793	211,115,525
Deferred outflows of resources	11,079,320	12,879,266	565,596	660,886	11,644,916	13,540,152
Current and other liabilities	5,996,257	4,558,559	1,243,710	302,054	7,239,967	4,860,613
Long-term liabilities	117,583,621	116,420,568	3,886,129	4,235,719	121,469,750	120,656,287
Total liabilities	123,579,878	120,979,127	5,129,839	4,537,773	128,709,717	125,516,900
Deferred inflows of resources	34,684,675	32,832,123	70,616	73,789	34,755,291	32,905,912
Net investment in capital assets	57,613,743	50,662,923	12,964,312	12,315,973	70,578,055	62,978,896
Restricted	859,626	753,989	-	-	859,626	753,989
Unrestricted	(11,192,985)	1,974,625	(551,995)	525,355	(11,744,980)	2,499,980
Total net position	\$ 47,280,384	\$ 53,391,537	\$ 12,412,317	\$ 12,841,328	\$ 59,692,701	\$ 66,232,865

Statement of Activities

Net Position of the City's governmental activities decreased by \$6.11 million or 11.45%.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 19,283,143	\$ 19,209,946	\$ 2,331,913	\$ 3,044,981	\$ 21,615,056	\$ 22,254,927
Operating grants and contributions	5,907,519	4,171,449	2,233,286	2,505,360	8,140,805	6,676,809
Capital grants and contributions	1,437,514	2,188,005	900,783	21,774	2,338,297	2,209,779
General revenues:						
Property taxes	38,347,159	37,253,572	-	-	38,347,159	37,253,572
Other taxes	32,394,239	26,383,196	-	-	32,394,239	26,383,196
Other sources	1,197,236	1,115,397	25,489	1,923	1,222,725	1,117,320
Total revenues	98,566,810	90,321,565	5,491,471	5,574,038	104,058,281	95,895,603
Expenses:						
General government	\$ 27,841,426	\$ 26,672,930	\$ -	\$ -	\$ 27,841,426	\$ 26,672,930
Public safety	36,771,603	38,782,268	-	-	36,771,603	38,782,268
Public works	16,270,744	16,052,662	-	-	16,270,744	16,052,662
Public welfare and community service	8,852,479	8,225,809	-	-	8,852,479	8,225,809
Other	182,822	517,104	-	-	182,822	517,104
Interest on debt	2,630,181	2,431,154	-	-	2,630,181	2,431,154
Solid waste	-	-	137,573	30,053	137,573	30,053
Jackson Transit Authority	-	-	3,841,984	3,868,858	3,841,984	3,868,858
Community development	-	-	93,591	74,934	93,591	74,934
Sportsplex	-	-	1,894,449	2,232,789	1,894,449	2,232,789
Total expenses	92,549,255	92,681,927	5,967,597	6,206,634	98,516,852	98,888,561

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Increase (decrease) in net position						
before transfers	6,017,555	(2,360,362)	(476,126)	(632,596)	5,541,429	(2,992,958)
Transfers in (out)	(912,030)	(587,807)	912,030	587,807	-	-
Increase (decrease) in net position	5,105,525	(2,948,169)	435,904	(44,789)	5,541,429	(2,992,958)
Net position - beginning	53,391,537	56,882,937	12,841,328	9,646,117	66,232,865	66,529,054
Prior period restatement/adjustment	(11,216,678)	(543,231)	(864,915)	3,240,000	(12,081,593)	2,696,769
Net position - beginning - restated	42,174,859	56,339,706	11,976,413	12,886,117	54,151,272	69,225,823
Net position - ending	<u>\$47,280,384</u>	<u>\$ 53,391,537</u>	<u>\$ 12,412,317</u>	<u>\$ 12,841,328</u>	<u>\$ 59,692,701</u>	<u>\$ 66,232,865</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 \$21.26 million, a net decrease of \$3.73 million in comparison with the prior year. However, the \$3.73 million decrease consists of an \$132 thousand increase in the General Fund. The other \$3.86 million decrease is due to a \$1.41 million increase in the Solid Waste Collection Fund, a \$4.60 million reduction in Debt Service, and a \$743 thousand decrease in the Capital Outlay Fund, and a \$71 thousand increase in the other governmental funds. In the governmental funds approximately 78% or \$16.56 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 \$16.56 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 24.04% of total general fund expenditures of \$68.87 million. The 24.04% is of some concern, since it is down from 24.6% in FY 2017 and 28.7% in FY 2016.

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 \$2.28 million which consists of unspent funds from the Series 2015 \$17.4 million TMBF variable rate loan.

- The City spent \$6.69 million on capital expenditures, primarily from previous draws remaining in the Debt Service Fund at the end of FY 2017.

- Current year expenditures included \$3.76 million for Public Works projects, \$448 thousand for General Government, \$1.05 million for Public Safety, and \$1.40 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 \$1.07 million which will be used to make principal payments on long-term debt in fiscal year 2019.

Solid Waste Collection Fund. This fund focuses mainly on garbage collection both for residential and commercial customers. issuance and payments of long-term debt, mainly related to capital needs, within the City. At the end of the year, the Solid Waste Collection Fund had a fund balance of \$0, largely due to transfers from the general fund and proceeds from a capital outlay note.

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 \$12.41 million. Of this amount, (\$552) 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 FY 2019 at a cost not to exceed \$200 thousand and will be funded by the Accrued Closure amount.
- 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 twelve 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 \$1.03 million under budget at \$23.36 million, primarily due to appeals and bankruptcies/foreclosures.
- Licenses and Permits were \$392 thousand over budget at \$5.5 million. The positive overrun was due primarily to a 56% overrun in Building Department permits.
- Tax equivalents were only \$180 thousand or 4% under budget at \$4.70 million. JEA Telecom is now in a positive position and contributed \$304 thousand.
- Fines, Interest & Penalties were only \$106 thousand under budget at \$959 thousand. This 10% underrun is primarily due to the discontinuance of Red Light Camera operations.
- Local Option Sales Tax collections were \$19.6 million, which is \$451 thousand or 2.3% under budget. Fiscal year 2018's activity reflected the City/County Agreement made in July 2017 in which the City and County agreed to a 50/50 split of the 1.25% Local Option Sales Tax adopted on May 25, 1989. This agreement resulted in \$6 million in Sales Tax to the City in fiscal year 2018.
- State-Shared Sales Tax to the City was \$5.6 million, which is \$99 thousand or 1.8% over budget.
- Total State-Shared Revenues were \$10.5 million, which was \$286 over the budgeted amounts. The Hall Income Tax continued to decline as set forth in the 5-year phase-out plan, but was 80% offset by the Gas Tax established by the IMPACT legislation.

Expenditures

- Actual health insurance claims came in at 8.7% over budget at \$7.8 million budget, although stop-gap provisions did have to be implemented on a few individual claims.
- Total General Government expenditures of \$14.8 million were just under budget in total despite numerous positive/negative line item variations.
- Public Safety expenditures of \$37.9 million were only \$43 thousand or .1% under the revised budget, and reflected a concerted effort by the Police Department to control overtime.
- Public Works expenditures of \$8.1 million were \$150 thousand or .2% under budget, but Storm Water Operations have trended upward in each of the past 3 years and will have to be addressed in the FY 2019 budget.
- Debt Service expenditures of \$10.9 million were \$9 million under budget, primarily due to the delay in drawdowns from the \$9 million TMBF Series 2018 loan.

OUTSTANDING DEBT
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General Obligation Bonds	\$ 69,903	\$ 76,350	\$ 1,738	\$ 1,968	\$ 71,641	\$ 78,318
Section 108 HUD Loan	2,423	2,560	-	-	2,423	2,560
Capital Outlay Notes	4,162	3,130	761	707	4,923	3,837
JMCGH Note	<u>300</u>	<u>350</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>350</u>
Total Outstanding Debt	<u>\$ 76,788</u>	<u>\$ 82,390</u>	<u>\$ 2,499</u>	<u>\$ 2,675</u>	<u>\$ 79,287</u>	<u>\$ 85,065</u>

The City of Jackson's **total** long-term debt decreased by \$7.16 million, while Business-Type debt (i.e.: Sportsplex) decreased by \$176 thousand. General Obligation Bonds decreased by \$6.68 million, but Capital Outlay Notes increased by \$1.09 million due to a \$1.7 million Capital Outlay Note for Solid Waste Collection/Sportsplex.

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, 2018

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
Assets					
Cash and cash equivalents	\$ 11,636,751	\$ 675,051	\$ 12,311,802	\$ 79,157,844	\$ 1,370,305
Investments	4,658,323	-	4,658,323	17,672,300	-
Receivables:					
Interest	16,748	-	16,748	99,002	-
Notes	-	-	-	-	93,994
Taxes (net of allowance for uncollectible accounts)	35,138,945	-	35,138,945	-	-
Accounts (net of allowance for uncollectible accounts)	1,898,011	70,921	1,968,932	19,932,570	17,270
Grants	2,077,412	747,997	2,825,409	75,296	-
Intergovernmental	6,327,443	-	6,327,443	-	-
Court fines (net of allowance for uncollectible accounts)	122,265	-	122,265	-	-
Current maturities of long-term notes receivable	-	100,000	100,000	-	-
Internal balances	242,062	(242,062)	-	-	-
Inventories:					
Parts and supplies	258,482	204,595	463,077	5,148,734	-
Gasoline and diesel	57,758	-	57,758	-	-
For resale	1,652	-	1,652	-	-
Prepays	2,897	-	2,897	-	-
Other assets	-	9,118	9,118	10,515,824	-
Unamortized bond issue cost	-	-	-	767,623	-
Unrecovered purchased gas cost	-	-	-	844,957	-
Long-term notes receivable	205,125	18,281	223,406	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	10,756,513	-
Investments	-	-	-	5,320,387	-
Capital assets not being depreciated:					
Land	23,363,629	2,735,465	26,099,094	-	3,089,484
Construction in progress	2,112,253	-	2,112,253	21,836,847	-
Capital assets (net of accumulated depreciation):					
Buildings	28,166,611	7,867,594	36,034,205	-	654,981
Improvements other than buildings	5,041,009	2,705,567	7,746,576	-	-
Infrastructure	63,785,089	-	63,785,089	-	-
Machinery and equipment	3,790,259	1,936,771	5,727,030	-	-
Furniture and fixtures	5,562,893	217,878	5,780,771	-	-
Plant in service	-	-	-	483,840,693	-
Total assets	\$ 194,465,617	\$ 17,047,176	\$ 211,512,793	\$ 655,968,590	\$ 5,226,034
Deferred Outflows of Resources					
Pension changes in experience - TCRS	885,780	47,571	933,351	-	-
Pension changes of assumptions - TCRS	3,207,661	172,265	3,379,926	-	-
Pension changes in investment earnings - TCRS	2,890	155	3,045	-	-
Pension contributions after measurement date - TCRS	6,456,097	345,605	6,801,702	-	-
Pension contributions after measurement date - Old City	524,137	-	524,137	-	-
Pension change in investment earnings - Old City	2,755	-	2,755	-	-
Deferred outflows related to pensions and OPEB	-	-	-	39,969,532	-
Unamortized debt refunding differences	-	-	-	5,313,235	-
Total deferred outflows of resources	\$ 11,079,320	\$ 565,596	\$ 11,644,916	\$ 45,282,767	\$ -

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
Liabilities					
Accounts payable	\$ 3,598,432	\$ 133,180	\$ 3,731,612	\$ 28,893,030	\$ 106,190
Note payable	-	-	-	-	17,270
Accrued expenses	1,553,205	246,689	1,799,894	2,514,010	-
Customer deposits	243,718	-	243,718	6,082,611	-
Accrued interest payable	584,773	4,722	589,495	-	-
Unearned revenue - grants	16,129	-	16,129	-	776,304
Unearned revenue - Jackson Walk advance lease payment	-	-	-	-	121,476
Gas supply imbalances	-	-	-	201,871	-
Current portion of long-term notes payable	-	-	-	1,932,731	-
Accrued revenue bond interest	-	-	-	739,589	-
Current portion - revenue bonds payable (net of discount)	-	-	-	12,507,563	-
Noncurrent liabilities:					
Due within one year	7,471,915	408,388	7,880,303	-	-
Due in more than one year	71,896,688	2,119,495	74,016,183	210,702,319	-
Accrued landfill closure/postclosure costs	-	202,440	202,440	-	-
Net pension liability - TCRS	21,521,737	1,155,806	22,677,543	-	-
Net pension liability - Old City	4,767,893	-	4,767,893	-	-
OPEB liability	11,925,388	859,119	12,784,507	65,321,528	-
Total liabilities	123,579,878	5,129,839	128,709,717	328,895,252	1,021,240
Deferred Inflows of Resources					
Deferred property taxes	33,466,459	-	33,466,459	-	-
OPEB change of assumptions	283,203	20,402	303,605	-	-
Pension change in actuarial experience	935,013	50,214	985,227	-	-
Total deferred inflows of resources	34,684,675	70,616	34,755,291	-	-
Net position					
Net investment in capital assets	57,613,743	12,964,312	70,578,055	347,163,454	3,744,465
Restricted for:					
Sex offender	49,432	-	49,432	-	-
Property fund reserve	149,818	-	149,818	-	-
Police drug	231,729	-	231,729	-	-
Metro drug	331,332	-	331,332	-	-
Grant funds	97,315	-	97,315	-	-
Debt service	-	-	-	10,016,924	-
Other	-	-	-	987,432	69,360
Unrestricted	(11,192,985)	(551,995)	(11,744,980)	14,188,295	390,969
Total net position	\$ 47,280,384	\$ 12,412,317	\$ 59,692,701	\$ 372,356,105	\$ 4,204,794

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, 2018

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	\$ 27,841,426	\$ 1,937,008	\$ 996,276	\$ 21,040	\$ (24,887,102)	\$ -	\$ (24,887,102)	\$ -	\$ -
Public safety	36,771,603	2,256,894	1,150,620	-	(33,364,089)	-	(33,364,089)	-	-
Public works	16,270,744	13,499,868	3,660,703	1,406,376	2,296,203	-	2,296,203	-	-
Public welfare and community service	8,852,479	1,589,373	99,920	10,098	(7,153,088)	-	(7,153,088)	-	-
Other	182,822	-	-	-	(182,822)	-	(182,822)	-	-
Interest on debt	2,630,181	-	-	-	(2,630,181)	-	(2,630,181)	-	-
Total governmental activities	<u>92,549,255</u>	<u>19,283,143</u>	<u>5,907,519</u>	<u>1,437,514</u>	<u>(65,921,079)</u>	<u>-</u>	<u>(65,921,079)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Solid waste	137,573	-	-	-	-	(137,573)	(137,573)	-	-
Jackson Transit Authority	3,841,984	601,690	2,033,286	900,783	-	(306,225)	(306,225)	-	-
Sportsplex	1,894,449	1,807,033	200,000	-	-	112,584	112,584	-	-
Community development	93,591	(48,778)	-	-	-	(142,369)	(142,369)	-	-
Total business-type activities	<u>5,967,597</u>	<u>2,359,945</u>	<u>2,233,286</u>	<u>900,783</u>	<u>-</u>	<u>(473,583)</u>	<u>(473,583)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 98,516,852</u>	<u>\$ 21,643,088</u>	<u>\$ 8,140,805</u>	<u>\$ 2,338,297</u>	<u>(65,921,079)</u>	<u>(473,583)</u>	<u>(66,394,662)</u>	<u>-</u>	<u>-</u>
Component unit									
Jackson Energy Authority	\$ 235,364,574	\$ 254,478,433	\$ -	\$ 3,832,264	-	-	-	22,946,123	-
Jackson Community Redevelopment Agency	\$ 796,467	\$ 252,310	\$ -	\$ -	-	-	-	-	(544,157)
General revenues:									
Property taxes - levied for general government					32,162,494	-	32,162,494	-	-
In lieu of property taxes					6,184,665	-	6,184,665	-	-
Sales taxes					25,392,216	-	25,392,216	-	-
Franchise and excise taxes					206,969	-	206,969	-	-
Alcoholic beverage taxes					2,899,449	-	2,899,449	-	-
Business taxes					2,076,457	-	2,076,457	-	-
Income taxes					455,866	-	455,866	-	-
TVA taxes					741,019	-	741,019	-	-
Hotel-motel taxes					622,263	-	622,263	-	-
Rental and reimbursements					788,596	-	788,596	-	-
Other sources/(uses)					181,670	-	181,670	(157,599)	67,771
Unrestricted grants and contributions					15,532	-	15,532	-	-
Unrestricted interest income					211,438	(2,543)	208,895	5,493,005	-
Transfers					(912,030)	912,030	-	-	627,317
Total general revenues and transfers					<u>71,026,604</u>	<u>909,487</u>	<u>71,936,091</u>	<u>5,335,406</u>	<u>695,088</u>
Changes in net position					<u>5,105,525</u>	<u>435,904</u>	<u>5,541,429</u>	<u>28,281,529</u>	<u>150,931</u>
Net position - beginning					53,391,537	12,841,328	66,232,865	390,480,189	4,053,863
Restatement - GASB 75 implementation					(11,572,553)	(864,915)	(12,437,468)	(46,405,613)	-
Prior period adjustment					355,875	-	355,875	-	-
Net position - beginning - restated					<u>42,174,859</u>	<u>11,976,413</u>	<u>54,151,272</u>	<u>344,074,576</u>	<u>4,053,863</u>
Net position - ending					<u>\$ 47,280,384</u>	<u>\$ 12,412,317</u>	<u>\$ 59,692,701</u>	<u>\$ 372,356,105</u>	<u>\$ 4,204,794</u>

