

**CITY OF JACKSON, TENNESSEE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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## **INTRODUCTORY SECTION**



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JERRY GIST  
MAYOR

ALAN L. LAFFOON  
CITY RECORDER

December 28, 2017

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, 2017 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 FY 15 include the adoption of GASB 68 reflecting the long term liabilities for both TCRS and the Old City Pension. This adoption had a \$22.6 million negative effect on the Net Position in period ending June 30, 2015.

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, 2017, 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, 2017, 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. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body. 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 FY 18 budget.

During March, City departments begin assessing resource needs for the coming year relative to their operating budgets. Work sessions are held within departments and divisions, under the review of the heads of major departments. By April, the consolidated requests are submitted to the Accounting Department for consolidation and review. 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.

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 budget preparation. 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.

While the recent slowdown in the national economy commencing in the fourth quarter of FY 2008 has affected Jackson’s economy, the local economy remains relatively strong compared to other communities. Local Option Sales Tax collections in FY 17 were up 2.3% from FY 16. In fiscal year 2017, Jackson had a total appraised value of property of \$5.016 billion and an assessed value of \$1.567 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 505 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, boasting two major hospitals with a combined number of beds in excess of 800. The larger of the two issued \$85 million in new bonds for a major expansion which was completed in FY 09 and one large medical office building which was completed in FY 10, plus a new physical therapy facility completed in FY 17. 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 84,000 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 2013 reappraisal. Thus Jackson has held the property tax rate effect constant for 13 straight years.

#### Major Initiatives for the Year:

Jackson Walk, a major downtown development including apartments, homes, retail, and the LIFT Wellness Center detailed above, opened in FY 13. 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 2018.

**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. FY 06 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 17 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:

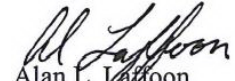
The efforts of the members of the Finance department staff and the cooperation of each of the City's departments were essential in the preparation of this report. Specific appreciation is expressed to the Director of Finance, Audit, and Budgeting, Karen Bell, and her staff for their preparation and thoroughness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

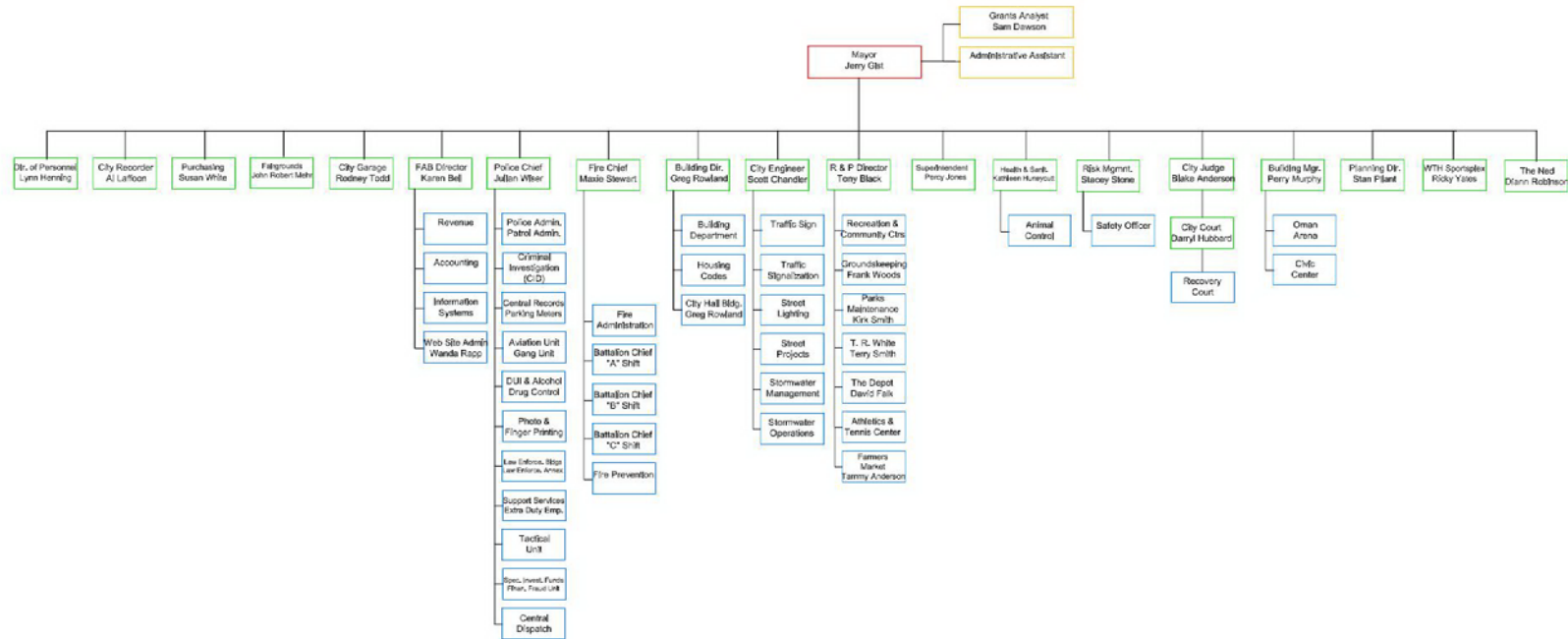


and City Council for their unfailing support for maintaining the highest standard of professionalism in the management of the City of Jackson's finances.

Respectfully submitted,

  
Alan L. Laffoon  
City Recorder

# CITY OF JACKSON - ORGANIZATIONAL STRUCTURE 2017



**CITY OF JACKSON, TENNESSEE**

June 30, 2017

**Mayor and City Council**

Jerry Gist, Mayor  
Harvey Buchanan, Vice-Mayor/Council Member  
Randy Wallace, Treasurer/Council Member  
Charles Bray, Council Member  
Scott Conger, 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, 2017, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

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

### *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 40 percent, 47 percent, and 53 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, 2017, and respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general and solid waste collection funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages as listed in the table of contents and the required supplementary information related to pensions and other post-employment benefits on pages as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary 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 and other information section, 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 and other

information section, 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 historical and other miscellaneous information section – unaudited 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, 2017 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, 2017

## 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, 2017.

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 1-7) and the City's financial statements (beginning on page 20).

### FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$24.99 million. Approximately 59.87% of this total amount, \$14.96 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 \$16.38 million, or 24.70% of total general fund expenditures. The General Fund reflected a \$1.63 million decrease at June 30, 2017 as the result of \$1.06 million excess expenditures over revenues and \$565 thousand in Transfers to Other Funds, which resulted in a \$16.38 million unassigned fund balance.
- The City of Jackson's total debt increased by \$1.5 million or 1.8% during the current fiscal year. The \$1.5 million increase is made up of (1) new \$2.4 million CON for Industrial Park land, plus a \$4.9 million draw on a 2015 line of credit, plus a \$750 thousand Promissory Note for a Police vehicle garage, minus \$6.6 million principal payments. \$.3 million remaining in 12-Year Capital Outlay Notes to finance the Sportsplex, a 17-field baseball/softball complex, which will be paid off in FY 2018. The original \$9 million Sportsplex debt now stands at \$2.5 million after the eleventh year of operation. The \$2.5 million reflects \$1.8 million 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, 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 \$66.23 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 \$754 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 62,432,598	\$ 66,143,980	\$ 1,801,543	\$ 2,049,530	\$ 64,234,141	\$ 68,193,510
Capital assets	131,890,923	131,190,445	14,990,461	12,300,247	146,881,384	143,490,692
Total assets	194,323,521	197,334,425	16,792,004	14,349,777	211,115,525	211,684,202
Deferred outflows of resources	12,879,266	8,225,367	660,886	410,902	13,540,152	8,636,269
Current and other liabilities	4,558,559	5,107,843	302,054	594,447	4,860,613	5,702,290
Long-term liabilities	116,420,568	109,722,692	4,235,719	4,356,138	120,656,287	114,078,830
Total liabilities	120,979,127	114,830,535	4,537,773	4,950,585	125,516,900	119,781,120
Deferred inflows of resources	32,832,123	33,846,320	73,789	163,977	32,905,912	34,010,297
Net investment in capital assets	50,662,923	63,901,448	12,315,973	9,008,707	62,978,896	72,910,155
Restricted	753,989	1,101,742	-	-	753,989	1,101,742
Unrestricted	1,974,625	(8,120,253)	525,355	637,410	2,499,980	(7,482,843)
Total net position	\$ 53,391,537	\$ 56,882,937	\$ 12,841,328	\$ 9,646,117	\$ 66,232,865	\$ 66,529,054

### Statement of Activities

Net Position of the City's governmental activities decreased by \$3.49 million or 6.14%.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 19,209,946	\$ 19,111,393	\$ 3,044,981	\$ 3,187,894	\$ 22,254,927	\$ 22,299,287
Operating grants and contributions	4,171,449	4,440,305	2,505,360	1,534,302	6,676,809	5,974,607
Capital grants and contributions	2,188,005	2,503,563	21,774	587,716	2,209,779	3,091,279
General revenues:						
Property taxes	37,253,572	36,400,054	-	-	37,253,572	36,400,054
Other taxes	26,383,196	25,658,091	-	-	26,383,196	25,658,091
Other sources	1,115,397	1,298,797	1,923	1,920	1,117,320	1,300,717
Total revenues	90,321,565	89,412,203	5,574,038	5,311,832	95,895,603	94,724,035
Expenses:						
General government	\$ 26,672,930	\$ 25,562,825	\$ -	\$ -	\$ 26,672,930	\$ 25,562,825
Public safety	38,782,268	35,638,253	-	-	38,782,268	35,638,253
Public works	16,052,662	14,999,426	-	-	16,052,662	14,999,426
Public welfare and community service	8,225,809	8,244,911	-	-	8,225,809	8,244,911
Other	517,104	117,470	-	-	517,104	117,470
Interest on debt	2,431,154	2,461,835	-	-	2,431,154	2,461,835
Solid waste	-	-	30,053	4,930	30,053	4,930
Jackson Transit Authority	-	-	3,868,858	4,459,746	3,868,858	4,459,746
Community development	-	-	74,934	110,063	74,934	110,063
Sportsplex	-	-	2,232,789	2,204,200	2,232,789	2,204,200
Total expenses	92,681,927	87,024,720	6,206,634	6,778,939	98,888,561	93,803,659

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Increase (decrease) in net position						
before transfers	(2,360,362)	2,387,483	(632,596)	(1,467,107)	(2,992,958)	920,376
Transfers in (out)	(587,807)	(584,210)	587,807	584,210	-	-
<b>Increase (decrease) in net position</b>	<b>(2,948,169)</b>	<b>1,803,273</b>	<b>(44,789)</b>	<b>(882,897)</b>	<b>(2,992,958)</b>	<b>920,376</b>
Net position - beginning	56,882,937	56,133,377	9,646,117	10,529,014	66,529,054	66,662,391
Prior period restatement/adjustment	(543,231)	(1,053,713)	3,240,000	-	2,696,769	(1,053,713)
Net position - beginning - restated	56,339,706	55,079,664	12,886,117	10,529,014	69,225,823	65,608,678
Net position - ending	<u>\$53,391,537</u>	<u>\$ 56,882,937</u>	<u>\$12,841,328</u>	<u>\$ 9,646,117</u>	<u>\$66,232,865</u>	<u>\$66,529,054</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 \$24.99 million, a net decrease of \$3.76 million in comparison with the prior year. However, the \$3.76 million decrease consists of only \$1.63 million in the General Fund. The other \$2.13 million decrease is due to a \$1.73 million reduction in the Solid Waste Collection Fund and \$402 thousand reduction in Debt Service, Capital Outlay Funds, and the other governmental funds. In the governmental funds approximately 60% or \$14.96 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 \$16.38 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 24.6% of total general fund expenditures of \$66.44 million. The 24.6% is of some concern, since it is down from 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 \$3.02 million which consists of unspent funds from the \$4.9 million TMBF loan draw in FY 2017, against the total \$17.4 million TMBF variable rate loan, which has now been completely drawn down.

- The City spent \$10.79 million on capital expenditures, primarily from proceeds of the \$4.9 million draw against the total \$17.4 million 2015 TMBF variable rate loan and previous draws remaining in the Debt Service Fund at the end of FY 2016.

- Current year expenditures included \$5.06 million for Public Works projects, \$336 thousand for General Government, \$3.85 million for Public Safety, and \$1.18 million for Public Welfare and Community Services. The Central Dispatch radio towers were replaced at a gross cost of \$4.4 million, but insurance recoveries of \$3.8 million reduced the net out of pocket expenditures to \$.6 million.

### **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 \$12.84 million. Of this amount, \$525 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 2018 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 eleven 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 & Debt Service Fund Budgetary Highlights**

#### **Revenues**

- Property Taxes were \$564 thousand under budget at \$30.98 million, primarily due to appeals and bankruptcies/foreclosures.
- Licenses and Permits were \$656 thousand over budget at \$5.3 million. The positive overrun was due primarily to a 61% overrun in Building Department permits.
- Tax equivalents were only \$82 thousand or 1.2% under budget at \$6.0 million. JEA Telecom is now in a positive position and contributed \$343 thousand.
- Fines, Interest & Penalties were only \$397 thousand under budget at \$1 million. This 28% underrun is primarily due to the 32% underrun in City Court fines collected.
- Local Option Sales Tax collections were \$13.9 million, which is \$44 thousand or .3% over budget and represented a 2.3% increase over FY 2016.
- State-Shared Sales Tax to the City was \$5.4 million, which is \$61 thousand or 1.1% over budget.
- Total State-Shared Revenues were \$9.1 million, which was equal to budget, but the Hall Income Tax declined further than the anticipated 20% and was \$228 thousand or 33% under budget



## Expenditures

- Actual health insurance claims came in equal to budget at \$6.8 million budget, although stop-gap provisions did have to be implemented on a few individual claims.
- Total General Government expenditures of \$13.10 million were \$1.69 million under budget.
- Public Safety expenditures of \$37.67 million were only \$89 thousand or .2% over the revised budget, but \$825 thousand or 2.2% over the original budget, primarily due to Police and Fire Department required and approved overtime, which was reflected in the revised budget.
- Public Works expenditures of \$7.88 million were \$74 thousand or .9% under the revised budget after revisions to Storm Water Operations which have trended upward each of the past 3 years.
- Debt Service expenditures of \$8.17 million were \$293 thousand under budget, primarily due to low variable rate interest percentages of approximately 1.5% to 1.7% on the \$15.3 million and \$17.4 TMBF variable rate loans.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 44,585	\$ 49,614	\$ 1,968	\$ 2,220	\$ 46,553	\$ 51,834
Variable Rate Local Gov't Loan Program	31,765	27,339	-	-	31,765	27,339
Section 108 HUD Loan	2,560	2,691	-	-	2,560	2,691
Mixed Drink Tax Repayment	1,380	1,577	-	-	1,380	1,577
Capital Outlay Notes	3,130	-	707	1,102	3,837	1,102
JMCGH Note	350	400	-	-	350	400
Total Outstanding Debt	<u>\$ 83,770</u>	<u>\$ 81,621</u>	<u>\$ 2,675</u>	<u>\$ 3,322</u>	<u>\$ 86,445</u>	<u>\$ 84,943</u>

The City of Jackson's **total** long-term debt increased by \$1.5 million, while Business-Type debt (i.e.: Sportsplex) decreased by \$.6 million. General Obligation Bonds decreased by \$5.3 million, but Variable Rate Local Government Loan Program (TMBF) increased by \$4.4 million due to drawn-downs on the new 2015 Loan Program, which is a total program of \$17.4 million.

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

## Contacting the City's Financial Management

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2017

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
<b>Assets</b>					
Cash and cash equivalents	\$ 12,952,389	\$ 1,269,340	\$ 14,221,729	\$ 74,679,336	\$ 1,172,955
Investments	6,620,924	-	6,620,924	15,259,736	-
Receivables:					
Interest	16,748	-	16,748	77,901	-
Notes	-	-	-	-	117,993
Taxes (net of allowance for uncollectible accounts)	33,082,392	-	33,082,392	-	-
Accounts (net of allowance for uncollectible accounts)	1,830,781	98,173	1,928,954	17,663,172	25,905
Grants	1,172,662	237,541	1,410,203	-	-
Intergovernmental	5,785,633	-	5,785,633	-	-
Court fines (net of allowance for uncollectible accounts)	116,228	-	116,228	-	-
Current maturities of long-term notes receivable	-	100,000	100,000	-	-
Internal balances	294,920	(294,920)	-	-	-
Inventories:					
Parts and supplies	309,928	178,073	488,001	4,938,060	-
Gasoline and diesel	39,027	-	39,027	-	-
For resale	2,352	-	2,352	-	-
Prepaid expenses	1,089	96,259	97,348	-	-
Other assets	-	9,118	9,118	25,057,584	-
Unamortized bond issue cost	-	-	-	1,062,144	-
Unrecovered purchased gas cost	-	-	-	1,459,089	-
Long-term notes receivable	207,525	107,959	315,484	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	10,506,533	-
Investments	-	-	-	49,831,290	-
Capital assets not being depreciated:					
Land	22,989,056	2,735,465	25,724,521	-	2,844,947
Construction in progress	971,353	-	971,353	24,613,832	-
Capital assets (net of accumulated depreciation):					
Buildings	29,130,302	8,097,008	37,227,310	-	773,043
Improvements other than buildings	68,260,562	2,713,967	70,974,529	-	-
Machinery and equipment	4,486,863	1,233,179	5,720,042	-	-
Furniture and fixtures	6,052,787	210,842	6,263,629	-	-
Plant in service	-	-	-	480,021,776	-
<b>Total assets</b>	<b>\$ 194,323,521</b>	<b>\$ 16,792,004</b>	<b>\$ 211,115,525</b>	<b>\$ 705,170,453</b>	<b>\$ 4,934,843</b>
<b>Deferred Outflows of Resources</b>					
Pension changes in experience - TCRS	916,391	49,411	965,802	-	-
Pension changes in investment earnings - TCRS	4,923,361	265,462	5,188,823	-	-
Pension contributions after measurement date - TCRS	6,442,943	346,013	6,788,956	-	-
Pension contributions after measurement date - Old City	592,336	-	592,336	-	-
Pension change in investment earnings - Old City	4,235	-	4,235	-	-
Deferred outflows related to pensions	-	-	-	20,167,789	-
Unamortized debt refunding differences	-	-	-	4,888,895	-
Interest rate swaps	-	-	-	10,497,512	-
<b>Total deferred outflows of resources</b>	<b>\$ 12,879,266</b>	<b>\$ 660,886</b>	<b>\$ 13,540,152</b>	<b>\$ 35,554,196</b>	<b>\$ -</b>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2017

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
<b>Liabilities</b>					
Accounts payable	\$ 2,136,726	\$ 68,990	\$ 2,205,716	\$ 28,595,882	\$ 1,587
Note payable	-	-	-	-	25,905
Accrued expenses	1,511,003	228,837	1,739,840	2,700,065	-
Customer deposits	228,194	-	228,194	5,866,548	-
Accrued interest payable	641,329	4,227	645,556	-	-
Unearned revenue - grants	41,307	-	41,307	-	776,304
Unearned revenue - Jackson Walk advance lease payment	-	-	-	-	77,184
Gas supply imbalances	-	-	-	49,167	-
Current portion of long-term notes payable	-	-	-	1,754,152	-
Accrued revenue bond interest	-	-	-	950,638	-
Current portion - revenue bonds payable (net of discount)	-	-	-	8,413,393	-
Noncurrent liabilities:					
Due within one year	7,303,454	672,262	7,975,716	-	-
Due in more than one year	79,181,799	2,031,146	81,212,945	276,684,626	-
Accrued landfill closure/postclosure costs	-	231,360	231,360	-	-
Net pension liability - TCRS	24,347,818	1,300,951	25,648,769	-	-
Net pension liability - Old City	5,154,199	-	5,154,199	-	-
OPEB liability	433,298	-	433,298	14,732,477	-
<b>Total liabilities</b>	<b>120,979,127</b>	<b>4,537,773</b>	<b>125,516,900</b>	<b>339,746,948</b>	<b>880,980</b>
<b>Deferred Inflows of Resources</b>					
Deferred property taxes	31,463,601	-	31,463,601	-	-
Pension change in actuarial experience	1,368,522	73,789	1,442,311	-	-
Deferred inflows from interest rate swaps	-	-	-	10,497,512	-
<b>Total deferred inflows of resources</b>	<b>32,832,123</b>	<b>73,789</b>	<b>32,905,912</b>	<b>10,497,512</b>	<b>-</b>
<b>Net position</b>					
Net investment in capital assets	50,662,923	12,315,973	62,978,896	280,716,871	3,617,990
Restricted for:					
Sex offender	44,893	-	44,893	-	-
Property fund reserve	119,762	-	119,762	-	-
Police drug	213,385	-	213,385	-	-
Metro drug	278,634	-	278,634	-	-
Grant funds	97,315	-	97,315	-	-
Debt service	-	-	-	59,387,185	-
Other	-	-	-	1,206,861	300,300
Unrestricted	1,974,625	525,355	2,499,980	49,169,272	135,573
<b>Total net position</b>	<b>\$ 53,391,537</b>	<b>\$ 12,841,328</b>	<b>\$ 66,232,865</b>	<b>\$ 390,480,189</b>	<b>\$ 4,053,863</b>