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

CITY OF JACKSON, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 7,802,191	\$ 1,550,756	\$ 1,614,705	\$ -	\$ 669,099	\$ 11,636,751
Investments	4,658,323	-	-	-	-	4,658,323
Receivables:						
Interest	16,748	-	-	-	-	16,748
Taxes (net of allowance for uncollectible accounts)	25,916,161	8,011,653	1,211,131	-	-	35,138,945
Accounts (net of allowance for uncollectible accounts)	91,539	70,161	-	1,732,859	3,452	1,898,011
Grants	1,066,836	-	981,493	-	29,083	2,077,412
Intergovernmental	6,327,443	-	-	-	-	6,327,443
Court fines (net of allowance for uncollectible accounts)	100,219	-	-	-	22,046	122,265
Notes	205,125	-	-	-	-	205,125
Due from other funds	841,669	153,426	536,811	-	8,456	1,540,362
Inventories:						
Parts and supplies	258,482	-	-	-	-	258,482
Gasoline and diesel	57,758	-	-	-	-	57,758
For resale	1,652	-	-	-	-	1,652
Prepays	2,897	-	-	-	-	2,897
Total assets	\$ 47,347,043	\$ 9,785,996	\$ 4,344,140	\$ 1,732,859	\$ 732,136	\$ 63,942,174
Liabilities						
Accounts payable	\$ 1,874,023	\$ 385	\$ 841,001	\$ 841,218	\$ 41,805	\$ 3,598,432
Accrued expenses	1,494,170	-	-	59,035	-	1,553,205
Due to other funds	48,514	652,442	-	588,888	8,456	1,298,300
Unearned revenue - grants	16,129	-	-	-	-	16,129
Customer deposits	-	-	-	243,718	-	243,718
Total liabilities	3,432,836	652,827	841,001	1,732,859	50,261	6,709,784
Deferred inflows of resources						
Unavailable property taxes	26,076,280	8,061,526	1,220,816	-	-	35,358,622
Unavailable court fines	100,219	-	-	-	21,499	121,718
Unavailable intergovernmental revenue	488,919	-	-	-	-	488,919
Total deferred inflows of resources	26,665,418	8,061,526	1,220,816	-	21,499	35,969,259
Fund balances						
Nonspendable:						
Inventory	317,892	-	-	-	-	317,892
Prepays	2,897	-	-	-	-	2,897
Restricted:						
Sex offender	49,432	-	-	-	-	49,432
Property fund reserve	149,818	-	-	-	-	149,818
Police drug	-	-	-	-	231,729	231,729
Metro drug	-	-	-	-	331,332	331,332
Grant funds	-	-	-	-	97,315	97,315
Committed:						
Debt service	-	1,071,643	-	-	-	1,071,643
Assigned:						
Capital outlay	-	-	1,436,120	-	-	1,436,120
Provision for subsequent year's budget	-	-	846,203	-	-	846,203
Midnight Basketball	7,022	-	-	-	-	7,022
Federal Equitable Sharing Program	76,771	-	-	-	-	76,771
Fire training	1,287	-	-	-	-	1,287
Traffic safety	6,205	-	-	-	-	6,205
Drug court	17,664	-	-	-	-	17,664
Earth Day	6,794	-	-	-	-	6,794
Drill Field	45,316	-	-	-	-	45,316
Liberty Gardens	3,769	-	-	-	-	3,769
Jackson Idol	4,918	-	-	-	-	4,918
Unassigned	16,559,004	-	-	-	-	16,559,004
Total fund balances	17,248,789	1,071,643	2,282,323	-	660,376	21,263,131
Total liabilities, deferred inflows of resources, and fund balances	\$ 47,347,043	\$ 9,785,996	\$ 4,344,140	\$ 1,732,859	\$ 732,136	\$ 63,942,174

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, 2018

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)	\$	21,263,131
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds		131,821,743
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds		2,502,800
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in the funds		(584,773)
Deferred outflows of resources - pensions are not available to pay current expenditures and, therefore, are unavailable in the funds.		11,079,320
Deferred inflows of resources - pensions and OPEB are not due in the current period and, therefore, are not reported in the funds.		
Pension related		(935,013)
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		(117,583,621)
Net position - governmental activities (Page 21)	\$	<u>47,280,384</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, 2011

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 29,886,795	\$ 9,346,218	\$ -	\$ -	\$ -	\$ 39,233,013
Licenses and permits	5,501,941	-	-	-	-	5,501,941
Fines, interest and penalties	959,358	-	-	-	48,492	1,007,850
Use of money and property	1,256,437	41,711	28,005	-	56,097	1,382,250
Intergovernmental	30,963,631	128,773	1,180,072	-	747,016	33,019,492
Sales and service charges	1,115,311	-	-	13,283,271	251,640	14,650,222
Other	1,873,074	-	-	-	91,083	1,964,157
Total revenues	71,556,547	9,516,702	1,208,077	13,283,271	1,194,328	96,758,925
Expenditures						
Current						
General government	14,777,842	-	448,450	-	-	15,226,292
Public safety	37,863,032	-	1,045,173	-	162,045	39,070,250
Public works	8,057,727	-	3,755,802	-	-	11,813,529
Solid waste collection	-	-	-	13,021,622	-	13,021,622
Public welfare and community services	8,174,048	-	1,401,231	-	602,078	10,177,357
Other	-	-	34,695	-	-	34,695
Capital Outlay						
Public safety	-	-	-	-	73,142	73,142
Solid waste collection	-	-	-	248,673	-	248,673
Debt Service						
Principal	-	8,202,900	-	-	187,000	8,389,900
Interest	-	2,603,199	-	-	99,021	2,702,220
Other	-	148,127	-	-	-	148,127
Total expenditures	68,872,649	10,954,226	6,685,351	13,270,295	1,123,286	100,905,807
Excess (deficiency) of revenues over (under) expenditures	2,683,898	(1,437,524)	(5,477,274)	12,976	71,042	(4,146,882)
Other financing sources (uses)						
Sale of bonds	-	155,400	-	-	-	155,400
Issuance of debt	-	-	-	1,251,420	-	1,251,420
Transfers in	-	1,574,847	4,896,320	265,517	236,021	6,972,705
Transfers out	(2,552,075)	(4,896,320)	(84,927)	(115,392)	(236,021)	(7,884,735)
Total other financing sources (uses)	(2,552,075)	(3,166,073)	4,811,393	1,401,545	-	494,790
Net changes in fund balances	131,823	(4,603,597)	(665,881)	1,414,521	71,042	(3,652,092)
Fund balances - beginning	17,116,966	5,675,240	3,024,971	(1,414,521)	589,334	24,991,990
Prior period adjustment	-	-	(76,767)	-	-	(76,767)
Fund balance - beginning - restated	17,116,966	5,675,240	2,948,204	(1,414,521)	589,334	24,915,223
Fund balances - ending	\$ 17,248,789	\$ 1,071,643	\$ 2,282,323	\$ -	\$ 660,376	\$ 21,263,131

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, 2018

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)	\$ (3,652,092)
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	(501,823)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	443,024
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	118,086
Amortization of debt issuance premium	15,483
OPEB	(202,740)
Accrued interest payable	56,557
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	(5,134,284)
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	6,980,234
The issuance of long-term debt provides current financial resources to governmental funds. These transactions do not have any effect on net position.	(1,406,820)
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>8,389,900</u>
Change in net position of governmental activities (Page 22)	<u>\$ 5,105,525</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Property taxes	\$ 24,396,632	\$ 24,396,632	\$ 23,363,317	\$(1,033,315)
Tax equivalents:				
IDB	359,779	359,779	259,307	(100,472)
Electric Department	2,532,397	2,532,397	2,587,573	55,176
Water Department	354,850	354,850	314,772	(40,078)
Gas Department	1,236,722	1,236,722	1,183,566	(53,156)
Telecom	343,008	343,008	304,248	(38,760)
Jackson Housing	41,979	41,979	39,412	(2,567)
St. Mary's Manor	4,063	4,063	4,063	-
Wesley	3,386	3,386	3,386	-
City beer tax	<u>2,006,000</u>	<u>2,006,000</u>	<u>1,827,151</u>	<u>(178,849)</u>
Total taxes	<u>31,278,816</u>	<u>31,278,816</u>	<u>29,886,795</u>	<u>(1,392,021)</u>
Licenses and permits:				
Automobile license	1,250,000	1,250,000	1,316,598	66,598
Mechanical permits	35,400	35,400	46,111	10,711
Building permits	246,130	246,130	383,771	137,641
Electric permits	75,000	75,000	81,939	6,939
Chauffeur permits	300	300	20	(280)
Development permits	6,300	6,300	7,950	1,650
Tradesman license fees	50,000	50,000	55,775	5,775
Business tax	1,950,000	1,950,000	2,076,457	126,457
Plumbing permits	31,500	31,500	37,018	5,518
Wholesale liquor tax	690,000	690,000	664,858	(25,142)
Beer privilege tax	50,000	50,000	96,227	46,227
Gas permits	12,100	12,100	20,555	8,455
Other review/evaluation fees	4,000	4,000	7,275	3,275
Liquor application fee	2,400	2,400	3,500	1,100
Other investigation fees	11,000	11,000	15,250	4,250
Mixed drink taxes	75,000	75,000	53,550	(21,450)
Sign permits	10,800	10,800	12,824	2,024
Hotel-motel tax	<u>610,000</u>	<u>610,000</u>	<u>622,263</u>	<u>12,263</u>
Total licenses and permits	<u>5,109,930</u>	<u>5,109,930</u>	<u>5,501,941</u>	<u>392,011</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, 2018

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Fines, interest, and penalties:				
Police and city court revenue	316,000	316,000	286,205	(29,795)
City jail fees	500	500	1,551	1,051
Parking tickets	26,000	26,000	10,269	(15,731)
Speed enforcement	-	-	100	100
Red light tickets	90,000	90,000	22,854	(67,146)
City sticker tickets	5,000	5,000	-	(5,000)
Evidence awards	30,000	30,000	34,444	4,444
Privilege license and business tax penalties	-	-	12,000	12,000
Drug litigation tax	95,000	95,000	120,648	25,648
Delinquent real estate taxes, interest and penalties	500,000	500,000	462,577	(37,423)
Sex offender registrator	3,000	3,000	8,710	5,710
Total fines, interest and penalties:	<u>1,065,500</u>	<u>1,065,500</u>	<u>959,358</u>	<u>(106,142)</u>
Use of money and property				
Rent income	153,073	153,073	148,030	(5,043)
Recreation revenue	21,500	21,500	33,298	11,798
Casey Jones Museum rent	8,000	8,000	8,832	832
Interest on investments	144,000	144,000	145,723	1,723
T. R. White revenue	20,000	20,000	37,928	17,928
Westwood Community Center revenue	3,000	3,000	3,739	739
South Jackson Community Center revenue	-	-	575	575
Oman Arena revenue	39,500	39,500	110,784	71,284
Civic Center revenue	177,000	177,000	207,563	30,563
Carnegie Center revenue	54,000	54,000	54,000	-
Fairgrounds revenue	175,000	175,000	209,205	34,205
Ned Center revenue	98,400	98,400	98,995	595
Community education	2,100	2,100	2,938	838
Athletics revenue	50,000	50,000	41,336	(8,664)
Tennis court revenues	30,000	30,000	31,984	1,984
Farmer's Market rent	49,000	49,000	44,217	(4,783)
Depot rent	600	600	-	(600)
Theater	2,500	2,500	7,027	4,527
Concessions	60,700	60,700	54,705	(5,995)
Miscellaneous	10,300	10,300	12,994	2,694
Swimming pool revenue	2,500	2,500	2,564	64
Total use of money and property	<u>1,101,173</u>	<u>1,101,173</u>	<u>1,256,437</u>	<u>155,264</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, 2018

	<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	206,969	35,969
Income tax	560,000	560,000	455,866	(104,134)
Beer tax	45,000	45,000	30,422	(14,578)
Sales tax	5,564,000	5,564,000	5,662,990	98,990
Mixed drink tax	230,000	230,000	223,741	(6,259)
TVA tax	775,000	775,000	741,019	(33,981)
Law enforcement education supplement	120,000	120,000	116,400	(3,600)
Fire protection education supplement	102,600	102,600	102,000	(600)
Municipal planning office grant	204,000	204,000	158,294	(45,706)
RTP grant - Liberty Gardens	-	100,000	99,920	(80)
SART grant	105,000	105,000	71,914	(33,086)
Petroleum special	136,000	136,000	131,206	(4,794)
Gasoline & motor fuel tax	1,800,000	1,800,000	1,246,170	(553,830)
Gas 1989	-	-	199,189	199,189
Gas 3 cent	-	-	374,076	374,076
Gas 2017	-	-	367,050	367,050
Transportation planning project	-	223,900	208,722	(15,178)
TDOT reimbursement	80,000	80,000	131,666	51,666
Invest health grant - local	46,225	46,225	21,040	(25,185)
Madison County:				
Local sales tax apportioned	14,051,636	14,051,636	13,626,839	(424,797)
Local sales tax apportioned-Education	6,000,000	6,000,000	5,973,614	(26,386)
Federal Government:				
ACT grant	55,350	55,350	43,393	(11,957)
Drug court grant	70,000	70,000	69,944	(56)
JAG	270,816	458,932	264,412	(194,520)
JTA grant	21,567	21,567	-	(21,567)
VOCA grant	42,632	42,632	33,724	(8,908)
AARP grant	20,000	20,000	15,634	(4,366)
MPO - SPR	47,533	47,533	16,669	(30,864)
Miscellaneous grants	5,300	38,249	370,748	332,499
Total intergovernmental	<u>30,523,660</u>	<u>31,068,625</u>	<u>30,963,631</u>	<u>(104,994)</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Sales and service charges:				
Supply sales	37,550	37,550	40,199	2,649
Plans review	111,238	111,238	109,291	(1,947)
Fire protection contracts & reports	100	100	4	(96)
Fire training fees	25,000	25,000	13,600	(11,400)
Board of Appeals fees	5,000	5,000	8,075	3,075
Accident report fees by police	7,500	7,500	3,780	(3,720)
Police security	325,000	325,000	167,155	(157,845)
JTA ticket sales commission	65,300	65,300	616,698	551,398
Seatbelt fees	2,000	2,000	7,530	5,530
Handling fees	4,500	4,500	4,793	293
Public education training fees	15,000	15,000	13,000	(2,000)
Planning Dept, maps and services	27,900	27,900	23,760	(4,140)
Zoning application fees	3,800	3,800	7,175	3,375
Sale of merchandise and services	35,806	35,806	53,996	18,190
Miscellaneous	35,900	35,900	46,255	10,355
Total sales and service charges	<u>701,594</u>	<u>701,594</u>	<u>1,115,311</u>	<u>413,717</u>
Other revenues:				
CATV revenues	1,100,000	1,100,000	1,033,806	(66,194)
Donations	34,650	34,650	15,532	(19,118)
Riverside Cemetery trust fund income	25,000	25,000	18,817	(6,183)
Sponsors- t-shirt uniforms	1,000	1,000	4,557	3,557
Insurance recoveries	40,000	40,000	218,318	178,318
Reimbursements	674,728	674,728	581,734	(92,994)
Cash over (short)	-	-	310	310
Total other revenues	<u>1,875,378</u>	<u>1,875,378</u>	<u>1,873,074</u>	<u>(2,304)</u>
Total revenues	<u>\$ 71,656,051</u>	<u>\$ 72,201,016</u>	<u>\$ 71,556,547</u>	<u>\$ (644,469)</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, 2018

	<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	\$ 335,095	\$ 335,095	\$ 311,744	\$ (23,351)
Community services	-	-	3,843	3,843
Operating	61,680	61,680	45,404	(16,276)
City Council:				
Salaries	115,170	119,200	122,242	3,042
Operating	22,500	28,900	23,568	(5,332)
Municipal Court:				
Salaries	807,810	807,810	780,908	(26,902)
Operating	14,900	14,900	40,815	25,915
Drug Treatment:				
Salaries	137,371	137,371	137,659	288
Operating	73,000	73,000	72,394	(606)
Legal Department:				
Operating	187,000	187,000	160,169	(26,831)
Planning and Zoning:				
Salaries	553,986	553,986	551,533	(2,453)
Operating	38,803	38,803	31,412	(7,391)
Civil Service:				
Operating	1,500	1,500	450	(1,050)
CEDC				
Salaries	106,279	106,279	126,424	20,145
Public buildings and services:				
Salaries - janitors	109,107	112,107	99,702	(12,405)
Operating	409,011	409,011	390,528	(18,483)
Revenue and finance:				
Salaries	414,397	414,397	381,394	(33,003)
Printing and binding	20,500	20,500	14,292	(6,208)
Publicity, subscriptions and dues	4,000	4,000	6,111	2,111
Auditing	68,000	68,000	66,660	(1,340)
Office supplies and postage	17,000	17,000	13,092	(3,908)
Insurance and bonding premiums	881,000	881,000	919,669	38,669
Travel	3,000	3,000	3,469	469
Office equipment maintenance	300	300	-	(300)
Other operating expenses	8,420	8,420	5,605	(2,815)
County Trustee/Clerk commission	160,000	160,000	257,262	97,262