*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, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating	Capital	Primary Government			Jackson Energy Authority	Jackson Community Redevelopment Agency
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total		
<b>Primary government</b>									
Governmental activities:									
General government	\$ 26,672,930	\$ 2,082,313	\$ 1,069,807	\$ 17,244	\$ (23,503,566)	\$ -	\$ (23,503,566)	\$ -	\$ -
Public safety	38,782,268	2,592,614	737,212	-	(35,452,442)	-	(35,452,442)	-	-
Public works	16,052,662	13,399,925	2,362,036	25,158	(265,543)	-	(265,543)	-	-
Public welfare and community service	8,225,809	1,135,094	2,394	2,145,603	(4,942,718)	-	(4,942,718)	-	-
Other	517,104	-	-	-	(517,104)	-	(517,104)	-	-
Interest on debt	2,431,154	-	-	-	(2,431,154)	-	(2,431,154)	-	-
Total governmental activities	<u>92,681,927</u>	<u>19,209,946</u>	<u>4,171,449</u>	<u>2,188,005</u>	<u>(67,112,527)</u>	<u>-</u>	<u>(67,112,527)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Solid waste	30,053	-	-	-	-	(30,053)	(30,053)	-	-
Jackson Transit Authority	3,868,858	638,212	2,305,360	21,774	-	(903,512)	(903,512)	-	-
Sportsplex	2,232,789	2,470,630	200,000	-	-	437,841	437,841	-	-
Community development	74,934	(63,861)	-	-	-	(138,795)	(138,795)	-	-
Total business-type activities	<u>6,206,634</u>	<u>3,044,981</u>	<u>2,505,360</u>	<u>21,774</u>	<u>-</u>	<u>(634,519)</u>	<u>(634,519)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 98,888,561</u>	<u>\$ 22,254,927</u>	<u>\$ 6,676,809</u>	<u>\$ 2,209,779</u>	<u>(67,112,527)</u>	<u>(634,519)</u>	<u>(67,747,046)</u>	<u>-</u>	<u>-</u>
<b>Component unit</b>									
Jackson Energy Authority	\$ 233,754,231	\$ 248,282,431	\$ -	\$ 1,445,466	-	-	-	15,973,666	-
Jackson Community Redevelopment Agency	\$ 749,627	\$ 243,773	\$ -	\$ -	-	-	-	-	(505,854)
General revenues:									
Property taxes - levied for general government					31,236,336	-	31,236,336	-	-
In lieu of property taxes					6,017,236	-	6,017,236	-	-
Sales taxes					19,418,303	-	19,418,303	-	-
Franchise and excise taxes					221,260	-	221,260	-	-
Alcoholic beverage taxes					2,961,178	-	2,961,178	-	-
Business taxes					2,105,999	-	2,105,999	-	-
Income taxes					471,681	-	471,681	-	-
TVA taxes					737,332	-	737,332	-	-
Hotel-motel taxes					467,443	-	467,443	-	-
Rental and reimbursements					755,661	-	755,661	-	-
Other sources/(uses)					216,305	-	216,305	(318,997)	6,882
Unrestricted grants and contributions					40,811	-	40,811	-	-
Unrestricted interest income					102,620	1,923	104,543	4,637,268	-
Transfers					(587,807)	587,807	-	-	200,529
Total general revenues and transfers					<u>64,164,358</u>	<u>589,730</u>	<u>64,754,088</u>	<u>4,318,271</u>	<u>207,411</u>
<b>Changes in net position</b>					<u>(2,948,169)</u>	<u>(44,789)</u>	<u>(2,992,958)</u>	<u>20,291,937</u>	<u>(298,443)</u>
<b>Net position - beginning</b>					56,882,937	9,646,117	66,529,054	370,188,252	4,352,306
Prior period adjustment					(543,231)	3,240,000	2,696,769	-	-
<b>Net position - beginning - restated</b>					<u>56,339,706</u>	<u>12,886,117</u>	<u>69,225,823</u>	<u>370,188,252</u>	<u>4,352,306</u>
<b>Net position - ending</b>					<u>\$ 53,391,537</u>	<u>\$ 12,841,328</u>	<u>\$ 66,232,865</u>	<u>\$ 390,480,189</u>	<u>\$ 4,053,863</u>

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

**CITY OF JACKSON, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2017

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 4,195,889	\$ 5,509,316	\$ 2,567,257	\$ -	\$ 679,927	\$ 12,952,389
Investments	6,620,924	-	-	-	-	6,620,924
Receivables:						
Interest	16,748	-	-	-	-	16,748
Taxes (net of allowance for uncollectible accounts)	25,034,564	8,047,828	-	-	-	33,082,392
Accounts (net of allowance for uncollectible accounts)	124,904	32,542	-	1,631,633	41,702	1,830,781
Grants	565,824	-	525,953	-	80,885	1,172,662
Intergovernmental	5,785,633	-	-	-	-	5,785,633
Court fines (net of allowance for uncollectible accounts)	95,623	-	-	-	20,605	116,228
Notes	207,525	-	-	-	-	207,525
Due from other funds	2,008,293	194,691	-	-	-	2,202,984
Inventories:						
Parts and supplies	309,928	-	-	-	-	309,928
Gasoline and diesel	39,027	-	-	-	-	39,027
For resale	2,352	-	-	-	-	2,352
Prepaid expenses	1,089	-	-	-	-	1,089
<b>Total assets</b>	<b>\$ 45,008,323</b>	<b>\$ 13,784,377</b>	<b>\$ 3,093,210</b>	<b>\$ 1,631,633</b>	<b>\$ 823,119</b>	<b>\$ 64,340,662</b>
<b>Liabilities</b>						
Accounts payable	\$ 1,008,545	\$ 350	\$ 68,239	\$ 845,882	\$ 213,710	\$ 2,136,726
Accrued expenses	1,446,989	-	-	64,014	-	1,511,003
Due to other funds	-	-	-	1,908,064	-	1,908,064
Unearned revenue - grants	41,307	-	-	-	-	41,307
Customer deposits	-	-	-	228,194	-	228,194
<b>Total liabilities</b>	<b>2,496,841</b>	<b>350</b>	<b>68,239</b>	<b>3,046,154</b>	<b>213,710</b>	<b>5,825,294</b>
<b>Deferred inflows of resources</b>						
Unavailable property taxes	24,768,257	8,108,787	-	-	-	32,877,044
Unavailable court fines	137,340	-	-	-	20,075	157,415
Unavailable intergovernmental revenue	488,919	-	-	-	-	488,919
<b>Total deferred inflows of resources</b>	<b>25,394,516</b>	<b>8,108,787</b>	<b>-</b>	<b>-</b>	<b>20,075</b>	<b>33,523,378</b>
<b>Fund balances</b>						
Nonspendable:						
Inventory	351,307	-	-	-	-	351,307
Prepays	1,089	-	-	-	-	1,089
Restricted:						
Sex offender	44,893	-	-	-	-	44,893
Property fund reserve	119,762	-	-	-	-	119,762
Police drug	-	-	-	-	213,385	213,385
Metro drug	-	-	-	-	278,634	278,634
Grant funds	-	-	-	-	97,315	97,315
Committed:						
Debt service	-	5,675,240	-	-	-	5,675,240
Assigned:						
Capital outlay	-	-	3,024,971	-	-	3,024,971
Midnight Basketball	7,475	-	-	-	-	7,475
Federal Equitable Sharing Program	134,178	-	-	-	-	134,178
Drug court	18,775	-	-	-	-	18,775
Earth Day	7,648	-	-	-	-	7,648
JIFAF	3,795	-	-	-	-	3,795
Drill Field	44,486	-	-	-	-	44,486
Liberty Gardens	298	-	-	-	-	298
Jackson Idol	5,659	-	-	-	-	5,659
Unassigned	16,377,601	-	-	(1,414,521)	-	14,963,080
<b>Total fund balances</b>	<b>17,116,966</b>	<b>5,675,240</b>	<b>3,024,971</b>	<b>(1,414,521)</b>	<b>589,334</b>	<b>24,991,990</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 45,008,323</b>	<b>\$ 13,784,377</b>	<b>\$ 3,093,210</b>	<b>\$ 1,631,633</b>	<b>\$ 823,119</b>	<b>\$ 64,340,662</b>

*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, 2017

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

<b>Fund balance - total governmental funds (Page 23)</b>	<b>\$ 24,991,990</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds	131,890,923
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds	2,059,777
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in the funds	(641,329)
Deferred outflows of resources - pensions are not available to pay current expenditures and, therefore, are unavailable in the funds.	12,879,266
Deferred inflows of resources - pensions are not due in the current period and, therefore, are not reported in the funds.	(1,368,522)
Long-term liabilities, including notes and bonds payable, OPEB liability, and net pension liability are not due in the current period and, therefore, are not reported in the funds	<u>(116,420,568)</u>
<b>Net position - governmental activities (Page 22)</b>	<b><u>\$ 53,391,537</u></b>

*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
<b>Revenues</b>						
Taxes	\$ 30,917,304	\$ 7,971,034	\$ -	\$ -	\$ -	\$ 38,888,338
Licenses and permits	5,304,717	-	-	-	-	5,304,717
Fines, interest and penalties	1,039,059	-	-	-	85,300	1,124,359
Use of money and property	1,286,998	22,162	2,153,929	-	52,447	3,515,536
Intergovernmental	23,882,377	107,150	446,049	-	867,960	25,303,536
Sales and service charges	1,013,116	-	-	13,142,234	175,776	14,331,126
Other	1,936,047	-	-	7,992	87,324	2,031,363
Total revenues	<u>65,379,618</u>	<u>8,100,346</u>	<u>2,599,978</u>	<u>13,150,226</u>	<u>1,268,807</u>	<u>90,498,975</u>
<b>Expenditures</b>						
Current						
General government	13,095,226	-	335,598	-	-	13,430,824
Public safety	37,670,188	-	3,854,955	-	200,849	41,725,992
Public works	7,881,158	-	5,058,658	-	-	12,939,816
Solid waste collection	-	-	-	13,706,232	-	13,706,232
Public welfare and community services	7,795,052	-	1,183,867	-	718,938	9,697,857
Other	-	-	457,709	-	-	457,709
Capital Outlay						
Public safety	-	-	-	-	133,607	133,607
Solid waste collection	-	-	-	629,229	-	629,229
Debt Service						
Principal	-	5,727,164	-	-	181,000	5,908,164
Interest	-	2,379,831	-	-	102,757	2,482,588
Other	-	59,395	-	-	-	59,395
Total expenditures	<u>66,441,624</u>	<u>8,166,390</u>	<u>10,890,787</u>	<u>14,335,461</u>	<u>1,337,151</u>	<u>101,171,413</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,062,006)</u>	<u>(66,044)</u>	<u>(8,290,809)</u>	<u>(1,185,235)</u>	<u>(68,344)</u>	<u>(10,672,438)</u>
<b>Other financing sources (uses)</b>						
Sale of bonds	-	5,646,320	-	-	-	5,646,320
Issuance of debt	-	2,400,000	-	-	-	2,400,000
Transfers in	-	-	9,650,000	-	233,757	9,883,757
Transfers out	(564,812)	(9,650,000)	(22,995)	-	(233,757)	(10,471,564)
Total other financing sources (uses)	<u>(564,812)</u>	<u>(1,603,680)</u>	<u>9,627,005</u>	<u>-</u>	<u>-</u>	<u>7,458,513</u>
<b>Net changes in fund balances</b>	<b>(1,626,818)</b>	<b>(1,669,724)</b>	<b>1,336,196</b>	<b>(1,185,235)</b>	<b>(68,344)</b>	<b>(3,213,925)</b>
Fund balances - beginning	18,743,784	7,344,964	1,688,775	313,945	657,678	28,749,146
Prior period adjustment - error	-	-	-	(543,231)	-	(543,231)
Fund balance - beginning - restated	<u>18,743,784</u>	<u>7,344,964</u>	<u>1,688,775</u>	<u>(229,286)</u>	<u>657,678</u>	<u>28,205,915</u>
Fund balances - ending	<u>\$ 17,116,966</u>	<u>\$ 5,675,240</u>	<u>\$ 3,024,971</u>	<u>\$ (1,414,521)</u>	<u>\$ 589,334</u>	<u>\$ 24,991,990</u>

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, 2017

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

<b>Net change in fund balances - total governmental funds (Page 25)</b>	<b>\$ (3,213,925)</b>
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	700,480
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(179,527)
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	(148,890)
Amortization of debt issuance premium	15,482
OPEB	(15,825)
Accrued interest payable	35,953
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	(5,058,839)
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	7,035,279
The issuance of long-term debt provides current financial resources to governmental funds. These transactions do not have any effect on net position.	(8,046,320)
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>5,927,963</u>
<b>Change in net position of governmental activities (Page 22)</b>	<b><u>\$ (2,948,169)</u></b>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2017

<b>Assets</b>	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
<b>Current assets</b>					
Cash and cash equivalents	\$ 280,293	\$ 836,476	\$ 500	\$ 152,071	\$ 1,269,340
Accounts receivable (net of allowance for uncollectible accounts)	-	21,847	76,326	-	98,173
Grants receivable	-	237,541	-	-	237,541
Due from other funds	-	-	-	19,391	19,391
Current maturities of long-term notes receivable	-	-	-	100,000	100,000
Inventory	-	104,243	73,830	-	178,073
Prepaid items	-	96,259	-	-	96,259
<b>Total current assets</b>	<b>280,293</b>	<b>1,296,366</b>	<b>150,656</b>	<b>271,462</b>	<b>1,998,777</b>
<b>Noncurrent assets</b>					
Other assets					
Foreclosed property	-	-	-	9,118	9,118
Long-term notes receivable	-	-	-	107,959	107,959
<b>Total other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117,077</b>	<b>117,077</b>
Capital assets (net of accumulated depreciation):					
Land	-	352,173	2,383,292	-	2,735,465
Buildings	-	3,987,866	4,109,142	-	8,097,008
Improvements other than buildings	-	-	2,713,967	-	2,713,967
Machinery and equipment	-	1,233,179	-	-	1,233,179
Furniture and fixtures	-	31,954	178,888	-	210,842
<b>Net capital assets</b>	<b>-</b>	<b>5,605,172</b>	<b>9,385,289</b>	<b>-</b>	<b>14,990,461</b>
<b>Total assets</b>	<b>280,293</b>	<b>6,901,538</b>	<b>9,535,945</b>	<b>388,539</b>	<b>17,106,315</b>
<b>Deferred Outflows of Resources</b>					
Pension changes in experience	-	41,133	8,278	-	49,411
Pension changes in investment earnings	-	220,987	44,475	-	265,462
Pension contributions after measurement date	-	283,296	62,717	-	346,013
<b>Total deferred outflows of resources</b>	<b>\$ -</b>	<b>\$ 545,416</b>	<b>\$ 115,470</b>	<b>\$ -</b>	<b>\$ 660,886</b>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2017

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 114	\$ 40,503	\$ 26,303	\$ 2,070	\$ 68,990
Due to other funds	-	-	314,311	-	314,311
Current maturities of long-term notes payable	28,920	-	643,342	-	672,262
Accrued expenses	-	179,698	49,139	-	228,837
Accrued interest payable	-	-	4,227	-	4,227
<b>Total current liabilities</b>	<u>29,034</u>	<u>220,201</u>	<u>1,037,322</u>	<u>2,070</u>	<u>1,288,627</u>
<b>Noncurrent liabilities</b>					
Long-term notes payable	-	-	2,031,146	-	2,031,146
Net pension liability	-	1,092,358	208,593	-	1,300,951
Accrued closure and post closure costs	231,360	-	-	-	231,360
<b>Total noncurrent liabilities</b>	<u>231,360</u>	<u>1,092,358</u>	<u>2,239,739</u>	<u>-</u>	<u>3,563,457</u>
<b>Total liabilities</b>	<u>260,394</u>	<u>1,312,559</u>	<u>3,277,061</u>	<u>2,070</u>	<u>4,852,084</u>
<b>Deferred inflows of resources</b>					
Pension change in actuarial experience	-	61,427	12,362	-	73,789
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>61,427</u>	<u>12,362</u>	<u>-</u>	<u>73,789</u>
<b>Net position</b>					
Net investment in capital assets	-	5,605,172	6,710,801	-	12,315,973
Unrestricted	19,899	467,796	(348,809)	386,469	525,355
<b>Total net position</b>	<u>19,899</u>	<u>6,072,968</u>	<u>6,361,992</u>	<u>386,469</u>	<u>12,841,328</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 280,293</u>	<u>\$ 7,446,954</u>	<u>\$ 9,651,415</u>	<u>\$ 388,539</u>	<u>\$ 17,767,201</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, 2017

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
<b>Operating revenues</b>					
Charges for services	\$ -	\$ 638,212	\$ 717,856	\$ -	\$ 1,356,068
Sponsorships	-	-	198,151	-	198,151
Other operating revenues	-	-	1,409	2,096	3,505
Less: Bad debt expense	-	-	-	(65,957)	(65,957)
Total operating revenues	<u>-</u>	<u>638,212</u>	<u>917,416</u>	<u>(63,861)</u>	<u>1,491,767</u>
<b>Operating expenses</b>					
Salaries and employee benefits	-	2,238,956	1,035,318	-	3,274,274
Operation	30,053	665,687	674,262	74,934	1,444,936
Maintenance	-	201,502	188,551	-	390,053
General administration	-	228,208	-	-	228,208
Provision for depreciation	-	534,505	221,332	-	755,837
Total operating expenses	<u>30,053</u>	<u>3,868,858</u>	<u>2,119,463</u>	<u>74,934</u>	<u>6,093,308</u>
Operating income (loss)	<u>(30,053)</u>	<u>(3,230,646)</u>	<u>(1,202,047)</u>	<u>(138,795)</u>	<u>(4,601,541)</u>
<b>Nonoperating revenues (expenses)</b>					
Interest and other income	1,555	338	30	-	1,923
Interest expense	-	-	(113,326)	-	(113,326)
Donations	-	-	200,000	-	200,000
Local option sales tax	-	-	750,704	-	750,704
Tax revenues restricted for debt service:					
Hotel/Motel tax	-	-	802,510	-	802,510
Grant revenues	-	2,305,360	-	-	2,305,360
Total nonoperating revenues (expenses)	<u>1,555</u>	<u>2,305,698</u>	<u>1,639,918</u>	<u>-</u>	<u>3,947,171</u>
Income (loss) before transfers and capital contributions	<u>(28,498)</u>	<u>(924,948)</u>	<u>437,871</u>	<u>(138,795)</u>	<u>(654,370)</u>
<b>Operating transfers</b>					
Transfers in	-	587,807	-	-	587,807
Capital contributions	-	21,774	-	-	21,774
Total operating transfers in (out)	<u>-</u>	<u>609,581</u>	<u>-</u>	<u>-</u>	<u>609,581</u>
<b>Change in net position</b>	<u>(28,498)</u>	<u>(315,367)</u>	<u>437,871</u>	<u>(138,795)</u>	<u>(44,789)</u>
<b>Total net position - beginning</b>	48,397	3,148,335	5,924,121	525,264	9,646,117
<b>Prior period adjustment</b>	<u>-</u>	<u>3,240,000</u>	<u>-</u>	<u>-</u>	<u>3,240,000</u>
<b>Total net position - beginning- restated</b>	<u>48,397</u>	<u>6,388,335</u>	<u>5,924,121</u>	<u>525,264</u>	<u>12,886,117</u>
<b>Total net position - ending</b>	<u>\$ 19,899</u>	<u>\$ 6,072,968</u>	<u>\$ 6,361,992</u>	<u>\$ 386,469</u>	<u>\$ 12,841,328</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, 2011

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
<b>Cash flows from operating activities</b>					
Cash received from consumers	\$ -	\$ 595,752	\$ 862,049	\$ 85,980	\$ 1,543,781
Cash received from other operations	-	23,673	-	-	23,673
Cash paid to suppliers of goods and services	(58,947)	(963,857)	(857,543)	(76,570)	(1,956,917)
Cash paid to employees for services	-	(2,493,308)	(1,078,991)	-	(3,572,299)
Cash (paid to) received from other funds	-	-	196,854	1,829	198,683
Net cash provided (used) by operating activities	<u>(58,947)</u>	<u>(2,837,740)</u>	<u>(877,631)</u>	<u>11,239</u>	<u>(3,763,079)</u>
<b>Cash flows from non-capital financing activities:</b>					
Disbursements of community development loans	-	-	-	(84,078)	(84,078)
Principal collections of community development loans	-	-	-	84,078	84,078
Interest expense	-	-	(113,326)	-	(113,326)
Appropriations from City	-	587,807	-	-	587,807
Donations received	-	-	200,000	-	200,000
Other non-operating income	-	60	-	-	60
Cash received from grants	-	2,154,685	-	-	2,154,685
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>2,742,552</u>	<u>86,674</u>	<u>-</u>	<u>2,829,226</u>
<b>Cash flows from capital and related financing activities</b>					
Construction and acquisition of property and equipment	-	(49,317)	(155,998)	-	(205,315)
Disposals	-	-	(737)	-	(737)
Principal payments on debt	-	-	(617,052)	-	(617,052)
Hotel/Motel tax	-	-	802,510	-	802,510
State sales tax	-	-	750,704	-	750,704
Capital grants received	-	21,774	-	-	21,774
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(27,543)</u>	<u>779,427</u>	<u>-</u>	<u>751,884</u>
<b>Cash flows from investing activities</b>					
Interest earned	<u>1,555</u>	<u>281</u>	<u>30</u>	<u>-</u>	<u>1,866</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(57,392)</b>	<b>(122,450)</b>	<b>(11,500)</b>	<b>11,239</b>	<b>(180,103)</b>
<b>Cash and cash equivalents - beginning of year</b>	<u>337,685</u>	<u>958,926</u>	<u>12,000</u>	<u>140,832</u>	<u>1,449,443</u>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 280,293</b>	<b>\$ 836,476</b>	<b>\$ 500</b>	<b>\$ 152,071</b>	<b>\$ 1,269,340</b>
<b>Cash and cash equivalents</b>					
Unrestricted cash on hand	\$ -	\$ -	\$ 500	\$ -	\$ 500
Unrestricted cash and cash equivalents on deposit	<u>280,293</u>	<u>836,476</u>	<u>-</u>	<u>152,071</u>	<u>1,268,840</u>
<b>Total cash and cash equivalents</b>	<b>\$ 280,293</b>	<b>\$ 836,476</b>	<b>\$ 500</b>	<b>\$ 152,071</b>	<b>\$ 1,269,340</b>

*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, 2011

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (30,053)	\$ (3,230,646)	\$ (1,202,047)	\$ (138,795)	\$ (4,601,541)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	534,505	221,332	-	755,837
Change in closure/postclosure liability	(28,920)	-	-	-	(28,920)
Pension contributions subsequent to measurement date	-	-	62,717	-	62,717
Pension expense	-	-	(106,390)	-	(106,390)
Bad debt adjustment	-	-	-	65,956	65,956
(Increase) decrease in accounts receivable	-	(18,787)	(55,367)	-	(74,154)
(Increase) decrease in deferred outflows of resources	-	11,229	-	-	11,229
(Increase) decrease in notes receivable	-	-	-	83,885	83,885
(Increase) decrease in inventory	-	25,537	951	-	26,488
(Increase) decrease in due from other funds	-	-	-	1,829	1,829
(Increase) decrease in prepaids	-	(82,298)	-	-	(82,298)
Increase (decrease) in accounts payable and accrued expenses	26	(34,825)	4,319	(1,636)	(32,116)
Increase (decrease) in net pension liability	-	245,815	-	-	245,815
Increase (decrease) in deferred inflows of resources	-	(288,270)	-	-	(288,270)
Increase (decrease) in due to other funds	-	-	196,854	-	196,854
<b>Net cash provided (used) by operating activities</b>	<b>\$ (58,947)</b>	<b>\$ (2,837,740)</b>	<b>\$ (877,631)</b>	<b>\$ 11,239</b>	<b>\$ (3,763,079)</b>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
June 30, 2017