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		<u>over (under)</u>
General Government Administration				
Accounting:				
Salaries	\$ 335,007	\$ 335,007	\$ 327,222	\$ (7,785)
Operating	12,625	12,625	8,550	(4,075)
Information systems:				
Salaries	588,884	588,884	560,150	(28,734)
Operating	64,020	64,020	(3,025)	(67,045)
Farmer's market:				
Salaries	128,797	156,297	147,782	(8,515)
Operating	65,725	71,225	77,847	6,622
Purchasing:				
Salaries	145,113	145,113	145,631	519
Operating	9,732	9,732	10,995	1,263
Building Department:				
Salaries	797,548	797,548	793,449	(4,099)
Operating	59,760	59,760	41,106	(18,654)
Risk management:				
Salaries	205,442	205,442	187,973	(17,469)
Operating	7,407	7,407	9,409	2,002
Reimbursable Planning Act:				
Salaries	1,000	-	-	-
Operating	250,533	475,433	320,655	(154,778)
Housing Codes Enforcement:				
Salaries	403,234	403,234	394,217	(9,017)
Operating	134,440	134,440	92,130	(42,310)
Neighborhood Services:				
Operating	21,567	21,567	20,198	(1,369)
Personnel:				
Salaries	268,244	268,244	270,213	1,969
Operating	14,160	14,160	12,623	(1,537)
Amphitheater:				
Salaries	10,750	10,750	10,028	(722)
Operating	25,000	25,000	21,724	(3,276)
Miscellaneous expenditures:				
Contributions	424,380	424,380	455,582	31,202
Grant expenses	152,309	152,309	95,886	(56,423)
Election expense	-	-	89	89
Damage claims and court costs	25,000	25,000	24,366	(634)
Municipal development	100,000	100,000	37,588	(62,412)
Payroll taxes	25,000	25,000	43,966	18,966
Health claims paid	7,200,000	7,200,000	7,825,229	625,229
Employee/Employer health insurance	(7,200,000)	(7,200,000)	(7,708,592)	(508,592)
Dental insurance claims paid	338,000	338,000	345,599	7,599
Employee dental insurance	(338,000)	(338,000)	(406,377)	(68,377)
Vision insurance claims paid	106,000	106,000	118,582	12,582
Employee vision insurance	(86,000)	(86,000)	(73,798)	12,202
Group health insurance	535,000	535,000	409,047	(125,953)
Group vision insurance	71,000	71,000	73,955	2,955

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, 2018

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
General Government Administration:				
Publicity and marketing	\$ 480,000	\$ 480,000	\$ 474,558	\$ (5,442)
On-the-job injury	550,000	550,000	696,001	146,001
Tax sales expense	225,000	225,000	288,404	63,404
City sticker collection fees	70,000	70,000	79,535	9,535
Employee education and training	25,000	25,000	13,006	(11,994)
Group life insurance	180,000	180,000	177,264	(2,736)
Employee benefits	400,101	400,101	626,918	226,817
Legal fees - delinquent taxes	15,000	15,000	-	(15,000)
Retirement benefits	567,000	567,000	520,375	(46,625)
Unemployment insurance	73,000	73,000	50,834	(22,166)
Appropriation to Airport Authority	93,626	93,626	129,690	36,064
Appropriation to Jackson-Madison County Library	703,861	703,861	643,172	(60,689)
Appropriation to IDB	320,000	320,000	301,056	(18,944)
Appropriation to EMA	265,222	265,222	143,301	(121,921)
Appropriation to CRA District	148,941	148,941	189,611	40,670
Appropriations to other agencies	289,649	289,649	263,173	(26,476)
Other health insurance costs	369,800	369,800	321,051	(48,749)
Contractual services	15,000	15,000	14,475	(525)
One Jackson - civic master	257,814	257,814	126,206	(131,608)
Credit card charges	3,000	3,000	64,182	61,182
Rental house expenses	1,000	1,000	21	(979)
Sundry/other	83,500	83,500	398,661	315,161
Total General Government Administratio	<u>14,588,019</u>	<u>14,858,349</u>	<u>14,777,842</u>	<u>(80,507)</u>
Public Safety:				
Police Department:				
Salaries	8,440,784	8,424,945	7,881,187	(543,758)
Operating	1,256,450	1,256,450	1,579,317	322,867
Patrol Department:				
Salaries	9,919,509	9,870,905	9,329,412	(541,493)
Operating	815,470	815,470	1,104,831	289,361
Police grant programs				
Salaries	692,208	692,208	582,678	(109,530)
Operating	51,017	239,133	229,875	(9,258)
Crime prevention				
Salaries	140,335	140,335	141,424	1,089
Operating	8,500	8,500	12,033	3,533
Fire Department:				
Salaries	12,743,400	12,743,400	12,569,791	(173,609)
Operating	748,280	850,130	1,162,337	312,207
Fire Safety & Public Education:				
Salaries	148,521	160,521	165,735	5,214
Operating	9,950	25,350	42,342	16,992

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Correctional administration:				
Salaries	\$ 21,250	\$ 21,250	\$ 12,999	\$ (8,251)
Operating	12,000	12,000	5,838	(6,162)
Traffic and street crimes:				
Salaries	852,374	949,766	1,395,687	445,921
Operating	2,000	2,000	498	(1,502)
Central dispatch operations:				
Salaries	1,481,554	1,481,554	1,433,710	(47,844)
Operating	212,132	212,132	213,338	1,206
Total Public Safety	<u>37,555,733</u>	<u>37,906,048</u>	<u>37,863,032</u>	<u>(43,016)</u>
Public Works:				
Engineer:				
Salaries	424,995	424,995	430,618	5,623
Operating	44,528	44,528	35,199	(9,329)
State Street Aid:				
Salaries	1,813,991	1,813,991	1,544,230	(269,761)
Operating	269,145	269,145	427,141	157,996
Street lighting	2,075,723	2,075,723	1,953,445	(122,278)
Demolition and soil erosion:				
Salaries	946,734	946,734	897,427	(49,307)
Operating	378,812	378,812	453,796	74,984
Street construction:				
Salaries	36,253	36,253	15,008	(21,245)
Operating	43,583	43,583	35,934	(7,649)
Street cleaning:				
Salaries	82,813	82,813	82,764	(49)
Operating	23,143	23,143	24,253	1,110
State street maintenance:				
Salaries	97,680	97,680	85,392	(12,288)
Operating	299,640	299,640	403,171	103,531
Jackson City Beautiful:				
Operating	22,817	22,817	11,856	(10,961)
Animal care center:				
Salaries	189,049	189,049	182,122	(6,927)
Operating	139,750	139,750	95,060	(44,690)
Garage operations:				
Salaries	377,722	379,722	382,485	2,763
Operating	72,800	77,300	153,850	76,550
Traffic sign and signalization:				
Salaries	367,897	367,897	364,483	(3,414)
Operating	493,913	493,913	479,493	(14,420)
Total Public Works	<u>8,200,986</u>	<u>8,207,487</u>	<u>8,057,727</u>	<u>(149,760)</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, 2018**

	<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	\$ 736,187	\$ 736,187	\$ 816,455	\$ 80,268
Operating	132,470	132,470	161,152	28,682
Direct assistance recreation grants	46,225	46,225	27,127	(19,098)
Athletics:				
Salaries	259,287	259,287	262,084	2,797
Operating	91,636	91,636	85,471	(6,165)
Parks and public property:				
Salaries	2,018,247	2,070,247	2,208,720	138,473
Operating	427,185	456,185	534,241	78,056
Westwood Community Center:				
Salaries	107,787	107,787	94,892	(12,895)
Operating	51,995	51,995	143,012	91,017
South Jackson Community Center:				
Salaries	74,997	74,997	75,181	184
Operating	13,333	13,333	13,881	548
Pringles Park:				
Operating	617,034	617,034	584,994	(32,040)
Cypress Grove Nature Park:				
Salaries	61,630	61,630	51,157	(10,473)
Operating	24,600	24,600	18,691	(5,909)
Depot:				
Salaries	93,064	93,064	92,432	(632)
Operating	12,885	12,885	11,437	(1,448)
Liberty Gardens:				
Operating	-	125,000	124,900	(100)
Riverside Cemetery:				
Operating	16,000	16,000	19,500	3,500
Oman Arena:				
Salaries	29,981	44,981	41,831	(3,150)
Operating	123,493	123,493	167,471	43,978
Civic Center:				
Salaries	533,136	541,136	502,207	(38,929)
Operating	504,537	584,537	531,361	(53,176)
Fairgrounds:				
Salaries	302,306	302,306	293,522	(8,784)
Operating	148,828	148,828	176,337	27,509
Carnegie/Ned:				
Salaries	234,948	234,948	209,146	(25,802)
Operating	161,379	175,379	196,075	20,696

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, 2018

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Public Welfare and Community Service (Cont.):				
T. R. White Sportsplex:				
Salaries	\$ 396,085	\$ 396,085	\$ 412,488	\$ 16,403
Operating	129,037	129,037	156,872	27,835
Tennis Center:				
Salaries	26,351	26,351	29,105	2,754
Operating	42,941	44,941	49,315	4,374
Bemis Community Center:				
Operating	9,640	9,640	11,710	2,070
Golf Course:				
Operating	52,496	62,496	70,082	7,586
Treemendous projects	1,930	1,930	1,199	(731)
Total Public Welfare and Community Service	7,481,651	7,816,651	8,174,048	357,397
Total expenditures	67,826,389	68,788,535	68,872,649	84,113
Excess (deficiency) of revenues over/(under) expenditure	3,829,662	3,412,481	2,683,898	(728,582)
Other financing sources (uses)				
Transfers out to				
Debt Service Func	(1,576,922)	(1,576,922)	(1,574,847)	2,075
Solid Waste Collection Fund	-	-	(265,517)	(265,517)
Jackson Transit Authority	(711,711)	(711,711)	(711,711)	-
Total other financing sources (uses)	(2,288,633)	(2,288,633)	(2,552,075)	(263,442)
Net changes in fund balance	\$ 1,541,029	\$ 1,123,848	131,823	\$ (992,024)
Fund balance - beginning			17,116,966	
Fund balance - ending			\$ 17,248,789	

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, 2018

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Sales and service charges:				
State reimbursement	\$ 130,000	\$ 130,000	\$ 94,183	\$ (35,817)
Garbage collection revenue	13,000,000	13,000,000	13,189,088	189,088
Total revenues	<u>13,130,000</u>	<u>13,130,000</u>	<u>13,283,271</u>	<u>153,271</u>
Expenditures				
Current				
Public Works				
Salaries	1,714,668	1,714,668	1,558,535	(156,133)
Employee benefits	828,655	828,655	608,961	(219,694)
Travel and training	7,400	7,400	3,482	(3,918)
Materials and supplies	28,500	28,500	24,275	(4,225)
Motor vehicle	342,000	342,000	381,876	39,876
Mobile communication	4,000	4,000	-	(4,000)
Uniforms and clothing	8,000	8,000	11,267	3,267
Utilities and telephone	28,800	28,800	39,892	11,092
Professional services	83,000	83,000	80,317	(2,683)
Insurance	25,000	25,000	-	(25,000)
BFI landfill dumping	3,100,000	3,100,000	3,117,463	17,463
Postage	12,500	12,500	11,571	(929)
H&S landfill dumping	100,000	100,000	109,158	9,158
Repair and maintenance	6,200	6,200	5,509	(691)
Bad Debt	5,000	5,000	42,643	37,643
Bank Charges/Fees	-	-	3,640	3,640
Temporary containers	20,000	20,000	142,523	122,523
Residential garbage charges	2,935,000	2,935,000	2,601,109	(333,891)
Commercial garbage charges	3,365,000	3,365,000	4,279,401	914,401
	<u>12,613,719</u>	<u>12,613,721</u>	<u>13,021,622</u>	<u>407,901</u>
Capital outlay	307,735	307,735	248,673	(59,062)
Total expenditures	<u>12,921,454</u>	<u>12,921,456</u>	<u>13,270,295</u>	<u>348,839</u>
Excess (deficiency) of revenues over (under) expenditures	<u>208,546</u>	<u>208,544</u>	<u>12,976</u>	<u>(195,568)</u>
Other financing sources (uses)				
Proceeds from capital outlay note	-	1,251,420	1,251,420	-
Transfers from other funds	-	-	265,517	265,517
Transfers to other funds	-	-	(115,392)	(115,392)
	<u>-</u>	<u>1,251,420</u>	<u>1,401,545</u>	<u>150,125</u>
Change in fund balance	<u>\$ 208,546</u>	<u>\$ 1,459,964</u>	<u>1,414,521</u>	<u>\$ 45,443</u>
Fund balance - beginning			(1,414,521)	
Fund balance - ending			<u>\$ -</u>	

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

Assets	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Current assets					
Cash and cash equivalents	\$ 231,741	\$ 318,893	\$ 25,037	\$ 99,380	\$ 675,051
Accounts receivable (net of allowance for uncollectible accounts)	-	37,210	33,711	-	70,921
Grants receivable	-	747,997	-	-	747,997
Due from other funds	-	-	-	21,111	21,111
Current maturities of long-term notes receivable	-	-	-	100,000	100,000
Inventory	-	131,376	73,219	-	204,595
Total current assets	<u>231,741</u>	<u>1,235,476</u>	<u>131,967</u>	<u>220,491</u>	<u>1,819,675</u>
Noncurrent assets					
Other assets					
Foreclosed property	-	-	-	9,118	9,118
Long-term notes receivable	-	-	-	18,281	18,281
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,399</u>	<u>27,399</u>
Capital assets (net of accumulated depreciation):					
Land	-	352,173	2,383,292	-	2,735,465
Buildings	-	3,845,298	4,022,296	-	7,867,594
Improvements other than buildings	-	-	2,705,567	-	2,705,567
Machinery and equipment	-	1,936,771	-	-	1,936,771
Furniture and fixtures	-	34,239	183,639	-	217,878
Net capital assets	<u>-</u>	<u>6,168,481</u>	<u>9,294,794</u>	<u>-</u>	<u>15,463,275</u>
Total assets	<u>\$ 231,741</u>	<u>\$ 7,403,957</u>	<u>\$ 9,426,761</u>	<u>\$ 247,890</u>	<u>\$ 17,310,349</u>
Deferred Outflows of Resources					
Pension changes in experience	-	38,948	8,623	-	47,571
Pension changes in investment earnings	-	127	28	-	155
Pension changes of assumptions	-	141,041	31,224	-	172,265
Pension contributions after measurement date	-	282,872	62,733	-	345,605
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 462,988</u>	<u>\$ 102,608</u>	<u>\$ -</u>	<u>\$ 565,596</u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Liabilities					
Current liabilities					
Accounts payable	\$ 381	\$ 100,808	\$ 28,201	\$ 3,790	\$ 133,180
Due to other funds	-	-	263,173	-	263,173
Current maturities of long-term notes payable	28,920	-	379,468	-	408,388
Accrued expenses	-	207,654	39,035	-	246,689
Accrued interest payable	-	-	4,722	-	4,722
Total current liabilities	<u>29,301</u>	<u>308,462</u>	<u>714,599</u>	<u>3,790</u>	<u>1,056,152</u>
Noncurrent liabilities					
Long-term notes payable	-	-	2,119,495	-	2,119,495
Net pension liability	-	946,309	209,497	-	1,155,806
OPEB liability	-	736,388	122,731	-	859,119
Accrued closure and post closure costs	202,440	-	-	-	202,440
Total noncurrent liabilities	<u>202,440</u>	<u>1,682,697</u>	<u>2,451,723</u>	<u>-</u>	<u>4,336,860</u>
Total liabilities	<u>231,741</u>	<u>1,991,159</u>	<u>3,166,322</u>	<u>3,790</u>	<u>5,393,012</u>
Deferred inflows of resources					
Pension change in actuarial experience	-	41,112	9,102	-	50,214
Changes of assumptions - OPEB	-	17,488	2,914	-	20,402
Total deferred inflows of resources	<u>-</u>	<u>58,600</u>	<u>12,016</u>	<u>-</u>	<u>70,616</u>
Net position					
Net investment in capital assets	-	6,168,481	6,795,831	-	12,964,312
Unrestricted	-	(351,295)	(444,800)	244,100	(551,995)
Total net position	<u>-</u>	<u>5,817,186</u>	<u>6,351,031</u>	<u>244,100</u>	<u>12,412,317</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 231,741</u>	<u>\$ 7,866,945</u>	<u>\$ 9,529,369</u>	<u>\$ 247,890</u>	<u>\$ 17,875,945</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, 2018

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Operating revenues					
Charges for services	\$ -	\$ 601,690	\$ 612,970	\$ -	\$ 1,214,660
Sponsorships	-	-	184,108	-	184,108
Other operating revenues	-	-	1,028	1,700	2,728
Less: Bad debt expense	-	-	-	(50,478)	(50,478)
Total operating revenues	<u>-</u>	<u>601,690</u>	<u>798,106</u>	<u>(48,778)</u>	<u>1,351,018</u>
Operating expenses					
Salaries and employee benefits	-	2,408,092	802,703	-	3,210,795
Operation	137,573	537,655	547,896	93,591	1,316,715
Maintenance	-	136,366	205,349	-	341,715
General administration	-	220,679	-	-	220,679
Provision for depreciation	-	539,192	238,999	-	778,191
Total operating expenses	<u>137,573</u>	<u>3,841,984</u>	<u>1,794,947</u>	<u>93,591</u>	<u>5,868,095</u>
Operating income (loss)	<u>(137,573)</u>	<u>(3,240,294)</u>	<u>(996,841)</u>	<u>(142,369)</u>	<u>(4,517,077)</u>
Nonoperating revenues (expenses)					
Interest and other income	2,282	(4,839)	14	-	(2,543)
Interest expense	-	-	(99,502)	-	(99,502)
Donations	-	-	200,000	-	200,000
Local option sales tax	-	-	767,582	-	767,582
Tax revenues restricted for debt service:					
Hotel/Motel tax	-	-	241,345	-	241,345
Grant revenues	-	2,033,286	-	-	2,033,286
Total nonoperating revenues (expenses)	<u>2,282</u>	<u>2,028,447</u>	<u>1,109,439</u>	<u>-</u>	<u>3,140,168</u>
Income (loss) before transfers and capital contributions	<u>(135,291)</u>	<u>(1,211,847)</u>	<u>112,598</u>	<u>(142,369)</u>	<u>(1,376,909)</u>
Operating transfers					
Transfers in	115,392	796,638	-	-	912,030
Capital contributions	-	900,783	-	-	900,783
Total operating transfers in (out)	<u>115,392</u>	<u>1,697,421</u>	<u>-</u>	<u>-</u>	<u>1,812,813</u>
Change in net position	<u>(19,899)</u>	<u>485,574</u>	<u>112,598</u>	<u>(142,369)</u>	<u>435,904</u>
Total net position - beginning	19,899	6,072,968	6,361,992	386,469	12,841,328
Restatement - GASB 75 implementation	<u>-</u>	<u>(741,356)</u>	<u>(123,559)</u>	<u>-</u>	<u>(864,915)</u>
Total net position - beginning- restated	<u>19,899</u>	<u>5,331,612</u>	<u>6,238,433</u>	<u>386,469</u>	<u>11,976,413</u>
Total net position - ending	<u>\$ -</u>	<u>\$ 5,817,186</u>	<u>\$ 6,351,031</u>	<u>\$ 244,100</u>	<u>\$ 12,412,317</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, 2018

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Cash flows from operating activities					
Cash received from consumers	\$ -	\$ 560,414	\$ 840,721	\$ 40,900	\$ 1,442,035
Cash received from other operations	-	25,913	-	-	25,913
Cash paid to suppliers of goods and services	(166,226)	(765,269)	(760,840)	(91,871)	(1,784,206)
Cash paid to employees for services	-	(2,451,552)	(786,083)	-	(3,237,635)
Cash (paid to) received from other funds	-	-	(51,138)	(1,720)	(52,858)
Net cash provided (used) by operating activities	<u>(166,226)</u>	<u>(2,630,494)</u>	<u>(757,340)</u>	<u>(52,691)</u>	<u>(3,606,751)</u>
Cash flows from non-capital financing activities:					
Disbursements of community development loans	-	-	-	(39,198)	(39,198)
Principal collections of community development loans	-	-	-	39,198	39,198
Interest expense	-	-	(99,997)	-	(99,997)
Transfers in	115,392	-	-	-	115,392
Appropriations from City	-	683,679	-	-	683,679
Donations received	-	-	200,000	-	200,000
Other non-operating income	-	9,343	-	-	9,343
Cash received from grants	-	1,607,757	-	-	1,607,757
Net cash provided (used) by non-capital financing activities	<u>115,392</u>	<u>2,300,779</u>	<u>100,003</u>	<u>-</u>	<u>2,516,174</u>
Cash flows from capital and related financing activities					
Construction and acquisition of property and equipment	-	(1,102,499)	(151,542)	-	(1,254,041)
Proceeds from sales of property and equipment	-	12,925	-	-	12,925
Issuance of capital outlay notes	-	-	448,580	-	448,580
Principal payments on debt	-	-	(624,105)	-	(624,105)
Hotel/Motel tax	-	-	241,345	-	241,345
State sales tax	-	-	767,582	-	767,582
Capital grants received	-	900,783	-	-	900,783
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(188,791)</u>	<u>681,860</u>	<u>-</u>	<u>493,069</u>
Cash flows from investing activities					
Interest earned	<u>2,282</u>	<u>923</u>	<u>14</u>	<u>-</u>	<u>3,219</u>
Net increase (decrease) in cash and cash equivalents	(48,552)	(517,583)	24,537	(52,691)	(594,289)
Cash and cash equivalents - beginning of year	<u>280,293</u>	<u>836,476</u>	<u>500</u>	<u>152,071</u>	<u>1,269,340</u>
Cash and cash equivalents - end of year	\$ 231,741	\$ 318,893	\$ 25,037	\$ 99,380	\$ 675,051
Cash and cash equivalents					
Unrestricted cash on hand	\$ -	\$ -	\$ 25,037	\$ -	\$ 25,037
Unrestricted cash and cash equivalents on deposit	<u>231,741</u>	<u>318,893</u>	<u>-</u>	<u>99,380</u>	<u>650,014</u>
Total cash and cash equivalents	\$ 231,741	\$ 318,893	\$ 25,037	\$ 99,380	\$ 675,051

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, 2018

	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)	\$ (137,573)	\$ (3,240,294)	\$ (996,841)	\$ (142,369)	\$ (4,517,077)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	539,192	238,999	-	778,191
Change in closure/postclosure liability	(28,920)	-	-	-	(28,920)
Pension contributions subsequent to measurement date	-	-	62,733	-	62,733
Pension expense	-	-	(49,871)	-	(49,871)
(Increase) decrease in accounts receivable	-	(15,363)	42,615	-	27,252
(Increase) decrease in deferred outflows of resources	-	82,428	12,862	-	95,290
(Increase) decrease in notes receivable	-	-	-	89,678	89,678
(Increase) decrease in inventory	-	(27,133)	611	-	(26,522)
(Increase) decrease in due from other funds	-	-	-	(1,720)	(1,720)
(Increase) decrease in prepaids	-	96,259	-	-	96,259
Increase (decrease) in accounts payable and accrued expenses	267	88,261	(8,206)	1,720	82,042
Increase (decrease) in net pension liability	-	(146,049)	904	-	(145,145)
Increase (decrease) in OPEB liability	-	(4,968)	(828)	-	(5,796)
Increase (decrease) in deferred inflows of resources	-	(2,827)	(9,180)	-	(12,007)
Increase (decrease) in due to other funds	-	-	(51,138)	-	(51,138)
Net cash provided (used) by operating activities	\$ (166,226)	\$ (2,630,494)	\$ (757,340)	\$ (52,691)	\$ (3,606,751)

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2018

	Deferred Compensation Trust Fund
Assets	
Investments	\$ 19,246,650
Total assets	\$ 19,246,650
 Liabilities	
Deferred compensation benefits payable	\$ 19,246,650
Total liabilities	19,246,650
 Net position	
Net position held in trust for employee benefits	-
Total liabilities and net position	\$ 19,246,650

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, 2018

	Deferred Compensation Trust Fund
Revenues:	
Other:	
Increase (decrease) in FMV of investments	\$ 1,377,948
Employee contributions	805,667
Total revenues	2,183,615
 Expenditures:	
General government	
Employee benefits	2,183,615
Total expenditures	2,183,615
 Change in net position	 -
Net position - beginning	-
Net position - ending	\$ -

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

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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, 2018

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, 2018

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 that 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, 2018

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, 2018

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 are recorded at estimated fair market value at the date of donation.

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, 2018

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, 2018, are:

City of Jackson	\$2,502,807
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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, 2018

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 June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for financial statements for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. Management implemented this standard in the fiscal year ended June 30, 2018, as required.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

In March 2016, the GASB issued Statement No. 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Specifically, this Statement addresses issues regarding 1) the presentation of payroll-related measures in required supplementary information, 2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and 3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City evaluated the Statement and this Statement was taken into account in relation to all of the pension plans.

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Management of the City is evaluating this Statement and its impact on the City’s fiduciary fund.

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*, effective for reporting periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The City implemented this standard in the current fiscal year and changed some of the presentation of the pension and OPEB related schedules to account for the necessary changes.

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues*, effective for reporting periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The City did not have any defeased debt in the current year.

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

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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 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, 2018

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 (\$117,583,621) are as follows:

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Bonds payable	\$ 69,902,517
Notes payable	6,884,620
OPEB liability	11,925,388
Net pension liability	26,289,630
Premium on debt issuance	78,659
Compensated absences payable	<u>2,502,807</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 117,583,621</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 (\$501,823) difference are as follows:

Capital outlay, net change	\$ 6,265,345
Donated assets	1,406,376
Book value of assets removed	(41,508)
Depreciation expense	<u>(8,132,036)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (501,823)</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 \$443,024 difference are as follows:

Change in deferred court fine revenue	\$ (25,464)
Change in property taxes	478,720
Change in parking tickets revenue	<u>(10,232)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 443,024</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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

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transfer or appropriate additional funds for expenditures not anticipated at the time of budget 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, 2018, 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	\$ 4,658,323
Fixed income	N/A	8,243,958
Equities	N/A	<u>11,002,692</u>
		<u>\$ 23,904,973</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, 2018, 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, 2018, the City's investments in U.S. Government agency securities include Federal Home Loan

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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, 2018:

	Market Value	Percentage of Total
Fixed income	\$ 8,243,958	42.83%
Equities	11,002,692	57.17%
Total	\$ 19,246,650	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, 2018:

Voya Fixed Account - 457/401	\$ 8,243,958
Fidelity VIP Contrafund Port I	2,475,042
American Funds Growth Fund R4	1,293,061

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, 2018:

	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	\$ 8,243,958	\$ 8,243,958	\$ -	\$ -
Equity securities				
Pooled separate accounts	11,002,692	11,002,692	-	-
	19,246,650	19,246,650	-	-

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:

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	General	Debt Service	Capital Outlay	Solid Waste Collection	Sportsplex	Jackson Transit Authority	Nonmajor and Other Funds	Total
Receivables:								
Taxes	\$ 27,007,781	\$ 8,370,917	\$ 1,211,131	\$ -	\$ -	\$ -	\$ -	\$ 36,589,829
Interest	16,748	-	-	-	-	-	-	16,748
Accounts	91,539	70,161	-	1,775,573	33,711	37,210	3,452	2,011,646
Grants	1,066,836	-	981,493	-	-	747,997	29,083	2,825,409
Intergovernmental	6,327,443	-	-	-	-	-	-	6,327,443
Court fines	586,507	-	-	-	-	-	22,046	608,553
Note	205,125	-	-	-	-	-	591,312	796,437
Gross receivables	35,301,979	8,441,078	2,192,624	1,775,573	33,711	785,207	645,893	49,176,065
Less: Allowance for uncollectibles	(1,577,908)	(359,264)	-	(42,714)	-	-	(473,031)	(2,452,917)
Net total receivables	<u>\$ 33,724,071</u>	<u>\$ 8,081,814</u>	<u>\$ 2,192,624</u>	<u>\$ 1,732,859</u>	<u>\$ 33,711</u>	<u>\$ 785,207</u>	<u>\$ 172,862</u>	<u>\$ 46,723,148</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:

2018 property tax assessment	\$ 33,466,459
Delinquent property taxes	1,892,163
Grant revenues considered to be unavailable revenues	488,919
Court fines receivable	121,718
Total deferred revenue for governmental funds	<u>\$ 35,969,259</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Receivable Fund	Payable Fund	Amount
Community Development	General	\$ (21,111)
General	Sportsplex	109,747
Debt Service	Sportsplex	153,426
Capital Outlay	Debt Service	536,811
Grant Fund #1 CDBG	Grant Fund #2 HOME	8,456
General	Debt Service	115,631
General	Solid Waste Collection	588,888
Total		1,491,848
Governmental activities eliminated		(1,249,786)
Total		<u>\$ 242,062</u>

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

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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, 2018, were as follows:

Transfer Out	Transfer In						Total
	Capital Outlay	Debt Service	Jackson Transit Authority	Solid Waste Collection	Solid Waste	Nonmajor Governmental Funds	
General	\$ -	\$ 1,574,847	\$ 711,711	\$ 265,517	\$ -	\$ -	\$ 2,552,075
Debt Service	4,896,320	-	-	-	-	-	4,896,320
Solid Waste Collection	-	-	-	-	115,392	-	115,392
Capital Outlay	-	-	84,927	-	-	-	84,927
Nonmajor Governmental	-	-	-	-	-	236,021	236,021
	<u>4,896,320</u>	<u>1,574,847</u>	<u>796,638</u>	<u>265,517</u>	<u>115,392</u>	<u>236,021</u>	<u>7,884,735</u>
Eliminations	<u>(4,896,320)</u>	<u>(1,574,847)</u>	<u>-</u>	<u>(265,517)</u>	<u>-</u>	<u>(236,021)</u>	<u>(6,972,705)</u>
Total Government-Wide	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,638</u>	<u>\$ -</u>	<u>\$ 115,392</u>	<u>\$ -</u>	<u>\$ 912,030</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 transfer from the General fund to the Solid Waste Collection fund was for the reimbursement of expenditures that were paid by the Solid Waste Collection fund, but should have been recorded in the General fund.
- The transfer from the Solid Waste Collection fund to the Solid Waste fund was for the reimbursement of expenditures that were paid by the Solid Waste fund, but should have been recorded in the Solid Waste Collection fund.
- 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, 2018, was as follows:

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	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 22,989,056	\$ 374,573	\$ -	\$ -	\$ 23,363,629
Construction in progress	971,353	1,140,900	-	-	2,112,253
Total capital assets, not being depreciated	<u>23,960,409</u>	<u>1,515,473</u>	<u>-</u>	<u>-</u>	<u>25,475,882</u>
Capital assets, being depreciated					
Buildings	69,696,537	552,157	-	-	70,248,694
Improvements other than buildings	5,750,831	678,321	-	-	6,429,152
Machinery and equipment	38,218,307	1,443,139	550,163	-	39,111,283
Infrastructure	116,029,230	3,482,631	-	432,642	119,944,503
Total capital assets, being depreciated	<u>229,694,905</u>	<u>6,156,248</u>	<u>550,163</u>	<u>432,642</u>	<u>235,733,632</u>
Less accumulated depreciation for:					
Buildings	40,566,235	1,515,849	-	(1)	42,082,083
Improvements other than buildings	1,201,307	186,836	-	-	1,388,143
Machinery and equipment	27,678,657	2,588,129	508,655	-	29,758,131
Infrastructure	52,318,192	3,841,222	-	-	56,159,414
Total accumulated depreciation	<u>121,764,391</u>	<u>8,132,036</u>	<u>508,655</u>	<u>(1)</u>	<u>129,387,771</u>
Total capital assets, being depreciated, net	<u>107,930,514</u>	<u>(1,975,788)</u>	<u>41,508</u>	<u>432,643</u>	<u>106,345,861</u>
Governmental activities capital assets, net	<u>\$ 131,890,923</u>	<u>\$ (460,315)</u>	<u>\$ 41,508</u>	<u>\$ 432,643</u>	<u>\$ 131,821,743</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	11,336,120	63,207	-	-	11,399,327
Machinery and equipment	7,392,187	1,089,020	-	1	8,481,208
Furniture and fixtures	1,282,285	101,814	-	-	1,384,099
Total capital assets being depreciated	<u>23,189,118</u>	<u>1,254,041</u>	<u>-</u>	<u>1</u>	<u>24,443,160</u>
Less accumulated depreciation for:					
Land improvements	464,559	8,400	-	-	472,959
Buildings	3,239,112	289,584	-	3,037	3,531,733
Machinery and equipment	6,159,008	385,429	-	-	6,544,437
Furniture and fixtures	1,071,443	94,778	-	-	1,166,221
Total accumulated depreciation	<u>10,934,122</u>	<u>778,191</u>	<u>-</u>	<u>3,037</u>	<u>11,715,350</u>
Total capital assets, being depreciated, net	<u>12,254,996</u>	<u>475,850</u>	<u>-</u>	<u>(3,036)</u>	<u>12,727,810</u>
Business-type activities capital assets, net	<u>\$ 14,990,461</u>	<u>\$ 475,850</u>	<u>\$ -</u>	<u>\$ (3,036)</u>	<u>\$ 15,463,275</u>

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

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Governmental activities:	
General government	\$ 186,836
Public safety	1,579,903
Public works	4,849,446
Public welfare and community service	<u>1,515,851</u>
Total depreciation expense - governmental activities	<u>\$ 8,132,036</u>
Business-type activities:	
Sportsplex	\$ 238,999
Jackson Transit Authority	<u>539,192</u>
Total depreciation expense - business-type activities	<u>\$ 778,191</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
2019	\$ 20,672
2020	10,711
2021	<u>4,141</u>
Total	<u>\$ 35,524</u>

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, 2018, was \$190,825.