	<u>Deferred Compensation Trust Fund</u>
<b>Assets</b>	
Investments	<u>\$ 18,607,012</u>
<b>Total assets</b>	<b><u>\$ 18,607,012</u></b>
<b>Liabilities</b>	
Deferred compensation benefits payable	<u>\$ 18,607,012</u>
<b>Total liabilities</b>	<u>18,607,012</u>
<b>Net position</b>	
Net position held in trust for employee benefits	<u>-</u>
<b>Total liabilities and net position</b>	<b><u>\$ 18,607,012</u></b>

*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, 2017

	Deferred Compensation Trust Fund
<b>Revenues:</b>	
Other:	
Increase (decrease) in FMV of investments	\$ 343,329
Employee contributions	140,120
Total revenues	483,449
 <b>Expenditures:</b>	
General Government	
Employee benefits	483,449
Total expenditures	483,449
 <b>Change in net position</b>	 -
Net position - beginning	-
Net position - ending	\$ -

*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 BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2017**

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Taxes	\$ 31,225,739	\$ 31,225,739	\$ 30,917,304	\$ (308,435)
Licenses and permits	4,648,821	4,648,821	5,304,717	655,896
Fines, interest and penalties	1,395,500	1,436,359	1,039,059	(397,300)
Use of money and property	933,800	933,800	1,286,998	353,198
Intergovernmental	23,897,735	24,110,508	23,882,377	(228,131)
Sales and service charges	733,631	733,631	1,013,116	279,485
Other	1,791,735	1,925,808	1,936,047	10,239
<b>Total revenues</b>	<u>64,626,961</u>	<u>65,014,666</u>	<u>65,379,618</u>	<u>364,952</u>
<b>Expenditures</b>				
Current:				
General government	15,589,987	14,788,321	13,095,226	(1,693,095)
Public safety	36,845,466	37,581,134	37,670,188	89,054
Public works	7,787,485	7,955,260	7,881,158	(74,102)
Public welfare and community services:	7,779,161	7,787,830	7,795,052	7,222
<b>Total expenditures</b>	<u>68,002,099</u>	<u>68,112,545</u>	<u>66,441,624</u>	<u>(1,670,921)</u>
Excess (deficiency) of revenues over/(under) expenditure	<u>(3,375,138)</u>	<u>(3,097,879)</u>	<u>(1,062,006)</u>	<u>2,035,873</u>
<b>Other financing sources (uses)</b>				
Transfers in from				
Solid Waste Fund	700,000	700,000	-	(700,000)
Police Drug Fund	-	18,900	-	(18,900)
Transfers out to				
Jackson Transit Authority	<u>(564,812)</u>	<u>(564,812)</u>	<u>(564,812)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>135,188</u>	<u>154,088</u>	<u>(564,812)</u>	<u>(718,900)</u>
Net changes in fund balance	<u>\$ (3,239,950)</u>	<u>\$ (2,943,791)</u>	<u>(1,626,818)</u>	<u>\$ 1,316,973</u>
<b>Fund balance - beginning</b>			18,743,784	
<b>Fund balance - ending</b>			<u><b>\$ 17,116,966</b></u>	

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

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
<b>Taxes:</b>				
Property taxes	\$ 24,496,472	\$ 24,496,472	\$ 24,102,914	\$ (393,558)
Tax equivalents:				
IDB	359,779	359,779	395,654	35,875
Electric Department	2,519,456	2,519,456	2,575,047	55,591
Water Department	324,204	324,204	349,591	25,387
Gas Department	1,261,430	1,261,430	1,205,274	(56,156)
Telecom	324,204	324,204	343,265	19,061
Jackson Housing	30,294	30,294	42,145	11,851
St. Mary's Manor	5,400	5,400	4,320	(1,080)
Wesley	4,500	4,500	3,600	(900)
City beer tax	1,900,000	1,900,000	1,895,494	(4,506)
Total taxes	<u>31,225,739</u>	<u>31,225,739</u>	<u>30,917,304</u>	<u>(308,435)</u>
<b>Licenses and permits:</b>				
Automobile license	1,150,000	1,150,000	1,176,857	26,857
Mechanical permits	31,500	31,500	43,752	12,252
Building permits	218,197	218,197	446,964	228,767
Electric permits	73,800	73,800	88,773	14,973
Chauffeur permits	400	400	110	(290)
Development permits	6,300	6,300	8,000	1,700
Tradesman license fees	50,624	50,624	54,855	4,231
Business tax	1,950,000	1,950,000	2,105,999	155,999
Plumbing permits	31,500	31,500	40,455	8,955
Wholesale liquor tax	600,000	600,000	687,016	87,016
Beer privilege tax	33,000	33,000	78,817	45,817
Gas permits	10,800	10,800	17,840	7,040
Other review/evaluation fees	3,600	3,600	6,550	2,950
Liquor application fee	2,200	2,200	2,000	(200)
Moving permits	100	100	-	(100)
Other investigation fees	11,000	11,000	9,500	(1,500)
Mixed drink taxes	75,000	75,000	59,775	(15,225)
Sign permits	10,800	10,800	10,011	(789)
Hotel-motel tax	390,000	390,000	467,443	77,443
Total licenses and permits	<u>\$ 4,648,821</u>	<u>\$ 4,648,821</u>	<u>\$ 5,304,717</u>	<u>\$ 655,896</u>

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

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Fines, interest, and penalties:				
Police and city court revenue	\$ 564,000	\$ 604,859	\$ 303,652	\$ (301,207)
City jail fees	500	500	295	(205)
Parking tickets	25,000	25,000	17,677	(7,323)
Speed enforcement	12,000	12,000	-	(12,000)
Red light tickets	90,000	90,000	129,691	39,691
City sticker tickets	5,000	5,000	101	(4,899)
Evidence awards	30,000	30,000	36,321	6,321
Drug litigation tax	95,000	95,000	112,192	17,192
Delinquent real estate taxes, interest and penalties	565,000	565,000	430,280	(134,720)
Sex offender registratiior	9,000	9,000	8,850	(150)
Total fines, interest and penaltie:	<u>1,395,500</u>	<u>1,436,359</u>	<u>1,039,059</u>	<u>(397,300)</u>
Use of money and property				
Rent income	20,000	20,000	101,808	81,808
Recreation revenue	2,000	2,000	37,348	35,348
Casey Jones Museum rent	8,000	8,000	9,600	1,600
Interest on investments	155,500	155,500	66,704	(88,796)
T. R. White revenue	34,000	34,000	39,773	5,773
Westwood Community Center revenue	3,500	3,500	4,411	911
Oman Arena revenue	45,000	45,000	52,797	7,797
Civic Center revenue	212,000	212,000	363,535	151,535
Carnegie Center revenue	-	-	54,000	54,000
Fairgrounds revenue	235,000	235,000	206,356	(28,644)
Ned Center revenue	80,500	80,500	120,195	39,695
Community education	2,500	2,500	5,071	2,571
Athletics revenue	70,000	70,000	52,108	(17,892)
Tennis court revenues	25,000	25,000	36,727	11,727
Farmer's Market rent	35,500	35,500	55,839	20,339
Depot rent	600	600	375	(225)
Theater	2,500	2,500	6,503	4,003
Concessions	700	700	58,298	57,598
Miscellaneous	500	500	11,024	10,524
Swimming pool revenue	1,000	1,000	4,526	3,526
Total use of money and property	<u>\$ 933,800</u>	<u>\$ 933,800</u>	<u>\$ 1,286,998</u>	<u>\$ 353,198</u>

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

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Intergovernmental				
State of Tennessee				
Excise tax	\$ 115,000	\$ 115,000	\$ 221,260	\$ 106,260
Income tax	700,000	700,000	471,681	(228,319)
Beer tax	45,000	45,000	31,487	(13,513)
Sales tax	5,350,000	5,350,000	5,411,162	61,162
Mixed drink tax	230,000	230,000	206,589	(23,411)
TVA tax	775,000	775,000	737,332	(37,668)
Law enforcement education supplement	126,000	126,000	117,000	(9,000)
Fire protection education supplement	102,600	102,600	100,800	(1,800)
Child and adult care food program grant	-	-	2,394	2,394
Municipal planning office grant	190,807	190,807	117,222	(73,585)
SART grant	105,000	105,000	87,377	(17,623)
Petroleum special	136,000	136,000	131,714	(4,286)
Gasoline & motor fuel tax	1,750,000	1,750,000	1,238,222	(511,778)
Gas 1989	-	-	198,429	198,429
Gas 3 cent	-	-	368,285	368,285
TDOT reimbursement	69,240	69,240	107,575	38,335
Invest health grant - local	40,000	40,000	17,244	(22,756)
Madison County:				
Local sales tax apportioned	13,856,439	13,856,439	13,373,818	(482,621)
Local sales tax apportioned-Education	-	-	526,173	526,173
Federal Government:				
ACT grant	7,000	35,226	52,321	17,095
Drug court grant	70,000	70,000	69,712	(288)
Out-of-School Time Grant	-	-	10,000	10,000
CRE grant	-	-	5,241	5,241
JAG	155,000	235,643	157,117	(78,526)
JTA grant	4,000	69,211	88,126	18,915
VOCA grant	-	38,693	-	(38,693)
AARP grant	-	-	3,467	3,467
MPO - SPR	70,649	70,649	30,629	(40,020)
Total intergovernmentals	<u>\$ 23,897,735</u>	<u>\$ 24,110,508</u>	<u>\$ 23,882,377</u>	<u>\$ (228,131)</u>

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

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
<b>Sales and service charges:</b>				
Supply sales	\$ 18,250	\$ 18,250	\$ 74,109	\$ 55,859
Plans review	98,600	98,600	143,685	45,085
Fire protection contracts & reports	100	100	10	(90)
Fire training fees	20,000	20,000	28,996	8,996
Board of Appeals fees	5,000	5,000	7,800	2,800
Accident report fees by police	7,500	7,500	6,737	(763)
Police security	425,000	425,000	519,585	94,585
JTA ticket sales commission	-	-	645	645
Seatbelt fees	-	-	3,070	3,070
Handling fees	5,000	5,000	4,671	(329)
Public education training fees	25,000	25,000	12,600	(12,400)
Planning Dept, maps and services	50,675	50,675	28,925	(21,750)
Zoning application fees	4,000	4,000	5,850	1,850
Sale of merchandise and services	30,006	30,006	107,349	77,343
Miscellaneous	44,500	44,500	69,084	24,584
Total sales and service charges	<u>733,631</u>	<u>733,631</u>	<u>1,013,116</u>	<u>279,485</u>
<b>Other revenues:</b>				
CATV revenues	1,040,000	1,040,000	1,039,910	(90)
Donations	37,135	37,135	40,811	3,676
Riverside Cemetery trust fund income	23,000	23,000	23,987	987
Sponsors- t-shirt uniforms	-	-	4,482	4,482
Insurance recoveries	40,000	40,000	232,604	192,604
Reimbursements	651,600	785,673	594,253	(191,420)
Total other revenues	<u>1,791,735</u>	<u>1,925,808</u>	<u>1,936,047</u>	<u>10,239</u>
<b>Total revenues</b>	<b><u>\$ 64,626,961</u></b>	<b><u>\$ 65,014,666</u></b>	<b><u>\$ 65,379,618</u></b>	<b><u>\$ 364,952</u></b>