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, 2018 is \$118,281.

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, 2018, was \$14,300.

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, 2018, is comprised of the following bonds and notes payable:

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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	\$ 2,760,000
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	30,675,000
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	13,885,000
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	16,515,000
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	7,650,000
Note Payable, Jackson-Madison County General Hospital District, original issue was \$650,000, payable in annual installments beginning 2012 through 2024, interest-free	300,000
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%	2,423,000
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	155,400
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	2,200,000
General Obligation Capital Outlay Note Series 2016-A, original issue was \$750,000, payable in annual installments with zero interest.	710,200
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	1,700,000

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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

312,500

\$79,286,100

The annual requirements to amortize all general long-term debt, except compensated absences and accrued closure and post-closure costs, at June 30, 2018, including interest payments of \$11,839,363 are as follows:

Fiscal Year Ending	Notes		General Obligation Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 687,900	\$ 201,069	\$ 7,048,000	\$ 2,107,811	\$ 7,735,900	\$ 2,308,880
2020	1,364,300	183,273	7,274,000	1,870,317	8,638,300	2,053,590
2021	681,000	165,154	7,696,400	1,595,482	8,377,400	1,760,636
2022	687,000	146,076	7,824,000	1,304,121	8,511,000	1,450,197
2023	694,000	126,685	8,097,000	1,032,290	8,791,000	1,158,975
2024-2028	2,648,500	356,215	20,650,000	2,055,420	23,298,500	2,411,635
2029-2033	883,000	40,701	10,955,000	622,314	11,838,000	663,015
2034-2035	-	-	2,096,000	32,435	2,096,000	32,435
	<u>\$ 7,645,700</u>	<u>\$ 1,219,173</u>	<u>\$ 71,640,400</u>	<u>\$ 10,620,190</u>	<u>\$ 79,286,100</u>	<u>\$ 11,839,363</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, 2018, was as follows:

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 76,350,310	\$ 155,400	\$ 6,603,193	\$ 69,902,517	\$ 6,787,105
Capital outlay notes	6,040,100	1,251,420	406,900	6,884,620	569,328
Notes payable	1,379,807	-	1,379,807	-	-
Premium on debt issuance	94,142	-	15,483	78,659	15,482
Compensated absences	2,620,893	-	118,086	2,502,807	100,000
	<u>\$ 86,485,252</u>	<u>\$ 1,406,820</u>	<u>\$ 8,523,469</u>	<u>\$ 79,368,603</u>	<u>\$ 7,471,915</u>
Business-type activities:					
General obligation bonds	\$ 1,967,689	\$ -	\$ 229,806	\$ 1,737,883	\$ 316,968
Capital outlay notes	706,799	448,580	394,299	761,080	62,500
Accrued closure/postclosure	260,280	-	28,920	231,360	28,920
	<u>\$ 2,934,768</u>	<u>\$ 448,580</u>	<u>\$ 653,025</u>	<u>\$ 2,730,323</u>	<u>\$ 408,388</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, 2018, the estimated liability for claims incurred but not paid was \$389,628. Changes in liability for the last five fiscal years are as follows:

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	Beginning of Fiscal Year	Adjustment	Adjusted Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2013-2014	\$ (369,690)	\$ -		\$ 7,155,421	\$ 6,692,967	\$ 92,764
2014-2015	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

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, 2018, the estimated liability for claims incurred but not paid was (105,882).

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
2013-2014	\$ (96,340)	\$ -	\$ (96,340)	\$ 696,340	\$ 649,493	\$ (49,493)
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)

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

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Reserve Requirement. The City's guaranty is not to exceed \$60 million. The outstanding balance of the debt at June 30, 2018, is \$37,885,000.

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, 2018, are \$231,360.

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

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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, 2018, 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 www.treasury.state.tn.us/tcrs.

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.

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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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	661
Inactive employees entitled to but not yet receiving benefits	360
Active employees	761
	1,782

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, 2018, employer contributions for Jackson were \$6,801,702 based on a rate of 18.68 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, 2017, 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, 2017 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 8.75 to 3.45 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.

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The actuarial assumptions used in the June 30, 2017 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.

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.

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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
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.

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Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balance at 6/30/16	<u>\$ 181,075,489</u>	<u>\$ 155,426,720</u>	<u>\$ 25,648,769</u>
Changes for the year:			
Service cost	2,984,148	-	2,984,148
Interest	13,467,519	-	13,467,519
Differences between expected and actual experience	563,063	-	563,063
Changes in Assumptions	4,224,907		
Contributions - employer	-	6,790,927	(6,790,927)
Net investment income	-	17,484,095	(17,484,095)
Benefit payments, including refunds of employee contributions	(8,985,428)	(8,985,428)	-
Administrative expense	-	(64,160)	64,160
Net changes	<u>12,254,209</u>	<u>15,225,434</u>	<u>(7,196,132)</u>
Balance at 6/30/17	<u>\$ 193,329,698</u>	<u>\$ 170,652,154</u>	<u>\$ 22,677,544</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>\$ 47,604,973</u>	<u>\$ 22,677,544</u>	<u>\$ 1,898,964</u>

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

Pension expense

For the year ended June 30, 2018, Jackson recognized pension expense of \$5,200,921.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2018, Jackson reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 933,351	\$ 985,227
Net difference between projected and actual earnings on pension plan investments	3,045	-
Changes in Assumptions	3,379,926	-
Contributions subsequent to the measurement date of June 30, 2017	6,801,702	-
	\$ 11,118,024	\$ 985,227

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2017,” 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:	
2019	\$ 257,398
2020	2,117,005
2020	1,181,456
2021	(224,764)
2022	-
Thereafter	-

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

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 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, 2016:

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Retirees & beneficiaries receiving benefits	37
Active plan members	<u>0</u>
Total	<u>37</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, 2016.

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, 2017, 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, 2017 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	RP-2000 (Healthy and Disabled) with generational projection per Scale AA for healthy participants
Actuarial cost method	Entry Age Normal

The actuarial assumptions used in the June 30, 2016 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.

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Discount Rate: The discount rate used to measure the total pension liability was 3.25%. 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 6/30/16	\$ 5,221,288	\$ 67,089	\$ 5,154,199
Changes for the year:			
Interest	206,174	-	206,174
Contributions - employer	-	592,336	(592,336)
Net investment income	-	144	(144)
Benefit payments, including refunds of employee contributions	(590,316)	(590,316)	-
Net changes	(384,142)	2,164	(386,306)
Balance at 6/30/17	\$ 4,837,146	\$ 69,253	\$ 4,767,893

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 2.85 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 (1.85 percent) or 1-percentage-point higher (3.85 percent) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Jackson's net pension liability	\$ 5,121,305	\$ 4,767,893	\$ 4,458,973

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

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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

Service cost	
Interest on total pension liability	\$ 206,174
Expected investment return net of investment expenses	<u>(144)</u>
Pension Expense	<u>\$ 206,030</u>

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2018, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 2,755	-
Contributions subsequent to the measurement date of June 30, 2017	<u>524,137</u>	-
	<u>\$ 526,892</u>	<u>\$ -</u>

The amounts shown above for “Contributions subsequent to the measurement date of June 30, 2017” will be recognized as a reduction to net pension liability 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:	
2019	\$ 1,479
2020	898
2021	378
2022	-
2023	-
Thereafter	-

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.

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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, 2018, 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, 2018, is not separable from the costs for active employees.

Employees covered by benefit terms – At 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:

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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

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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, 2018, 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	-	303,605
	\$ -	\$ 303,605

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	(120,270)

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:

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

<u>Entity and Terms</u>	<u>Percentage of Taxes Abated During Year Ended June 30, 2018</u>	<u>Amount of Taxes Abated during Year Ended June 30, 2018</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
Black & Decker - 75% reduction in tangible personal property through the 2017 tax year	75% Personal Property	10,838
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);	100% Real and Personal Property	24,785
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.	1) 30% Personal Property and 2) 50% Personal Property	19,682

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, 2018.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 – RESTATEMENT OF BEGINNING NET POSITION – GASB 75 IMPLEMENTATION AND A PRIOR PERIOD ADJUSTMENT

As of July 1, 2017, a restatement of beginning net position was made for net OPEB liability due to the City implementing GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – an amendment of GASB Statement No. 45. The implementation of GASB Statement No. 75 resulted in the City restating net position by (\$12,437,468), (\$11,572,553) in the governmental activities and (\$864,915) in the business-type activities. At the proprietary fund level, these restatements were (\$741,356) and (\$123,559) for the Jackson Transit Authority and the Sportsplex fund, respectively.

As of June 30, 2018, prior period adjustments were made in the following activities for the following reasons:

- An adjustment was made in the capital outlay fund for (\$76,767) that was related to grant revenue previously recorded in the prior year, but was required to be paid back to TDOT due to the grant being dissolved. In order to fairly state the current fiscal year's revenue, the adjustment was needed.
- Also, an adjustment was made to the governmental activities' Infrastructure capital assets. There were \$432,642 of additions related to prior years that were identified by the City as being left out of their capital asset totals in previous years. A prior period adjustment of \$432,642 was made to properly state the capital asset totals.

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

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 2,984,148	\$ 2,901,389	\$ 2,913,921	\$ 2,812,416
Interest	13,467,519	12,955,605	12,556,747	11,835,576
Changes in benefit terms	-	-	-	-
Differences between actual and expected experience	563,063	(355,294)	(1,930,126)	2,414,505
Change of assumptions	4,224,907	-	-	-
Benefit payments, including refunds of employee contributions	<u>(8,985,428)</u>	<u>(8,532,446)</u>	<u>(7,887,368)</u>	<u>(7,209,401)</u>
Net change in total pension liability	12,254,209	6,969,254	5,653,174	9,853,096
Total pension liability - beginning	<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>\$ 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	\$ 6,790,927	\$ 6,617,222	\$ 6,432,498	\$ 6,552,755
Contributions - employee	-	388	3,130	-
Net investment income	17,484,095	4,041,409	4,604,343	21,401,369
Benefit payments, including refunds of employee contributions	(8,985,428)	(8,532,446)	(7,887,368)	(7,209,401)
Administrative expense	<u>(64,160)</u>	<u>(56,020)</u>	<u>(37,025)</u>	<u>(33,628)</u>
Net change in plan fiduciary net position	15,225,434	2,070,553	3,115,578	20,711,095
Plan fiduciary net position - beginning	<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>\$ 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>\$ 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	88.27%	85.84%	88.08%	89.19%
Covered - employee payroll	\$ 36,334,102	\$ 35,416,058	\$ 34,325,416	\$ 34,206,282
Net pension liability (asset) as a percentage of covered-employee payroll	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

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 6,801,702	\$ 6,790,927	\$ 6,617,222	\$ 6,432,498	\$ 6,552,755
Contributions in relation to the actuarially determined contribution	6,801,702	6,790,927	6,617,222	6,432,498	6,552,755
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 40,042,835	\$ 36,334,102	\$ 35,416,058	\$ 34,325,416	\$ 34,206,282
Contributions as a percentage of covered payroll	16.99%	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 2018 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	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation
Investment rate of return	7.5 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	2.5 percent

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

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	206,174	206,174	240,196	266,292
Changes in benefit terms	-	-	-	-
Effect of economic/demographic gains or losses	-	(159,486)	(23,827)	-
Differences between actual and expected experience	-	322,397	166,523	386,166
Change of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(590,316)	(573,432)	(606,568)	(650,034)
Net change in total pension liability	(384,142)	(204,347)	(223,676)	2,424
Total pension liability - beginning	5,221,288	5,425,635	5,649,311	5,646,887
Total pension liability - ending (a)	\$ 4,837,146	\$ 5,221,288	\$ 5,425,635	\$ 5,649,311
Plan fiduciary net position				
Contributions - employer	\$ 592,336	\$ 572,207	\$ 605,568	\$ 650,934
Contributions - employee	-	-	-	-
Net investment income	144	42	110	6
Benefit payments, including refunds of employee contributions	(590,316)	(573,432)	(606,568)	(650,034)
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	2,164	(1,183)	(890)	906
Plan fiduciary net position - beginning	67,089	68,272	69,162	68,256
Plan fiduciary net position - ending (b)	\$ 69,253	\$ 67,089	\$ 68,272	\$ 69,162
Net Pension Liability (asset)-ending (a) - (b)	\$ 4,767,893	\$ 5,154,199	\$ 5,357,363	\$ 5,580,149
Plan fiduciary net position as a percentage of total pension liability	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

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

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 696,570	\$ 696,570	\$ 696,570	\$ 696,570	\$ 1,090,016
Contributions in relation to the actuarially determined contribution	520,374	590,316	573,432	606,568	650,934
Contribution deficiency (excess)	\$ 176,196	\$ 106,254	\$ 123,138	\$ 90,002	\$ 439,082
Covered payroll	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

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, 2018**

	Special Revenue Funds				Debt Service	Totals
	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Community Redevelopment	
Assets						
Cash and cash equivalents	\$ 234,640	\$ 336,550	\$ 97,909	\$ -	\$ -	\$ 669,099
Receivables						
Accounts (net of allowance for uncollectible accounts)	-	3,452	-	-	-	3,452
Grants	-	-	797	28,286	-	29,083
Court fines (net of allowance for uncollectible accounts)	13,368	8,678	-	-	-	22,046
Due from other funds	-	-	8,456	-	-	8,456
Total assets	<u>\$ 248,008</u>	<u>\$ 348,680</u>	<u>\$ 107,162</u>	<u>\$ 28,286</u>	<u>\$ -</u>	<u>\$ 732,136</u>
Liabilities, deferred inflows and fund balances						
Liabilities:						
Accounts payable and accrued expenses	3,458	8,670	9,847	19,830	-	41,805
Due to other funds	-	-	-	8,456	-	8,456
Total liabilities	<u>3,458</u>	<u>8,670</u>	<u>9,847</u>	<u>28,286</u>	<u>-</u>	<u>50,261</u>
Deferred inflows:						
Unavailable court fines	<u>12,821</u>	<u>8,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,499</u>
Fund balances:						
Restricted	<u>231,729</u>	<u>331,332</u>	<u>97,315</u>	<u>-</u>	<u>-</u>	<u>660,376</u>
Total fund balances	<u>231,729</u>	<u>331,332</u>	<u>97,315</u>	<u>-</u>	<u>-</u>	<u>660,376</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 248,008</u>	<u>\$ 348,680</u>	<u>\$ 107,162</u>	<u>\$ 28,286</u>	<u>\$ -</u>	<u>\$ 732,136</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, 2018

	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	\$ 25,991	\$ 22,501	\$ -	\$ -	\$ -		\$ 48,492
Use of money and property	2,713	3,384	-	-	50,000		56,097
Intergovernmental	-	-	552,449	194,567	-		747,016
Sales and service charges	14,166	237,474	-	-	-		251,640
Other	-	-	117	90,966	-		91,083
Total revenues	<u>42,870</u>	<u>263,359</u>	<u>552,566</u>	<u>285,533</u>	<u>50,000</u>		<u>1,194,328</u>
Expenditures							
Current:							
Public safety	24,526	137,519	-	-	-		162,045
Public welfare and community services	-	-	316,545	285,533	-		602,078
Capital outlay							
Public safety	-	73,142	-	-	-		73,142
Debt service:							
Principal	-	-	-	-	187,000		187,000
Interest	-	-	-	-	99,021		99,021
Total expenditures	<u>24,526</u>	<u>210,661</u>	<u>316,545</u>	<u>285,533</u>	<u>286,021</u>		<u>1,123,286</u>
Excess (deficiency) of revenues over (under) expenditures	18,344	52,698	236,021	-	(236,021)		71,042
Other financing sources (uses)							
Transfers in	-	-	-	-	236,021		236,021
Transfers out	-	-	(236,021)	-	-		(236,021)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(236,021)</u>	<u>-</u>	<u>236,021</u>		<u>-</u>
Net changes in fund balances	18,344	52,698	-	-	-		71,042
Fund balances - beginning	<u>213,385</u>	<u>278,634</u>	<u>97,315</u>	<u>-</u>	<u>-</u>		<u>589,334</u>
Fund balances - ending	<u>\$ 231,729</u>	<u>\$ 331,332</u>	<u>\$ 97,315</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 660,376</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, 2018

	<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	\$ 40,000	\$ 40,000	\$ 25,991	\$ (14,009)
Use of money and property:				
Interest earned	350	350	2,713	2,363
Sales and service charges:				
Seized assets/unclaimed evidence	<u>20,000</u>	<u>20,000</u>	<u>14,166</u>	<u>(5,834)</u>
Total revenues:	<u>60,350</u>	<u>60,350</u>	<u>42,870</u>	<u>(17,480)</u>
Expenditures				
Current:				
Public Safety:				
Contractual services	7,000	7,000	3,670	(3,330)
Utilities	7,500	7,500	10,395	2,895
Special investigative funds	30,000	30,000	10,000	(20,000)
Court clerk fees	500	500	461	(39)
Capital outlay	<u>33,250</u>	<u>33,250</u>	<u>-</u>	<u>(33,250)</u>
Total expenditures:	<u>78,250</u>	<u>78,250</u>	<u>24,526</u>	<u>(53,724)</u>
Net changes in fund balances:	<u>\$ (17,900)</u>	<u>\$ (17,900)</u>	18,344	<u>\$ 36,244</u>
Fund balance - beginning			<u>213,385</u>	
Fund balance - ending			<u>\$ 231,729</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, 2018