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

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
General Government Administration:				
Office of Mayor:				
Salaries	\$ 495,960	\$ 435,073	\$ 435,904	\$ 831
Community services	25,170	25,170	68,881	43,711
Operating	56,780	56,780	40,213	(16,567)
City Council:				
Salaries	114,461	115,458	118,445	2,987
Operating	26,078	26,078	21,775	(4,303)
Municipal Court:				
Salaries	831,042	840,616	810,122	(30,494)
Operating	20,150	20,150	42,508	22,358
Drug Treatment:				
Salaries	122,284	124,278	138,633	14,355
Operating	73,000	73,000	71,514	(1,486)
Legal Department:				
Operating	187,000	187,000	192,072	5,072
Planning and Zoning:				
Salaries	551,255	558,232	527,126	(31,106)
Operating	38,842	38,842	32,168	(6,674)
Civil Service:				
Operating	1,500	1,500	-	(1,500)
CEDC				
Salaries	-	133,073	59,342	(73,731)
Public buildings and services:				
Salaries - janitors	77,104	80,093	95,917	15,824
Operating	394,225	394,226	369,837	(24,389)
Revenue and finance:				
Salaries	420,322	361,254	346,619	(14,635)
Printing and binding	21,050	21,050	12,660	(8,390)
Publicity, subscriptions and dues	9,000	9,000	4,311	(4,689)
Auditing	68,000	68,000	62,930	(5,070)
Office supplies and postage	18,000	18,000	13,971	(4,029)
Insurance and bonding premiums	860,727	860,727	870,446	9,719
Travel	2,300	2,300	5,274	2,974
Other operating expenses	11,518	11,519	5,302	(6,217)
County Trustee/Clerk commission	151,000	151,000	187,636	36,636

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

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
General Government Administration:				
Accounting:				
Salaries	\$ 345,321	\$ 324,152	\$ 321,525	\$ (2,627)
Operating	12,278	12,278	11,111	(1,167)
Information systems:				
Salaries	570,992	564,540	546,464	(18,076)
Operating	58,853	58,853	102,063	43,210
Farmer's market:				
Salaries	113,520	116,511	151,451	34,940
Operating	56,445	57,444	66,649	9,205
Purchasing:				
Salaries	145,359	109,358	113,342	3,984
Operating	12,481	12,481	10,420	(2,061)
Building Department:				
Salaries	809,647	820,969	797,780	(23,189)
Operating	70,198	136,047	77,946	(58,101)
Risk management:				
Salaries	204,832	188,010	187,098	(912)
Operating	7,287	7,287	7,043	(244)
Reimbursable Planning Act:				
Operating	190,807	190,807	107,317	(83,490)
Housing Codes Enforcement:				
Salaries	335,035	341,015	369,295	28,280
Operating	131,996	131,996	138,864	6,868
Personnel:				
Salaries	266,906	151,752	163,944	12,192
Operating	15,251	15,251	13,763	(1,488)
Amphitheater:				
Operating	25,000	25,000	20,870	(4,130)
Miscellaneous expenditures:				
Contributions	479,297	479,297	466,262	(13,035)
Grant expenses	70,649	70,649	189,711	119,062
Cost of living adjustment	746,287	17,427	-	(17,427)
Damage claims and court costs	50,000	50,000	17,187	(32,813)
Municipal development	150,000	150,000	45,074	(104,926)
Payroll taxes	37,000	37,000	18,534	(18,466)
Health claims paid	6,875,100	6,875,100	6,832,605	(42,495)
Employee/Employer health insurance	(6,875,100)	(6,875,100)	(7,625,765)	(750,665)
Dental insurance claims paid	338,000	338,000	366,335	28,335
Employee dental insurance	(338,000)	(338,000)	(407,157)	(69,157)
Vision insurance claims paid	86,800	86,800	89,125	2,325
Employee vision insurance	(86,800)	(86,800)	(73,856)	12,944
Group health insurance	532,000	532,000	274,629	(257,371)
Group vision insurance	105,000	105,000	66,867	(38,133)

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

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
<b>General Government Administration:</b>				
Publicity and marketing	\$ 545,000	\$ 545,000	\$ 587,128	\$ 42,128
On-the-job injury	625,000	625,000	632,541	7,541
Tax sales expense	325,000	325,000	216,012	(108,988)
City sticker collection fees	70,000	70,000	67,658	(2,342)
Employee education and training	32,400	32,400	13,507	(18,893)
Group life insurance	170,000	170,000	168,244	(1,756)
Employee benefits	400,000	400,000	227,318	(172,682)
IDB/TIF	-	-	23,000	23,000
Legal fees - delinquent taxes	-	-	9,412	9,412
Retirement benefits	629,203	629,203	584,663	(44,540)
Unemployment insurance	36,906	36,906	13,615	(23,291)
Appropriation to Airport Authority	93,626	93,626	109,636	16,010
Appropriation to Jackson-Madison County Library	639,122	639,122	638,301	(821)
Appropriation to IDB	306,000	306,000	314,521	8,521
Appropriation to EMA	135,511	135,511	135,743	232
Appropriation to JTA	146,899	146,899	146,899	-
Appropriation to CRA District	200,000	200,000	148,941	(51,059)
Appropriations to other agencies	339,913	339,913	314,648	(25,265)
Other health insurance costs	399,900	399,900	310,162	(89,738)
Contractual services	10,000	10,000	21,930	11,930
One Jackson - civic master	280,000	280,000	146,042	(133,958)
Long-term disability insurance	38,798	38,798	42,633	3,835
Credit card charges	15,000	15,000	185,202	170,202
Rental house expenses	-	-	7,436	7,436
Sundry/other	32,500	32,500	29,932	(2,568)
Total General Government Administration	15,589,987	14,788,321	13,095,226	(1,693,095)
<b>Public Safety:</b>				
<b>Police Department:</b>				
Salaries	7,623,841	7,676,292	8,343,041	666,749
Operating	1,460,026	1,633,611	1,460,601	(173,010)
<b>Patrol Department:</b>				
Salaries	10,113,500	10,253,886	9,297,492	(956,394)
Operating	67,470	67,470	1,081,383	1,013,913
<b>Police grant programs</b>				
Salaries	1,019,242	1,114,776	535,306	(579,470)
Operating	953,967	1,009,248	168,051	(841,197)
<b>Crime prevention</b>				
Salaries	141,195	143,245	142,638	(607)
Operating	8,501	8,500	12,641	4,141
<b>Fire Department:</b>				
Salaries	12,534,741	12,709,780	12,696,626	(13,154)
Operating	745,579	745,581	1,139,112	393,531
<b>Fire Safety &amp; Public Education:</b>				
Salaries	148,479	150,079	151,138	1,059
Operating	9,950	9,950	52,474	42,524

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



**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Public Safety:				
Correctional administration:				
Salaries	\$ 19,560	\$ 21,610	\$ 15,812	\$ (5,798)
Operating	12,000	12,000	5,840	(6,160)
Traffic and street crimes:				
Salaries	430,228	442,004	980,739	538,735
Operating	2,000	2,000	1,835	(165)
Central dispatch operations:				
Salaries	1,441,952	1,467,787	1,434,566	(33,221)
Operating	113,235	113,315	150,893	37,578
Total Public Safety	<u>36,845,466</u>	<u>37,581,134</u>	<u>37,670,188</u>	<u>89,054</u>
Public Works:				
Engineer:				
Salaries	415,469	420,452	427,002	6,550
Operating	51,164	51,164	87,966	36,802
State Street Aid:				
Salaries	1,672,833	1,702,734	1,608,397	(94,337)
Operating	295,431	295,431	364,069	68,638
Street lighting	2,075,723	2,075,723	1,980,293	(95,430)
Demolition and soil erosion				
Salaries	910,892	925,842	960,809	34,967
Operating	290,878	290,878	578,578	287,700
Street construction:				
Salaries	36,138	37,135	18,787	(18,348)
Operating	48,000	48,000	33,587	(14,413)
Street cleaning:				
Salaries	82,024	83,021	82,796	(225)
Operating	23,943	23,943	26,487	2,544
State Street Maintenance:				
Salaries	77,050	79,043	89,159	10,116
Operating	190,264	350,264	374,332	24,068
Jackson City Beautiful:				
Operating	20,270	20,270	12,555	(7,715)
Animal care center:				
Salaries	189,049	189,049	-	(189,049)
Operating	199,750	139,750	10,500	(129,250)
Garage operations:				
Salaries	373,220	383,187	366,759	(16,428)
Operating	80,550	80,550	92,009	11,459
Traffic sign and signalization:				
Salaries	215,643	250,489	276,745	26,256
Operating	539,194	508,335	490,328	(18,007)
Total Public Works	<u>\$ 7,787,485</u>	<u>\$ 7,955,260</u>	<u>\$ 7,881,158</u>	<u>\$ (74,102)</u>

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

**CITY OF JACKSON, TENNESSEE  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Public Welfare and Community Service				
Recreation:				
Salaries	\$ 764,751	\$ 777,709	\$ 847,733	\$ 70,024
Operating	202,352	206,752	164,557	(42,195)
Direct assistance recreation grants	8,500	8,500	21,420	12,920
Athletics:				
Salaries	234,128	243,112	259,238	16,126
Operating	109,593	109,593	104,706	(4,887)
Parks and public property:				
Salaries	2,059,220	1,999,091	2,146,560	147,469
Operating	546,061	546,061	531,224	(14,837)
Westwood Community Center:				
Salaries	110,309	119,293	101,060	(18,233)
Operating	51,269	51,269	63,287	12,018
South Jackson Community Center:				
Salaries	73,403	75,397	76,821	1,424
Operating	16,353	16,353	20,055	3,702
Pringles Park:				
Operating	645,000	645,000	535,245	(109,755)
Cypress Grove Nature Park:				
Salaries	43,884	55,875	45,180	(10,695)
Operating	19,200	19,200	16,651	(2,549)
Depot:				
Salaries	93,361	95,354	95,323	(31)
Operating	14,805	14,805	10,704	(4,101)
Liberty Gardens:				
Operating	20,000	20,000	-	(20,000)
Riverside Cemetery:				
Operating	16,000	16,000	13,500	(2,500)
Oman Arena:				
Salaries	29,696	29,696	32,261	2,565
Operating	174,069	174,069	141,826	(32,243)
Civic Center:				
Salaries	501,372	512,533	569,043	56,510
Operating	511,539	511,538	439,823	(71,715)
Fairgrounds:				
Salaries	325,525	332,503	295,565	(36,938)
Operating	147,431	147,431	171,999	24,568
Carnegie/Ned:				
Salaries	247,917	250,907	226,869	(24,038)
Operating	156,179	156,179	166,301	10,122

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

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Public Welfare and Community Service (Cont.):				
T. R. White Sportsplex:				
Salaries	\$ 393,665	\$ 404,445	\$ 434,497	\$ 30,052
Operating	138,796	138,797	127,224	(11,573)
Tennis Center:				
Salaries	39,671	29,656	32,911	3,255
Operating	26,142	26,142	41,684	15,542
Operating	21,040	16,640	13,113	(3,527)
Golf Course:				
Operating	36,000	36,000	46,852	10,852
Tremendous projects	1,930	1,930	1,820	(110)
Total Public Welfare and Community Service	<u>7,779,161</u>	<u>7,787,830</u>	<u>7,795,052</u>	<u>7,222</u>
 <b>Total expenditures</b>	 <b><u>\$ 68,002,099</u></b>	 <b><u>\$ 68,112,545</u></b>	 <b><u>\$ 66,441,624</u></b>	 <b><u>\$ (1,670,921)</u></b>

*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, 2017

<b>Revenues</b>	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Sales and service charges:				
State reimbursement	\$ 150,000	\$ 150,000	\$ 122,532	\$ (27,468)
Garbage collection revenue	12,647,799	12,647,799	13,019,702	371,903
Other revenue	-	-	7,992	7,992
<b>Total revenues</b>	12,797,799	12,797,799	13,150,226	352,427
<b>Expenditures</b>				
Current				
Public Works				
Salaries	1,499,318	1,718,435	1,688,009	(30,426)
Employee benefits	456,252	538,876	1,403,632	864,756
Travel and training	6,900	6,900	1,911	(4,989)
Materials and supplies	28,300	28,300	22,682	(5,618)
Motor vehicle	407,000	407,000	354,243	(52,757)
Mobile communication	4,000	4,000	1,732	(2,268)
Uniforms and clothing	8,000	8,000	4,878	(3,122)
Utilities and telephone	28,800	28,800	31,995	3,195
Professional services	2,500	2,500	74,929	72,429
Cola	37,875	6,977	-	(6,977)
Insurance	-	-	24,754	24,754
BFI landfill dumping	2,800,000	2,800,000	3,184,725	384,725
Postage	12,000	12,000	9,527	(2,473)
H&S landfill dumping	100,000	100,000	109,070	9,070
Repair and maintenance	11,000	11,000	3,367	(7,633)
Recycling	8,000	8,000	-	(8,000)
Bad Debt Expense	5,000	5,000	16	(4,984)
Temporary containers	-	-	75,433	75,433
Residential garbage charges	2,689,663	2,689,663	2,954,888	265,225
Commercial garbage charges	3,310,892	3,310,892	3,760,441	449,549
	11,415,500	11,686,343	13,706,232	2,019,889
Capital outlay	311,500	611,500	629,229	17,729
<b>Total expenditures</b>	11,727,000	12,297,843	14,335,461	2,037,618
<b>Excess (deficiency) of revenues over (under) expenditures</b>	1,070,799	499,956	(1,185,235)	(1,685,191)
<b>Other financing sources (uses)</b>				
Transfers from other funds	-	270,844	-	(270,844)
Transfers to other funds	(765,000)	(765,000)	-	765,000
	(765,000)	(494,156)	-	494,156
<b>Change in fund balance</b>	\$ 305,799	\$ 5,800	(1,185,235)	\$ 1,191,035
Fund balance - beginning			313,945	
Prior period adjustment			(543,231)	
Fund balance - beginning - restated			(229,286)	
Fund balance - ending			\$ (1,414,521)	

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

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.

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.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

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

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.

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.

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.

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

Additionally, the City reports the following fiduciary fund:

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

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.

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



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

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.

**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.

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2017

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, 2017, are:

City of Jackson	\$2,620,894
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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 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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
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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 27.

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 28.

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 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 is going to implement this standard in the fiscal year ended June 30, 2018, as required.

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In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*, effective for reporting periods beginning after December 15, 2015. The objective of this Statement was to provide financial statement users with information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements: 1) Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients, 2) The gross dollar amount of taxes abated during the period, and 3) Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. Management has implemented this standard in this financial statement.

**Net Position Flow Assumption**

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

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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.

**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.

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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 (\$116,420,568) are as follows:

Bonds payable	\$ 76,350,311
Notes payable	7,419,907
OPEB liability	433,298
Net pension liability	29,502,017
Premium on debt issuance	94,142
Compensated absences payable	<u>2,620,893</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 116,420,568</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 \$700,480 difference are as follows:

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Capital outlay, net change	\$ 8,862,822
Donated assets	25,158
Book value of assets removed	(22,941)
Depreciation expense	<u>(8,164,559)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 700,480</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 (\$179,527) difference are as follows:

Change in deferred court fine revenue	\$ (39,771)
Change in property taxes	(169,552)
Change in parking tickets revenue	<u>29,796</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (179,527)</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 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, 2017, 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	\$ 6,620,924
Fixed income	N/A	8,031,596
Equities	N/A	<u>10,575,416</u>
		<u>\$ 25,227,936</u>

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**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, 2017, 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, 2017, the City's investments in U.S. Government agency securities include Federal Home Loan 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, 2017:

	Market Value	Percentage of Total
Fixed income	\$ 8,663,590	46.56%
Equities	9,943,422	53.44%
Total	\$18,607,012	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, 2017:

Voya Fixed Account - 457/401	\$8,663,590
Fidelity VIP Contrafund Port I	2,014,761
American Funds Growth Fund R4	1,103,280

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, 2017:



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	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	\$ 8,663,590	\$ 8,663,590	\$ -	\$ -
Equity securities				
Pooled separate accounts	9,943,422	9,943,422	-	-
	<u>18,607,012</u>	<u>18,607,012</u>	<u>-</u>	<u>-</u>

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:

	General	Debt Service	Capital Outlay	Solid Waste Collection	Sportsplex	Jackson Transit Authority	Nonmajor and Other Funds	Total
Receivables:								
Taxes	\$ 26,175,889	\$ 8,378,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,554,849
Interest	16,748	-	-	-	-	-	-	16,748
Accounts	129,539	32,542	-	1,670,765	76,326	21,847	41,702	1,972,721
Grants	565,824	-	525,953	-	-	237,541	80,885	1,410,203
Intergovernmental	5,785,633	-	-	-	-	-	-	5,785,633
Court fines	499,391	-	-	-	-	-	105,370	604,761
Note	207,525	-	-	-	-	-	207,959	415,484
Gross receivables	<u>33,380,549</u>	<u>8,411,502</u>	<u>525,953</u>	<u>1,670,765</u>	<u>76,326</u>	<u>259,388</u>	<u>435,916</u>	<u>44,760,399</u>
Less: Allowance for uncollectibles	<u>(1,549,728)</u>	<u>(331,132)</u>	<u>-</u>	<u>(39,132)</u>	<u>-</u>	<u>-</u>	<u>(84,765)</u>	<u>(2,004,757)</u>
Net total receivables	<u>\$ 31,830,821</u>	<u>\$ 8,080,370</u>	<u>\$ 525,953</u>	<u>\$ 1,631,633</u>	<u>\$ 76,326</u>	<u>\$ 259,388</u>	<u>\$ 351,151</u>	<u>\$ 42,755,642</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:

2017 property tax assessment	\$ 31,463,601
Delinquent property taxes	1,413,443
Grant revenues considered to be unavailable revenues	488,919
Court fines receivable	157,415
Total deferred revenue for governmental funds	<u>\$ 33,523,378</u>

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**C. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
Community Development	General	\$ (19,391)
General	Sportsplex	119,620
Debt Service	Sportsplex	194,691
General	Solid Waste Collection	<u>1,908,064</u>
Total		2,202,984
Governmental activities eliminated		<u>(1,908,064)</u>
Total		<u>\$ 294,920</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 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, 2017, were as follows:

Transfer Out	Transfer In			Total
	Capital Outlay	Jackson Transit Authority	Nonmajor Governmental Funds	
General	\$ -	\$ 711,711	\$ -	\$ 711,711
Debt Service	9,650,000	-	-	9,650,000
Capital Outlay	-	22,995	-	22,995
Nonmajor Governmental	-	-	233,757	233,757
	<u>\$ 9,650,000</u>	<u>\$ 734,706</u>	<u>\$ 233,757</u>	<u>\$ 10,618,463</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.

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- The transfers from the General fund and Capital Projects fund to the Jackson Transit Authority were for the City's portion of operating assistance and capital assistance provided to the Transit Authority annually.

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated					
Land	\$ 20,418,107	\$ 2,588,512	\$ 17,563	\$ -	\$ 22,989,056
Construction in progress	904,063	258,068	-	(190,778)	971,353
Total capital assets, not being depreciated	<u>21,322,170</u>	<u>2,846,580</u>	<u>17,563</u>	<u>(190,778)</u>	<u>23,960,409</u>
Capital assets, being depreciated					
Buildings	68,447,644	1,445,413	196,520	-	69,696,537
Improvements other than buildings	4,931,359	819,472	-	-	5,750,831
Machinery and equipment	36,489,247	2,222,237	493,177	-	38,218,307
Infrastructure	114,284,174	1,554,278	-	190,778	116,029,230
Total capital assets, being depreciated	<u>224,152,424</u>	<u>6,041,400</u>	<u>689,697</u>	<u>190,778</u>	<u>229,694,905</u>
Less accumulated depreciation for:					
Buildings	39,298,051	1,464,704	196,520	-	40,566,235
Improvements other than buildings	1,013,335	187,972	-	-	1,201,307
Machinery and equipment	25,564,462	2,601,992	487,799	2	27,678,657
Infrastructure	48,408,301	3,909,891	-	-	52,318,192
Total accumulated depreciation	<u>114,284,149</u>	<u>8,164,559</u>	<u>684,319</u>	<u>2</u>	<u>121,764,391</u>
Total capital assets, being depreciated, net	<u>109,868,275</u>	<u>(2,123,159)</u>	<u>5,378</u>	<u>190,776</u>	<u>107,930,514</u>
Governmental activities capital assets, net	<u>\$ 131,190,445</u>	<u>\$ 723,421</u>	<u>\$ 22,941</u>	<u>\$ (2)</u>	<u>\$ 131,890,923</u>
	Beginning Balance	Increases	Decreases	Reclass/ Adjustments	Ending Balance
<b>Business-type activities:</b>					
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	3,121,351	57,175	-	-	3,178,526
Buildings	11,302,944	33,176	-	-	11,336,120
Machinery and equipment	7,343,755	48,432	-	-	7,392,187
Furniture and fixtures	1,245,142	66,532	29,389	-	1,282,285
Total capital assets being depreciated	<u>23,013,192</u>	<u>205,315</u>	<u>29,389</u>	<u>-</u>	<u>23,189,118</u>

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Less accumulated depreciation for:					
Land improvements	456,160	8,399	-	-	464,559
Buildings	6,190,500	288,612	-	(3,240,000)	3,239,112
Machinery and equipment	5,778,959	380,049	-	-	6,159,008
Furniture and fixtures	1,022,791	78,777	28,125	(2,000)	1,071,443
Total accumulated depreciation	<u>13,448,410</u>	<u>755,837</u>	<u>28,125</u>	<u>(3,242,000)</u>	<u>10,934,122</u>
Total capital assets, being depreciated, net	<u>9,564,782</u>	<u>(550,522)</u>	<u>1,264</u>	<u>3,242,000</u>	<u>12,254,996</u>
Business-type activities capital assets, net	<u>\$ 12,300,247</u>	<u>\$ (550,522)</u>	<u>\$ 1,264</u>	<u>\$ 3,242,000</u>	<u>\$ 14,990,461</u>

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

Governmental activities:	
General government	\$ 454,643
Public safety	1,842,853
Public works	4,592,738
Public welfare and community service	<u>1,274,325</u>
Total depreciation expense - governmental activities	<u>\$ 8,164,559</u>

Business-type activities:	
Sportsplex	\$ 221,332
Jackson Transit Authority	<u>534,505</u>
Total depreciation expense - business-type activities	<u>\$ 755,837</u>

**E. Operating Leases**

The future minimum lease payments are as follows:

Year Ending June 30	Amount
2018	\$ 22,364
2019	<u>5,201</u>
Total	<u>\$ 27,565</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, 2017, was \$190,825.