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Fines, interest and penalties:				
Fines, forfeits and penalties	\$ 30,500	\$ 30,500	\$ 22,501	\$ (7,999)
Use of money and property:				
Interest earned	-	-	3,384	3,384
Sales and service charges:				
Controlled substance tax	7,500	7,500	300	(7,200)
Seizures	141,500	141,500	237,174	95,674
Total revenues	179,500	179,500	263,359	83,859
Expenditures				
Current:				
Public Safety:				
Telephone	25,000	25,000	24,940	(60)
Vehicle tow-in/storage	1,000	1,000	1,320	320
Subscriptions and dues	1,000	1,000	-	(1,000)
Computer/IS services	7,000	7,000	9,600	2,600
Travel and training	15,000	15,000	17,149	2,149
Insurance	8,500	8,500	-	(8,500)
Office supplies	10,500	10,500	9,492	(1,008)
Operating expenditures	20,000	20,000	19,218	(782)
Rent	6,000	6,000	4,200	(1,800)
Court clerk fees	1,000	1,000	1,033	33
Special investigative funds	40,000	40,000	20,000	(20,000)
Federal sharing expense	-	-	5,628	5,628
Utilities	11,000	11,000	12,788	1,788
Copier expense	4,000	4,000	4,310	310
Uniforms and clothing	8,000	8,000	7,841	(159)
Capital outlay	73,666	73,666	73,142	(524)
Total expenditures	231,666	231,666	210,661	(21,005)
Net changes in fund balances	\$ (52,166)	\$ (52,166)	52,698	\$ 104,864
Fund balance - beginning			278,634	
Fund balance - ending			\$ 331,332	

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, 2018

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Intergovernmental:				
Block Grant - CDBG	\$ 533,396	\$ 576,209	\$ 532,142	\$ (44,067)
Program income	-	-	20,307	20,307
Other income	-	-	117	117
Total revenues	<u>533,396</u>	<u>576,209</u>	<u>552,566</u>	<u>(23,643)</u>
Expenditures				
Current				
Public Welfare and Community Services				
Administration and Program Delivery:				
Salaries	533,396	576,209	59,879	(516,330)
Employee benefits	-	-	9,706	9,706
Travel and training	-	-	427	427
Professional services	-	-	6,000	6,000
Dues and subscriptions	-	-	3,811	3,811
Telephone	-	-	1,158	1,158
Office supplies	-	-	1,634	1,634
Postage	-	-	77	77
Advertising	-	-	1,696	1,696
Computer	-	-	2,456	2,456
Freight	-	-	27	27
Miscellaneous	-	-	838	838
Repairs and maintenance	-	-	524	524
Insurance	-	-	2,256	2,256
	<u>533,396</u>	<u>576,209</u>	<u>90,489</u>	<u>(485,720)</u>
Program				
Housing	-	-	108,056	108,056
Public services	-	-	68,000	68,000
CHDO	-	-	50,000	50,000
	<u>-</u>	<u>-</u>	<u>226,056</u>	<u>226,056</u>
Total expenditures	<u>533,396</u>	<u>576,209</u>	<u>316,545</u>	<u>(259,664)</u>
Excess (deficiency) of				
revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>236,021</u>	<u>236,021</u>
Other financing sources (uses)				
Transfers out - Section 108 Loan Payments	-	-	(236,021)	236,021
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(236,021)</u>	<u>236,021</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning			<u>97,315</u>	
Fund balance - ending			<u>\$ 97,315</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
HOME Grant	\$ 251,791	\$ 433,737	\$ 194,567	\$ (239,170)
Administration income	-	-	12,211	12,211
Program income	-	-	78,755	78,755
Total revenues	<u>251,791</u>	<u>433,737</u>	<u>285,533</u>	<u>(148,204)</u>
Expenditures				
Current				
Public Welfare and Community Services				
Administration:				
Salaries	251,791	433,737	10,193	(423,544)
Employee benefits	-	-	1,008	1,008
Insurance	-	-	352	352
Miscellaneous	-	-	658	658
	<u>251,791</u>	<u>433,737</u>	<u>12,211</u>	<u>(421,526)</u>
Program				
Housing	-	-	273,322	273,322
Total expenditures	<u>251,791</u>	<u>433,737</u>	<u>285,533</u>	<u>(148,204)</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, 2018**

	<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
Expenditures:				
Principal payments	137,000	137,000	187,000	50,000
Interest expense	88,677	88,677	99,021	10,344
Total expenditures	<u>225,677</u>	<u>225,677</u>	<u>286,021</u>	<u>60,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(225,677)</u>	<u>(225,677)</u>	<u>(236,021)</u>	<u>(10,344)</u>
Other financing sources (uses)				
Transfer from other funds	<u>225,677</u>	<u>225,677</u>	<u>236,021</u>	<u>10,344</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, 2018

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Taxes:				
Property tax apportionments	\$ 8,029,081	\$ 8,029,081	\$ 7,857,880	\$ (171,201)
Tax equivalent apportionments	1,256,624	1,256,624	1,488,338	231,714
Total taxes	9,285,705	9,285,705	9,346,218	60,513
Use of money & property:				
Interest income	-	-	41,711	41,711
Total use of money & property	-	-	41,711	41,711
Intergovernmental				
Madison County				
Local option sales tax - Pringles Park	37,000	37,000	48,166	11,166
State of Tennessee:				
Sales tax - Pringles Park	67,000	67,000	80,607	13,607
Total intergovernmental	104,000	104,000	128,773	24,773
Total revenues	9,389,705	9,389,705	9,516,702	126,997
Expenditures				
Principal	8,434,781	17,434,781	8,202,900	(9,231,881)
Interest	2,512,456	2,512,456	2,603,199	90,743
Other expenditures	71,550	71,550	93,142	21,592
Debt issuance costs	-	-	54,985	54,985
Total expenditures	11,018,787	20,018,787	10,954,226	(9,064,561)
Excess (deficiency) of revenues over (under) expenditures	(1,629,082)	(10,629,082)	(1,437,524)	9,191,558
Other financing sources (uses):				
Proceeds from sale of bonds	-	9,000,000	155,400	(8,844,600)
Transfers from other funds	1,576,922	1,576,922	1,574,847	(2,075)
Transfers to other funds	(4,896,320)	(4,896,320)	(4,896,320)	-
Total other financing sources (uses)	(3,319,398)	5,680,602	(3,166,073)	(8,846,675)
Net changes in fund balance	\$ (4,948,480)	\$ (4,948,480)	(4,603,597)	\$ 344,883
Fund balance - beginning			5,675,240	
Fund balance - ending			\$ 1,071,643	

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, 2018

Revenues	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Use of money and property:				
Interest	\$ -	\$ -	\$ 17,907	\$ 17,907
Insurance recoveries	-	-	10,098	10,098
Total use of money and property	<u>-</u>	<u>-</u>	<u>28,005</u>	<u>28,005</u>
Intergovernmental:				
Bulletproof vest grant	-	-	13,277	13,277
EMA Grant-Dist 10	-	-	32,505	32,505
Transportation enhancement grants	<u>7,755,061</u>	<u>7,755,061</u>	<u>1,134,290</u>	<u>(6,620,771)</u>
Total intergovernmental	<u>7,755,061</u>	<u>7,755,061</u>	<u>1,180,072</u>	<u>(6,574,989)</u>
Expenditures				
General government:				
Building department	30,000	30,000	26,726	(3,274)
Risk management	990	990	944	(46)
Fishman Reserve	220,000	245,000	44,243	(200,757)
Farmer's Market	5,514	5,514	-	(5,514)
USDA Grant - Farmer's Market	-	-	5,514	5,514
Information Systems	150,000	152,540	151,878	(662)
Municipal court	3,750	3,750	3,676	(74)
Municipal court building	-	101,400	106,470	5,070
Municipal building (Main/Liberty)	<u>31,000</u>	<u>118,000</u>	<u>108,999</u>	<u>(9,001)</u>
Total general government	<u>441,254</u>	<u>657,194</u>	<u>448,450</u>	<u>(208,744)</u>
Public safety:				
Police administration	26,290	36,290	67,640	31,350
District 10-EMA grant	-	-	32,505	32,505
Criminal investigation	8,046	8,046	8,721	675
Police Central Recor	5,279	5,279	5,258	(21)
Support services	629,989	467,191	468,285	1,094
K-9 capital expense	9,790	16,290	15,946	(344)
Patrol	25,615	25,615	25,130	(485)
Aviation unit	13,000	13,000	13,000	-
Police tactical unit	49,000	49,000	46,740	(2,260)
Gang control	12,445	12,445	12,147	(298)
Fire Dept buildings/operations	<u>226,458</u>	<u>321,958</u>	<u>349,801</u>	<u>27,843</u>
Total public safety	<u>1,005,912</u>	<u>955,114</u>	<u>1,045,173</u>	<u>90,059</u>
Public works:				
Street resurfacing	13,398,546	12,988,632	3,129,002	(9,859,630)
Street maintenance	99,194	109,194	104,981	(4,213)
Traffic signalization	200,000	355,543	210,320	(145,223)
Industrial land	-	139,750	141,118	1,368
Residential Properties	-	12,500	12,500	-
Demolition/Soil Eros	<u>170,000</u>	<u>158,957</u>	<u>157,881</u>	<u>(1,076)</u>
Total public works	<u>13,867,740</u>	<u>13,764,576</u>	<u>3,755,802</u>	<u>(10,008,774)</u>

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, 2018

Expenditures	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Public welfare and community services:				
Groundskeeping	\$ 39,410	\$ 38,747	\$ 27,882	\$ (10,865)
T. R. White Sportsplex	8,306	24,247	27,699	3,452
Fairgrounds	18,000	18,000	10,346	(7,654)
Civic Center	44,000	467,045	185,507	(281,538)
Ned Center	52,075	52,075	51,164	(911)
Jackson Ballpark	25,000	116,383	112,597	(3,786)
Depot	12,400	12,400	10,469	(1,931)
Cypress Grove Nature	11,110	11,110	814	(10,296)
Bemis Mill Memorial Park	695,000	665,444	469,698	(195,746)
North Park	46,249	46,249	-	(46,249)
Westwood Community Center & Pool	8,600	8,600	8,666	66
South Jackson Community Center	10,411	10,861	10,904	43
City of Jackson Tennis Complex Recreation	27,149	24,050	26,761	2,711
	<u>127,399</u>	<u>462,399</u>	<u>458,724</u>	<u>(3,675)</u>
Total public welfare and community services	<u>1,125,109</u>	<u>1,957,610</u>	<u>1,401,231</u>	<u>(556,379)</u>
Other:				
Jackson-Madison County Public Library	16,700	16,700	16,556	(144)
Emergency Management	20,000	20,000	18,139	(1,861)
Airport Authority	23,800	23,800	-	(23,800)
CRA District	188,412	188,412	-	(188,412)
Total other	<u>248,912</u>	<u>248,912</u>	<u>34,695</u>	<u>(214,217)</u>
Total expenditures	<u>16,688,928</u>	<u>17,583,407</u>	<u>6,685,351</u>	<u>(10,898,056)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,933,867)</u>	<u>(9,828,346)</u>	<u>(5,477,274)</u>	<u>4,351,072</u>
Other financing sources (uses)				
Transfer to Jackson Transit Authority	(115,500)	(115,500)	(84,927)	30,573
Transfer from other funds	4,896,320	4,921,320	4,896,320	(25,000)
Total other financing sources (uses)	<u>4,780,820</u>	<u>4,805,820</u>	<u>4,811,393</u>	<u>5,573</u>
Net changes in fund balances	<u>\$ (4,153,047)</u>	<u>\$ (5,022,526)</u>	<u>(665,881)</u>	<u>\$ 4,326,072</u>
Fund balance - beginning			3,024,971	
Prior period adjustment			<u>(76,767)</u>	
Fund balance - beginning - restated			<u>2,948,204</u>	
Fund balance - ending			<u>\$ 2,282,323</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2018

	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Carrying Amount/ Market Value</u>
Governmental funds					
General Fund:					
Certificates of Deposit	Varies	Varies	Varies	4,658,323	4,658,323
 Fiduciary fund types					
Deferred Compensation Expendable Trust Fund					<u>19,246,650</u>
					<u>\$ 23,904,973</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
 June 30, 2018

	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
2019	\$ 420,000	\$ 110,400	\$ 4,605,000	\$ 1,292,169	\$ 490,000	\$ 277,700	\$ 894,000	\$ 170,105	\$ 639,000	\$ 252,169	\$ 143,000	\$ 83,693	\$ -	\$ 5,268
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	-	5,268
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	155,400	5,268
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	-	-
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	-	-
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	-	-
2025	-	-	-	-	1,080,000	206,200	951,000	113,424	783,000	105,935	184,000	49,102	-	-
2026	-	-	-	-	1,095,000	184,600	960,000	103,628	810,000	78,535	192,000	42,264	-	-
2027	-	-	-	-	1,110,000	162,700	970,000	93,740	1,878,000	32,302	200,000	35,286	-	-
2028	-	-	-	-	1,125,000	140,500	980,000	83,749	-	-	209,000	28,004	-	-
2029	-	-	-	-	1,150,000	118,000	990,000	73,655	-	-	218,000	20,469	-	-
2030	-	-	-	-	1,165,000	95,000	1,001,000	63,458	-	-	227,000	12,480	-	-
2031	-	-	-	-	1,180,000	71,700	1,011,000	53,148	-	-	238,000	4,202	-	-
2032	-	-	-	-	1,190,000	48,100	1,021,000	42,735	-	-	-	-	-	-
2033	-	-	-	-	1,215,000	24,300	1,032,000	32,218	-	-	-	-	-	-
2034	-	-	-	-	-	-	1,043,000	21,589	-	-	-	-	-	-
2035	-	-	-	-	-	-	1,053,000	10,846	-	-	-	-	-	-
	<u>\$ 2,760,000</u>	<u>\$ 398,200</u>	<u>\$ 30,675,000</u>	<u>\$ 4,686,863</u>	<u>\$ 13,885,000</u>	<u>\$ 2,567,900</u>	<u>\$ 16,515,000</u>	<u>\$ 1,572,809</u>	<u>\$ 7,650,000</u>	<u>\$ 1,378,614</u>	<u>\$ 2,423,000</u>	<u>\$ 611,547</u>	<u>\$ 155,400</u>	<u>\$ 15,804</u>

	General Obligation Capital Outlay Note, Series 2014 ** (1)		General Obligation Capital Outlay Note, Series 2016		Notes Payable Short Street Capital Outlay Note, Series 2016-A		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	Principal	Interest	Total
2019	\$ 62,500	\$ 8,592	\$ 200,000	\$ 66,550	\$ 19,900	\$ -	\$ 212,500	\$ 42,234	\$ 50,000	\$ -	\$ 7,735,900	\$ 2,308,880	\$ 10,044,780
2020	62,500	6,876	200,000	61,300	690,300	-	212,500	36,603	50,000	-	8,638,300	2,053,590	10,691,890
2021	62,500	5,160	200,000	55,750	-	-	212,500	30,972	50,000	-	8,377,400	1,760,636	10,138,036
2022	62,500	3,432	200,000	49,900	-	-	212,500	25,341	50,000	-	8,511,000	1,450,197	9,961,197
2023	62,500	1,716	200,000	43,750	-	-	212,500	19,709	50,000	-	8,791,000	1,158,975	9,949,975
2024	-	-	200,000	37,400	-	-	212,500	14,078	50,000	-	9,546,500	856,953	10,403,453
2025	-	-	200,000	30,950	-	-	212,500	8,447	-	-	3,410,500	514,058	3,924,558
2026	-	-	200,000	24,350	-	-	212,500	2,816	-	-	3,469,500	436,193	3,905,693
2027	-	-	200,000	17,550	-	-	-	-	-	-	4,358,000	341,578	4,699,578
2028	-	-	200,000	10,600	-	-	-	-	-	-	2,514,000	262,853	2,776,853
2029	-	-	200,000	3,550	-	-	-	-	-	-	2,558,000	215,674	2,773,674
2030	-	-	-	-	-	-	-	-	-	-	2,393,000	170,938	2,563,938
2031	-	-	-	-	-	-	-	-	-	-	2,429,000	129,050	2,558,050
2032	-	-	-	-	-	-	-	-	-	-	2,211,000	90,835	2,301,835
2033	-	-	-	-	-	-	-	-	-	-	2,247,000	56,518	2,303,518
2034	-	-	-	-	-	-	-	-	-	-	1,043,000	21,589	1,064,589
2035	-	-	-	-	-	-	-	-	-	-	1,053,000	10,846	1,063,846
	<u>\$ 312,500</u>	<u>\$ 25,776</u>	<u>\$ 2,200,000</u>	<u>\$ 401,650</u>	<u>\$ 710,200</u>	<u>\$ -</u>	<u>\$ 1,700,000</u>	<u>\$ 180,200</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 79,286,100</u>	<u>\$ 11,839,363</u>	<u>\$ 91,125,463</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 (\$1,737,883 at June 30, 2018).
 (3) A portion of this debt is held by the Sportsplex Fund (\$448,580 at June 30, 2018).
 ** Obligations of the Sportsplex Fund, an Enterprise fund of the City.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2018

Year of Levy	Balance 7/1/17	Taxes Levied	Adjustments	Collections	Balance 6/30/18
2017	\$ -	\$ 31,397,370	\$ 326,021	\$ 30,699,032	\$ 1,024,359
2016	917,245	-	34,881	577,841	374,285
2015	441,006	-	2,570	141,654	301,922
2014	336,769	-	16,628	75,799	277,598
2013	305,804	-	(6)	50,123	255,675
2012	394,556	-	(639)	31,567	362,350
2011	257,065	-	-	53,625	203,440
2010	139,593	-	-	21,496	118,097
2009	80,582	-	-	8,813	71,769
2008	75,473	-	-	2,383	73,090
2007	62,371	-	-	1,586	60,785
2006	80,763	-	(79,622)	1,141	-
	<u>\$ 3,091,227</u>	<u>\$ 31,397,370</u>	<u>\$ 299,833</u>	<u>\$ 31,665,060</u>	<u>\$ 3,123,370</u>

Property taxes receivable allocated as follows:

	General Fund	Debt Services	Capital	Total
Considered current receivable	\$ 36,023	\$ 11,921	\$ -	\$ 47,944
Allowance for uncollectibles	1,091,620	359,264	-	1,450,884
Unavailable revenues	<u>1,352,169</u>	<u>272,373</u>	-	<u>1,624,542</u>
	2,479,812	643,558	-	3,123,370
Estimated 2018 tax levy due October 1, 2018 considered as deferred revenue	<u>24,527,969</u>	<u>7,727,359</u>	<u>1,211,131</u>	<u>33,466,459</u>
Total taxes receivable	<u>\$ 27,007,781</u>	<u>\$ 8,370,917</u>	<u>\$ 1,211,131</u>	<u>\$ 36,589,829</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED
June 30, 2018

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

<u>Year of Levy</u>	<u>Amount</u>
2016	\$ 374,285
2015	301,922
2014	277,598
2013	255,675
2012	362,350
2011	203,440
2010	118,097
2009	71,769
2008	73,090
2007	<u>60,785</u>
	<u>\$ 2,099,011</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>
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
2008	2.10	1,295,431,030

*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, 2018

	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Amounts provided to subreipients</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	\$ 15,634	
<u>Total U.S. Department of Agriculture</u>			<u>15,634</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Office of Community Planning and Development:				
CDBG Entitlement Grants Cluster:				
Community Development Block Grants	B17MC470011	14.218	506,124	
Community Development Block Grants	B16MC470011	14.218	18,450	
Community Development Block Grants	B15MC470011	14.218	14,953	
Community Development Block Grants	B14MC470011	14.218	12,922	
Total CDBG Entitlement Cluster			<u>552,449</u>	<u>219,761</u>
HOME Investment Partnerships Program	M14MC470207	14.239	6,115	
HOME Investment Partnerships Program	M15MC470207	14.239	26,037	
HOME Investment Partnerships Program	M16MC470207	14.239	91,451	
HOME Investment Partnerships Program	M17MC470207	14.239	161,930	
			<u>285,533</u>	<u>285,533</u>
<u>Total U.S. Department of Housing & Urban Development</u>			<u>\$ 837,982</u>	<u>\$ 505,294</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

	<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				
	26699	16.588	\$ 71,914	\$ -
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	33,724	
Crime Victim Assistance/Safe Hope Center Formula Grants (VOCA)				
	28625	16.575	39,792	-
			<u>73,516</u>	
Passed through Tennessee Department of Finance and Administration				
Office of Criminal Justice				
Bulletproof Vest Partnership Program				
	2017BUBX14072412	16.607	13,277	
Bureau of Justice Assistance				
Edward Byrne Memorial Justice Assistance Grant Program				
	2016-DJ-BX-0418	16.738	7,896	
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	68,400	
Edward Byrne Memorial Justice Assistance Grant Program (NIBIN)				
	33225	16.738	188,116	
			<u>256,516</u>	-
<u>Total U.S. Department of Justice</u>			<u>\$ 423,119</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, 2018

	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*	\$ 651,121	
Highway Planning and Construction FE Wright	57-LPLM-F3-017	20.205*	320,389	
Highway Planning and Construction 14/15	Z14MPO005	20.205*	158,294	
Highway Planning and Construction MPO SPR	49442	20.205*	16,669	
Highway Planning and Construction - Southern Bypass	HPP-NHE-1(225)	20.205*	166,978	
Total Highway Planning and Construction Cluster			1,313,451	-
Passed through the Tennessee Department of Environment and Conservation:				
Recreation Trails Program, Liberty Garden	GG-1135451	20.219	99,920	
Federal Transit Administration:				
Passed through the Tennessee Department of Transportation:				
Metropolitan Transportation Planning and State and Nonmetropolitan Planning and Research	40100-05517	20.505	17,956	
			17,956	17,956
National Highway Traffic Safety Administration:				
Passed through the Tennessee Department of Transportation:				
Alcohol Open Container Requirements ACT	Z-17-THS-200	20.607	3,601	
Alcohol Open Container Requirements ACT	Z-18-GHS-154	20.607	14,823	
			18,424	-
Total U.S. Department of Transportation			1,449,751	17,956
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Madison County:				
Homeland Security Grant Program Federal Fiscal Year 2016	34101-18417	97.067	32,505	
Total U.S. Department of Homeland Security			32,505	
Total Expenditures of Federal Awards			\$ 2,758,991	\$ 523,250

* 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, 2018. 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, 2018

Source/Grant Name	State Grant Number	Expenditures	Amounts provided to subreipients
TENNESSEE DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction Highland MPO 5303	CPD119201	\$ 162,780	
	40100-05517	2,242	
Highway Planning and Construction - Southern Bypass	57LPLM-F0-005	<u>41,744</u>	
		<u>206,766</u>	<u>2,242</u>
TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT			
FastTrack Economic Development Grant - Black & Decker	33006-51117	<u>348,350</u>	<u>-</u>
TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES			
Drug Court	33901	<u>69,944</u>	<u>-</u>
TENNESSEE DEPARTMENT OF AGRICULTURE			
Agricultural Growth Initiative	63177	1,000	
Agricultural Growth Initiative	66785	<u>1,000</u>	
		<u>2,000</u>	<u>-</u>
TENNESSEE ARTS COMMISSION			
Arts Program Categorical Grants - Annie Moses	31625-28319	1,275	
Arts Program Categorical Grants - Jason Petty	31625-1701-026	<u>2,600</u>	
		<u>3,875</u>	<u>-</u>
Total State Financial Assistance		<u>\$ 630,935</u>	<u>\$ 2,242</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>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>	<u>2009</u>
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 23,862,387
Restricted For:										
Self insurance	-	-	-	-	-	-	-	-	1,900,000	1,400,000
State Street Aid	-	-	-	-	-	96,209	292,165	247,021	177,733	356,404
Drug litigation tax	-	-	-	-	1,384	54,595	95,011	146,600	223,426	302,820
Sex offender	49,432	44,893	39,445	33,590	28,708	24,131	22,555	17,016	11,065	10,193
Property fund reserve	149,818	119,762	90,674	-	-	-	-	-	-	-
Police drug	231,729	213,385	217,693	250,202	285,188	191,469	152,387	102,238	-	-
Metro drug	331,332	278,634	345,259	383,679	211,969	286,410	340,687	295,817	-	-
Grant funds	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	-	-	-	-	-	-	-	-	-	3,925
Unrestricted	<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>	<u>53,135,089</u>
Total net position	<u>47,280,384</u>	<u>5,339,537</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>	<u>79,070,818</u>
Business-type activities:										
Net investment in capital assets	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	8,483,923
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<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>	<u>1,707,196</u>
Total net position	<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>	<u>10,191,119</u>
Primary government:										
Net investment in capital assets	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	32,346,310
Restricted For:										
Self insurance	-	-	-	-	-	-	-	-	1,900,000	1,400,000
State street aid	-	-	-	-	-	96,209	292,165	247,021	177,733	356,404
Drug litigation tax	-	-	-	-	1,384	54,595	95,011	146,600	223,426	302,820
Sex offender	49,432	44,893	39,445	33,590	28,708	24,131	22,555	17,016	11,065	10,193
Property fund reserve	149,818	119,762	90,674	-	-	-	-	-	-	-
Police drug	231,729	213,385	217,693	250,202	285,188	191,469	152,387	102,238	-	-
Metro drug	331,332	278,634	345,259	383,679	211,969	286,410	340,687	295,817	-	-
Grant funds	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	-	-	-	-	-	-	-	-	-	3,925
Unrestricted	<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>	<u>54,842,285</u>
Total net position	<u>\$ 59,692,701</u>	<u>\$ 66,232,865</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>	<u>\$ 89,261,937</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:

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Charges for services	\$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	\$15,861,543
Operating grants & contributions	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	4,447,387
Capital grants & contributions	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	2,258,165

General Revenues:

Property taxes - levied for general government	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	26,912,135
In lieu of property taxes	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	3,875,095
Sales taxes	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	14,883,339
Franchise and excise taxes	206,969	221,260	171,040	112,288	101,186	68,445	58,623	85,103	128,311	225,328
Alcoholic beverage taxes	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	2,840,165
Business taxes	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	1,523,390
Income taxes	455,866	471,681	867,920	765,047	665,961	605,058	399,160	363,289	393,179	499,645
TVA taxes	741,019	737,332	766,812	757,366	723,030	745,213	754,980	672,772	657,664	573,515
Hotel-motel taxes	622,263	467,443	429,052	410,073	387,040	408,358	308,290	405,877	391,851	301,481
Rental and reimbursements	788,596	755,661	664,434	609,984	520,011	844,134	403,693	274,092	495,246	933,225
Other sources/uses	181,670	216,305	350,366	63,290	78,709	174,625	498,271	864,628	592,134	322,290
Unrestricted grants and contributions	15,532	40,811	84,921	35,393	130,600	6,331	9,669	26,117	68,685	10,809
Unrestricted interest income	211,438	102,620	199,076	61,810	98,535	124,809	236,583	213,617	296,329	576,590
Transfers	(912,030)	(587,807)	(824,903)	(721,537)	(1,023,781)	(1,086,746)	(817,278)	120,437	(611,000)	(450,000)
Total general revenues and transfers	<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>	<u>53,027,007</u>

Expenses:

General government	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	10,658,094
Public safety	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	30,242,119
Public works	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	16,597,152
Public Welfare and community service	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	9,705,353
Other	182,822	517,104	117,470	88,134	226,084	182,586	201,423	190,338	377,791	357,111
Interest on debt	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	1,990,247
Total expenses	<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>	<u>69,550,076</u>
Change in net position	<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>	<u>6,044,026</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:	<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>	<u>2009</u>
Program revenues:										
Charges for services	\$ 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	\$2,469,993
Operating Grants and Contributions	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	1,881,449
Capital Grants and Contributions	900,783	21,774	587,716	587,716	228,478	-	22,447	2,327,470	1,652,578	589,405
General Revenues:										
Other Sources	-	-	-	-	-	(8,617)	-	(199,453)	-	-
Unrestricted interest income	(2,543)	1,923	1,920	9,158	1,497	75,257	26,701	3,708	20,586	9,069
Transfers	912,030	587,807	584,210	547,863	890,704	1,082,718	611,000	918,355	611,000	450,000
Total general revenues and transfers	<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>	<u>459,069</u>
Expenses:										
Solid waste	137,573	30,053	4,930	35,647	22,415	20,383	99,327	32,191	45,218	57,654
Jackson Transit Authority	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	3,368,755
Sportsplex	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	2,119,746
Community development	93,591	74,934	110,063	-	-	56,714	-	21,003	15,783	36,958
Total business-type activities	<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>	<u>5,583,113</u>
Change in net position	<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>	<u>(183,197)</u>
Total change in net position	<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>	<u>5,860,829</u>

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

(Prepared using the accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Funds:										
(Pre-GASB 54)										
Unreserved:										
Unreserved, designated for, reported in										
General Fund:										
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 264,545	\$ 242,910
Midnight Basketball	-	-	-	-	-	-	-	-	2,275	2,275
Police equipment	-	-	-	-	-	-	-	-	-	6,019
Police memorial	-	-	-	-	-	-	-	-	-	284
Think Green	-	-	-	-	-	-	-	-	-	441
Traffic Safety	-	-	-	-	-	-	-	-	33,136	31,644
Drug court	-	-	-	-	-	-	-	-	15,591	14,196
Cigarette Litter	-	-	-	-	-	-	-	-	-	509
Liberty Gardens	-	-	-	-	-	-	-	-	23,331	-
Capital Outlay Fund:										
Soccer	-	-	-	-	-	-	-	-	1,333	1,333
Special Revenue Funds:										
Unreserved, undesignated:										
Total unreserved funds	-	-	-	-	-	-	-	-	28,643,480	29,468,939
Reserved for:										
Self insurance	-	-	-	-	-	-	-	-	1,900,000	1,400,000
Sex offender	-	-	-	-	-	-	-	-	11,065	10,193
Drug litigation tax	-	-	-	-	-	-	-	-	223,426	302,820
Ag tag	-	-	-	-	-	-	-	-	-	1,778
Fed Equitable Sharing	-	-	-	-	-	-	-	-	-	2,147
State Street Aid	-	-	-	-	-	-	-	-	177,733	356,404
Total reserved fund balances	-	-	-	-	-	-	-	-	2,312,224	2,073,342
(Post-GASB 54)										
Nonspendable:										
Inventory	\$ 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	49,432	44,893	39,445	33,590	28,708	24,131	22,555	17,016	-	-
Property fund reserve	149,818	119,762	90,674	62,383	41,510	19,856	16,769	-	-	-
Police drug	231,729	213,385	217,693	250,202	285,188	191,469	152,387	102,238	-	-
Metro drug	331,332	278,634	345,259	383,679	211,969	286,410	340,687	295,817	-	-
Grant funds	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	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	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	7,022	7,475	6,575	5,275	5,775	5,125	3,625	3,525	-	-
Federal Equitable Sharing	76,771	134,178	133,534	64,484	-	-	-	-	-	-
Fire Training	1,287	-	35,596	61,581	-	-	-	-	-	-
Traffic Safety	6,205	-	-	17,680	20,179	27,745	32,609	30,008	-	-
Drug Court	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	6,794	7,648	9,487	8,378	-	-	-	-	-	-
JIFAF	-	3,795	6,025	2,302	-	-	-	-	-	-
Drill Field	45,316	44,486	-	-	-	-	-	-	-	-
Liberty Gardens	3,769	298	63,007	80,488	71,069	24,657	22,052	20,950	-	-
Jackson Idol	4,918	5,659	4,603	3,941	3,133	1,357	845	-	-	-
Unassigned:	<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>	-	-
Total Fund Balances	\$21,263,131	\$24,991,990	\$28,749,146	\$24,515,987	\$24,339,589	\$26,564,424	\$28,624,869	\$30,455,520	\$ 31,526,423	\$ 31,867,693

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>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>	<u>2009</u>
Revenues										
Taxes	\$ 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	\$32,013,556
Licenses and permits	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	4,156,388
Fines, interest and penalties	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	1,814,927
Use of money and property	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	2,451,136
Intergovernmental	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	22,417,552
Sales and service charges	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	11,027,909
Other	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	2,462,336
Total revenues	<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>	<u>76,343,804</u>
Expenditures										
Current:										
General Government	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	10,008,488
Public Safety	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	31,625,776
Public works	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	17,951,435
Solid waste collection	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	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	8,893,844
Other	34,695	457,709	115,850	87,291	110,860	96,834	367,620	298,064	478,318	312,230
Capital Outlay:										
Public Works	-	-	-	-	-	-	1,575,324	1,582,570	1,189,736	4,275
Public Safety	73,142	133,607	230,597	89,755	102,230	164,032	-	-	102	6,009
Solid waste collection	248,673	629,229	371,179	294,500	102,171	30,765	125,104	126,118	-	-
Debt Service:										
Principal	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	300,000
Interest	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	1,685,278
Other	148,127	59,395	1,620	843	4,616	30,444	21,679	1,596	1,179	952
Total Expenditures	<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>	<u>70,788,287</u>
Excess (deficiency) of revenues over (under) expenditures	<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>	<u>5,555,517</u>
Other financing sources (uses):										
Sale of bonds	155,400	5,646,320	12,400,000	-	-	-	-	-	1,663	3,500
Issuance of debt	1,251,420	2,400,000	-	7,614,200	7,594,000	-	10,051,958	3,208,926	650,000	6,045,729
Transfers in	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	4,101,683
Transfers out	(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)	(4,551,683)
Total other financing sources (uses)	<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>	<u>5,599,229</u>
Net changes in fund balances	<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>	<u>\$ 11,154,746</u>
Debt service as a % of noncapital expenditures	11.17%	8.42%	8.45%	9.14%	7.43%	8.26%	7.11%	7.39%	8.04%	2.81%

**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 APPRAISED VALUE	
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
2008	4,056,020,250	90,668,950	4,146,689,200	1,259,163,450	36,267,580	1,295,431,030	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.	\$ 29,011,206	\$ 569,170	Food Products
2. West Tennessee Healthcare	20,831,975	408,706	Healthcare
3. Regional Hospital of Jackson	17,805,740	349,331	Healthcare
4. Owens Corning	17,724,433	347,735	Roofing Products
5. Old Hickory Mall	10,155,000	199,231	Shopping Mall
6. Gary Taylor	9,871,449	193,668	Developer
7. G&I VIII WTC, LLC	9,610,880	188,556	Strip Mall
8. Wal-Mart	9,016,480	176,894	Retail
9. Cherry Grove, LLC	8,205,800	160,990	Apartments
10. TBDN	7,947,152	155,915	Auto Parts Mfg.

Based on Year 2017 tax information

Source: City 2017 Tax Rolls

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

	2018	2017	2016	2015	2014	2013	2012
General Fund	\$ 17,248,789	\$ 17,116,966	\$ 18,743,784	\$ 19,856,708	\$ 20,964,473	\$ 23,883,590	\$ 22,773,513
Special Revenue and Capital Outlay Funds	2,942,699	2,199,784	2,660,398	3,338,315	1,256,352	2,680,834	3,259,115
Debt Service Fund	1,071,643	5,675,240	7,344,964	1,320,964	2,118,764	1,448,764	5,528,107

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

Year	Collections	Percent Change
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%
2009	11,143,581	-4.36%

Source: Tennessee Department of Revenue

*Includes \$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>
2018	\$ 1,603,308,247	\$ 31,397,370	\$ 30,699,032	97.78%	\$ -	\$ 30,699,032	97.78%	\$ 1,024,359	3.26%
2017	1,564,300,034	31,249,418	30,332,173	97.06%	542,960	30,875,133	98.80%	374,285	1.20%
2016	1,564,832,429	30,449,875	29,995,928	98.51%	152,025	30,147,953	99.01%	301,922	0.99%
2015	1,532,815,538	30,069,122	29,392,621	97.75%	398,903	29,791,524	99.08%	277,598	0.92%
2014	1,532,815,538	29,392,172	28,671,121	97.55%	465,376	29,136,497	99.13%	255,675	0.87%
2013	1,482,624,991	29,128,047	28,277,072	97.08%	488,625	28,765,697	98.76%	362,350	1.24%
2012	1,431,434,365	27,405,300	26,931,839	98.27%	270,021	27,201,860	99.26%	203,440	0.74%
2011	1,431,434,365	27,194,850	26,605,068	97.83%	471,685	27,076,753	99.57%	118,097	0.43%
2010	1,456,888,986	26,497,571	26,192,753	98.85%	233,049	26,425,802	99.73%	71,769	0.27%
2009	1,295,431,030	25,669,041	25,324,612	98.66%	271,339	25,595,951	99.72%	73,090	0.28%

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, 2018

Series 2018 General Obligation Loan	\$ 155,400
Series 2011 General Obligation Bonds	7,650,000
Series 2009 General Obligation & Refunding Bonds	30,675,000
Series 2009 General Obligation Bonds	2,760,000
Series 2013 Local Government Loan Program Bond	13,885,000
Series 2015 Local Government Loan Program Bond	<u>16,515,000</u>
 Total general obligation bond:	 \$ <u>71,640,400</u>
 Series 2016 Capital Outlay Note	 \$ 2,200,000
Series 2016-A Capital Outlay Note	710,200
Jackson-Madison County General Hospital District	300,000
HUD Section 108 Loan	2,423,000
Series 2014 General Obligation Capital Outlay Note	312,500
Series 2017 Capital Outlay Note	<u>1,700,000</u>
 Total capital outlay notes:	 \$ <u>7,645,700</u>
 <u>Total General Obligation Debt</u>	 <u>\$ 79,286,100</u>
 Overlapping General Obligation Debt (68.77% of Madison County)	 <u>47,306,288</u>
 <u>General Obligation and Overlapping Debt</u>	 <u>\$ 126,592,388</u>

RATIOS

Total General Obligation Debt to Assessed Value	4.95%
Total General Obligation Debt to Estimated Actual Value	1.55%
General Obligation and Overlapping Debt to Assessed Value	7.99%
General Obligation and Overlapping Debt to Estimated Actual Value	2.45%

PER CAPITA

Assessed Value	\$ 23,906
Estimated Actual Value	76,499
Total General Obligation Debt	1,183
Net General Obligation and Underlying Debt	1,491

**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			
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	2,189,741	1,101,799	3,291,540	84,943,401	1,272.54	5.51%
2015	66,729	22,757	69,842,187	5,041,037	74,883,224	2,404,813	1,691,243	4,096,056	78,979,280	1,183.58	5.20%
2014	67,071	22,964	66,944,187	6,212,037	73,156,224	2,611,613	2,214,246	4,825,859	77,982,083	1,162.68	5.06%
2013	67,462	22,997	63,330,164	3,554,000	66,884,164	2,724,836	2,231,785	4,956,621	71,840,785	1,064.91	4.63%
2012	67,051	22,211	67,292,887	3,765,000	71,057,887	2,832,113	2,480,535	5,312,648	76,370,535	1,138.99	5.13%
2011	66,715	21,848	61,156,295	3,815,000	64,971,295	2,933,705	2,979,285	5,912,990	70,884,285	1,062.49	4.86%
2010	66,841	21,701	64,901,427	650,000	65,551,427	3,028,573	3,478,035	6,506,608	72,058,035	1,078.05	4.97%
2009	66,841	21,701	61,506,427	7,168,000	68,674,427	3,028,573	3,976,785	7,005,358	75,679,785	1,132.24	5.22%

* 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>POPULATION*</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>
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
2009	66,841	61,506,427	61,506,427	1,295,431,030	4.75%	920.19

* 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, 2018

<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>
2018	67,162	97,663	\$ 68,790,000	\$ 47,306,288	\$ 76,787,137

* Source for Population: US Census Bureau

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

<u>CALENDAR YEAR</u>	<u>POPULATION*</u>	<u>PERSONAL INCOME**</u>	<u>PER CAPITA PERSONAL INCOME***</u>	<u>UNEMPLOYMENT RATE****</u>
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%
2009	66,841	1,450,516,541	21,701	11.50%

* 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 2018 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

	Tennessee	Jackson	Madison County
Median value owner occupied housing	\$ 184,700	\$ 146,000	\$ 128,700
% High school graduates or higher persons 25 years old & older	87.9%	86.0%	88.7%
% Families with income below poverty level	11.0%	12.9%	18.3%
Median family income	\$ 55,322	\$ 46,574	\$ 39,747

Source: U.S. Census, 2012-2016 American Community Survey 5 Year Estimates

LABOR FORCE TRENDS

Year	Persons	Persons	Unemployment Rate		
	Employed in Madison Cty	Unemployed in Madison Cty	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%

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

UNAUDITED

**CITY OF JACKSON, TENNESSEE
DEMOGRAPHIC INFORMATION**

TOP TEN MANUFACTURERS/DISTRIBUTORS

	Employees	Product
1. Delta Faucet Company	1,089	Commercial and Residential Faucets
2. The Kellogg Company	866	Snack products
3. Stanley Black and Decker	785	Professional Power Tools
4. Kirkland's, Inc.	540	Home Interior distribution
5. Carlstar Group	400	Agricultural and construction tires and wheels
6. UGN, Inc.	370	Automotive products
7. US Farathane Corporation	365	Plastics manufacturing
8. Gerdau	360	Reinforced Steel and Merchant Bar Products
9. Ryder Supply Chain Solutions	350	Warehousing and Vehicle Rentals
10. TBDN Tennessee Company	306	Automotive air induction systems

Source: Jackson Chamber of Commerce

TOP TEN EMPLOYERS

	Employees	Type
1. West Tennessee Healthcare	5,661	Hospital
2. Jackson-Madison County School System	1,806	School System
3. Delta Faucet Company	1,089	Manufacturing
4. Madison County	898	Government
5. Kellogg Company	866	Manufacturing
6. Union University	824	Education
7. Stanley Black and Decker	785	Manufacturing
8. City of Jackson	724	Government
9. The Jackson Clinic	715	Healthcare
10. Kirkland's, Inc.	540	Distribution

Source: Jackson Chamber of Commerce

**CITY OF JACKSON, TENNESSEE
DEMOGRAPHIC INFORMATION**

POPULATION
(in thousands)

	2017	2010	2000	1990	1980	1970
Jackson	67	65	60	49	49	40
Tennessee	6,346	6,346	5,609	4,877	4,591	3,926
United States	325,719	308,745	283,876	249,632	226,546	203,302

Source: U.S. Census, US Census 2017 Population Estimate

2016 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: U.S. Census, American Community Survey 2012-2016 5-Year Estimates

2015 HOUSEHOLD INCOME AND BENEFITS

	Jackson	Tennessee	United States
Total households	25,605	2,522,204	117,716,237
Less than \$10,000	12.4%	8.3%	7.0%
\$10,000 - \$14,999	8.0%	6.1%	5.1%
\$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
Mean Household Income	\$ 57,774	\$ 65,368	\$ 77,866

Source: U.S. Census, American Community Survey 2012-2016 5-Year Estimates

CITY OF JACKSON, TENNESSEE
OPERATING INFORMATION
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM, LAST TEN FISCAL YEAR:

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Office of Mayor	2	2	2	3	3	3	3	3	3	3
Municipal Court	8	7	7	7	7	7	7	7	7	7
Planning and Zoning	7	7	7	7	7	7	7	8	8	8
Public Buildings and Services	3	2	1	1	1	1	1	2	2	2
Revenue and Finance	4	4	4	5	5	5	5	5	5	5
Accounting	5	5	5	5	5	5	5	5	5	5
Information Systems	8	8	8	8	8	8	8	8	8	8
Purchasing	2	2	2	2	2	2	2	2	2	2
Building Department	12	12	15	14	14	13	14	15	14	15
Risk Management	4	3	3	3	3	3	3	3	3	3
Housing Codes Enforcement	7	6	3	3	4	4	4	4	3	3
Neighborhood Services	0	3	3	3	3	3	3	3	3	3
Personnel	4	4	4	4	4	4	4	4	4	4
Amphitheater	3	3	4	4	4	4	3	3	3	3
Police	258	257	257	269	265	262	249	256	245	248
Fire	185	173	173	178	172	176	164	161	152	162
Engineering	25	24	24	23	23	21	23	22	10	10
Animal Care Center	7	2	0	0	0	0	0	0	0	0
City Garage	11	10	10	10	10	10	10	10	10	9
Parks	61	61	61	61	61	60	60	62	63	63
Totals	616	595	593	610	601	598	575	583	550	563

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>
2009	\$ 9,926	\$ 31,386	\$ 16,182	\$ 8,507	\$ 1,986	\$ 2,801	\$ 70,788
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	100,906

(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>
2009	\$ 32,014	\$ 4,156	\$ 1,815	\$ 2,451	\$ 22,418	\$ 11,028	\$ 2,462	\$ 76,344
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	96,759

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:									
Property taxes	\$ 31,221,197	\$ 30,975,608	\$ 30,572,683	\$ 30,326,175	\$ 29,636,236	\$ 28,977,426	\$ 27,761,426	\$ 27,833,117	\$ 27,450,185
Tax equivalents	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
Local option sales tax	19,648,619	13,937,337	13,103,665	12,501,322	11,934,014	11,866,585	11,919,582	12,202,451	11,560,078
Beer tax	1,827,151	1,895,494	2,005,742	2,006,741	2,042,427	2,044,979	2,001,130	1,919,598	1,823,037
Licenses and permits	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 & penalties	959,358	1,039,059	1,339,609	1,278,502	1,213,382	1,306,995	1,649,104	1,946,197	2,289,929
Interest income	187,434	88,866	189,439	59,283	96,251	122,234	234,302	203,297	274,740
Other property income	1,110,714	1,220,294	908,183	884,937	1,013,001	1,145,808	1,172,374	1,294,167	1,549,406
State of Tennessee	10,629,261	9,635,577	9,750,264	9,280,496	9,025,052	9,031,715	8,797,088	7,550,539	7,385,158
Federal government	814,524	416,613	532,006	1,738,137	1,949,325	984,599	2,556,646	4,404,748	2,157,332
Other	2,988,385	2,949,163	2,948,013	2,526,166	2,396,138	2,180,444	2,251,548	1,733,186	2,986,321
Total revenues	81,073,249	73,479,964	72,054,964	70,562,633	68,699,667	67,320,763	67,373,543	67,693,179	65,773,061
Expenditures:									
General government	14,777,842	13,095,226	13,284,884	12,243,337	13,833,810	11,675,384	15,206,465	11,739,451	9,976,874
Public safety	37,863,032	37,670,188	37,231,417	36,176,247	36,183,118	33,866,018	33,435,056	32,613,023	31,375,560
Public works	8,057,727	7,881,158	7,489,804	6,698,714	7,010,521	6,706,476	7,058,775	10,929,701	9,077,920
Public welfare	8,174,048	7,795,052	7,553,980	6,896,037	7,281,795	7,217,366	7,544,421	7,156,270	7,015,739
Net debt service	10,954,226	8,166,390	7,883,378	8,140,731	6,589,528	6,550,073	6,360,215	6,239,016	6,259,813
Total expenditures	79,826,875	74,608,014	73,443,463	70,155,066	70,898,772	66,015,317	69,604,932	68,677,461	63,705,906
Excess of revenues over (under) expenditures	1,246,374	(1,128,050)	(1,388,499)	407,567	(2,199,105)	1,305,446	(2,231,389)	(984,282)	2,067,155
Net transfers in (out) and other sources (uses)	(5,718,148)	(2,168,492)	6,220,665	(2,313,132)	(50,012)	(3,755,766)	2,355,937	1,070,437	(4,113,766)
Excess of revenues and net transfers over (under) expenditures	(4,471,774)	(3,296,542)	4,832,166	(1,905,565)	(2,249,117)	(2,450,320)	124,548	86,155	(2,046,611)
Combined fund balances									
Beginning balance	22,792,206	26,088,748	21,177,672	23,083,237	25,332,354	27,782,674	27,658,126	27,571,971	29,618,582
Change in acct. principle	-	-	78,910	-	-	-	-	-	-
Ending 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

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, 2018, which collectively comprise the City’s basic financial statements as listed in the Table of Contents, and have issued our report thereon dated December 28, 2018.

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 did not identify any deficiencies in internal control that we consider to be material weaknesses. We and the other auditors did identify certain deficiencies in internal control, described in the accompanying schedule of

findings questioned costs as items 2018-001 through 2018-002 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 2018-001 through 2018-002.

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 28, 2018



**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, 2018. 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, 2018.

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 28, 2018

CITY OF JACKSON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2018

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, 2018

SECTION II – Financial Statement Findings

2018-001 – Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency)

Condition: We noted the following major function in the general fund had expenditures exceeding appropriations: public welfare and community service by \$357,397. We also noted that total expenditures in the solid waste collection fund exceeded appropriations by \$348,839 due primarily to commercial garbage charges also exceeded appropriations by \$914,401. We also noted that total expenditures in the Community Redevelopment Fund exceeded appropriations by \$60,344, due to principal payments of \$50,000 in excess of budget amounts and interest payments of \$10,344 in excess of budgeted amounts.

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: City has attempted to identify exceptions and comply with TCA 6-56-203 as evidenced by the June 2018 Budget Amendment that attempted to cover the majority of the deficient budgeted expenditure accounts.

2018-002 – 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 \$588,888. This balance is the result of multiple years of an indirect cost allocation being performed that has continued to increase the interfund balance for the last few years effectively resulting in an advance as the balance is not presently being repaid. We also noted that the City has two outstanding interfund liabilities due from the Sportsplex fund to the General and Debt Service funds in the amounts of \$109,747 and \$153,426, 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.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2018

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 obtained long-term debt in fiscal year 2018 to assist in the payment of interfund loans and the Solid Waste Collection fund's interfund liability to the General fund has decreased from \$1.9 million to \$589 thousand in the current year. The City will budget to clear out many of the interfund liabilities through budgeted appropriations/transfers from the City's general fund.

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, 2018

Financial Statement Findings

Finding Number	Finding Title	Status
2017-001	Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency) (original finding #2013-001)	Repeated as 2018-001; See explanation on Corrective Action Plan
2017-002	Material Journal Entries (Noncompliance and Significant Deficiency) (original finding #2016-002)	Corrected
2017-003	Failure to Receive Authorization for Issuance of Debt (Noncompliance and Significant Deficiency) (original finding #2016-003)	Repeated as 2018-002; See explanation on Corrective Action Plan
2017-004	Failure to Protect Undeposited Funds (Significant Deficiency) (original finding #2016-004)	Corrected
2017-005	Failure to Properly Reconcile Rent Receivables (Significant Deficiency) (original finding #2017-005)	Corrected

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, 2018.

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, 2018

The findings from the June 30, 2018, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

2018-001 – 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, 2019

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: We made an additional appropriation to cover overspent line-items in June 2018 but underestimated the amounts needed.

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.

2018-002 – 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, 2018

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 2018 fiscal year, however the circumstances that caused the liabilities did not change.

Action Taken: The City is budgeting for transfers to clear up the majority of the interfund balances. The remaining interfund liabilities from the Sportsplex fund and the Solid Waste Collection fund may require additional methods, but the City is evaluating those now.

Respectfully submitted,


Alan L. Laffoon
City Recorder