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, 2017, was \$16,700.

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**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, 2017, is comprised of the following bonds and notes payable:

General Obligation Bonds, Series 2009, original issue was \$6,000,000 due in annual installments beginning 2010 through 2024, fixed rates of interest ranging from 2.00% to 4.00% depending on CUSIP issue	\$ 3,165,000
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	35,120,000
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	14,365,000
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	17,400,000
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	8,268,000
Note Payable, Jackson-Madison County General Hospital District, original issue was \$650,000, payable in annual installments beginning 2012 through 2024, interest-free	350,000
Note Payable to Madison County for repayment of mixed drink taxes owed, interest free, payable in annual installments beginning 2015 through 2024	1,379,807
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%	2,560,000
General Obligation Capital Outlay Note Series 2006, original issue was \$1,995,000, payable in annual installments beginning 2007 through 2018, variable interest rate ranging from a high of 3.125% to a low of 2.75% during current year, interest rate of 2.75% at year end	166,155

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General Obligation Capital Outlay Note Series 2006-A,  
original issue was \$1,995,000, 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 2,400,000

General Obligation Capital Outlay Note Series 2016-A,  
original issue was \$750,000, payable in annual installments  
with zero interest. 730,100

General Obligation Capital Outlay Note Series 2016,  
original issue was \$2,400,000, payable in annual installments  
beginning 2007 through 2018, variable interest rate ranging from  
a high of 3.125% to a low of 2.75% during current year, interest  
rate of 2.75% at year end 165,644

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 375,000

\$86,444,706

The annual requirements to amortize all general long-term debt, except compensated absences and accrued closure and post-closure costs, at June 30, 2017, including interest payments of \$14,139,757 are as follows:

Fiscal Year	Notes		General Obligation Bonds		Totals							
	Ending	Principal	Interest	Principal	Interest	Principal	Interest					
2018	\$	998,314	\$	178,963	\$	6,833,000	\$	2,317,435	\$	7,831,314	\$	2,496,398
2019		672,515		158,835		7,048,000		2,102,543		7,720,515		2,261,378
2020		1,348,915		146,670		7,274,000		1,865,049		8,622,915		2,011,719
2021		665,615		134,182		7,541,000		1,590,214		8,206,615		1,724,396
2022		671,615		120,735		7,824,000		1,304,121		8,495,615		1,424,856
2023-2027		2,477,732		399,246		26,642,000		2,863,461		29,119,732		3,262,707
2028-2032		1,292,000		79,305		10,813,000		790,045		12,105,000		869,350
2033-2035		-		-		4,343,000		88,953		4,343,000		88,953
		<u>\$ 8,126,706</u>		<u>\$ 1,217,936</u>		<u>\$ 78,318,000</u>		<u>\$ 12,921,821</u>		<u>\$ 86,444,706</u>		<u>\$ 14,139,757</u>

During the year ended June 20, 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.

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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, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 76,983,939	\$ 5,646,320	\$ 6,279,949	\$ 76,350,310	\$ 6,583,957
Capital outlay notes	3,091,000	3,150,000	200,900	6,040,100	406,900
Notes payable	1,576,922	-	197,115	1,379,807	197,115
Premium on debt issuance	109,624	-	15,482	94,142	15,482
Compensated absences	2,472,003	248,891	100,000	2,620,894	100,000
	<u>\$ 84,233,488</u>	<u>\$ 9,045,211</u>	<u>\$ 6,793,446</u>	<u>\$ 86,485,253</u>	<u>\$ 7,303,454</u>
Business-type activities:					
General obligation bonds	\$ 2,189,741	\$ -	\$ 222,052	\$ 1,967,689	\$ 249,043
Capital outlay notes	1,101,799	-	395,000	706,799	394,299
Accrued closure/postclosure	289,200	-	28,920	260,280	28,920
	<u>\$ 3,580,740</u>	<u>\$ -</u>	<u>\$ 645,972</u>	<u>\$ 2,934,768</u>	<u>\$ 672,262</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

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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, 2017, the estimated liability for claims incurred but not paid was \$775,780. Changes in liability for the last five fiscal years are as follows:

	Beginning of Fiscal Year		Adjusted Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
	Liability	Adjustment	Liability			
2012-2013	\$ (584,702)	\$ -		\$ 6,793,898	\$ 6,578,886	\$ (369,690)
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

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, 2017, the estimated liability for claims incurred but not paid was \$52,204.

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

	Beginning of Fiscal Year		Adjusted Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
	Liability	Adjustment	Liability			
2012-2013	\$ (111,398)	\$ -	\$ (111,398)	\$ 611,398	\$ 596,340	\$ (96,340)
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

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.



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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 Reserve Requirement. The City's guaranty is not to exceed \$60 million. The outstanding balance of the debt at June 30, 2017, is \$42,130,000.

**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, 2017, are \$260,280.

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 \$842,337 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

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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 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, 2017, 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.tn.gov/tcrs](http://www.treasury.tn.gov/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

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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.

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 2<sup>nd</sup> 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, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	641
Inactive employees entitled to but not yet receiving benefits	366
Active employees	733
	1,740

***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, 2017, employer contributions for Jackson were \$6,788,956 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, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent

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Investment rate of return 7.5 percent, net of pension plan investment expenses, including inflation

Cost-of-Living Adjustment 2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

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, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return 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	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

***Discount rate***

The discount rate used to measure the total pension liability was 7.5 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

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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)**

	Increase (Decrease)		Net Pension Liability (Asset) (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
<b>Balance at 6/30/15</b>	<u>\$ 174,106,235</u>	<u>\$ 153,356,167</u>	<u>\$ 20,750,068</u>
<b>Changes for the year:</b>			
Service cost	2,901,389	-	2,901,389
Interest	12,955,605	-	12,955,605
Differences between expected and actual experience	(355,294)	-	(355,294)
Contributions - employer	-	6,617,222	(6,617,222)
Contributions - employee	-	388	(388)
Net investment income	-	4,041,409	(4,041,409)
Benefit payments, including refunds of employee contributions	(8,532,446)	(8,532,446)	-
Administrative expense	-	(56,020)	56,020
<b>Net changes</b>	<u>6,969,254</u>	<u>2,070,553</u>	<u>4,898,701</u>
<b>Balance at 6/30/16</b>	<u>\$ 181,075,489</u>	<u>\$ 155,426,720</u>	<u>\$ 25,648,769</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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Jackson's net pension liability (asset)	\$ 48,728,463	\$ 25,648,769	\$ 6,348,084

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

***Pension expense***

For the year ended June 30, 2017, Jackson recognized pension expense of \$4,966,983.

***Deferred outflows of resources and deferred inflows of resources***

For the year ended June 30, 2017, Jackson reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 965,802	\$ 1,442,311
Net difference between projected and actual earnings on pension plan investments	5,188,823	-
Contributions subsequent to the measurement date of June 30, 2016	6,788,956	-
	\$ 12,943,581	\$ 1,442,311

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2016,” 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:

<b>Year Ended June 30:</b>	
2018	\$ 482,162
2019	482,162
2020	2,341,769
2021	1,406,221
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, 2016, 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, 2016 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)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at 6/30/15</b>	\$ 5,425,635	\$ 68,272	\$ 5,357,363
<b>Changes for the year:</b>			
Interest	206,174	-	206,174
Differences between expected and actual experience	322,397	-	322,397
Net difference between projected and actual earnings on pension plan investments	(159,486)	-	(159,486)
Contributions - employer	-	572,207	(572,207)
Net investment income	-	42	(42)
Benefit payments, including refunds of employee contributions	(573,432)	(573,432)	-
<b>Net changes</b>	(204,347)	(1,183)	(203,164)
<b>Balance at 6/30/16</b>	\$ 5,221,288	\$ 67,089	\$ 5,154,199

*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	\$ 5,541,218	\$ 5,154,199	\$ 4,815,903

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



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

**Pension Expense**

Service cost	
Interest on total pension liability	\$ 206,174
Expected investment return net of investment expenses	(1,928)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of assumption changes or inputs	322,397
Recognition of investment gains or losses	<u>(158,006)</u>
Pension Expense	<u>\$ 368,637</u>

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2017, 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	\$ 4,235	-
Contributions subsequent to the measurement date of June 30, 2016	<u>592,336</u>	<u>-</u>
	<u>\$ 596,571</u>	<u>\$ -</u>

The amounts shown above for "Contributions subsequent to the measurement date of June 30, 2016" 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:

<b>Year Ended June 30:</b>	
2018	\$ 1,480
2019	1,479
2020	898
2021	378
2022	-
Thereafter	-

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**F. Other Postemployment Benefits**

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

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

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

Claims in excess of \$100,000 are reinsured. The cost of retiree health care is recognized as an expenditure as claims are paid. For the fiscal year ended June 30, 2017, these costs are not separable from the costs for active employees.

During the year ended June 30, 2009, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*. The following are required disclosures as a result of this adoption:

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, 2017, is not separable from the costs for active employees.

**Funding Policy**

The City intends to continue its policy of funding OPEB liabilities on a pay-as-you-go basis and to not pre-fund any unfunded annual required contribution as determined under GASB Statement No. 45.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other post-retirement benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB Obligation.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**Components of Net OPEB Obligation**

Annual Required Contribution	\$ 1,041,300
Interest on Net OPEB Obligation	13,200
Adjustment to Annual Required Contribution	<u>(13,000)</u>
Annual OPEB Cost (Expense)	1,041,500
Contributions/Expense	<u>(1,025,675)</u>
Decrease in Net Obligation	15,825
Net OPEB Obligation (BOY)	<u>417,473</u>
Net OPEB (Asset) Obligation (EOY)	<u><u>\$ 433,298</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 are as follows:

Fiscal Year Ending	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 1,041,500	98.48%	\$ 433,298
6/30/2016	1,041,300	101.83%	417,473
6/30/2015	1,041,300	91.61%	436,568

**Funded Status and Funding Progress**

As of June 30, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$12,436,600 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$12,436,600. The covered payroll (annual payroll of active employees covered by the plan) was \$32,688,552 and the ratio of the UAAL to the covered payroll was 38.0% as of the actuarial valuation date.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

In the June 30, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2015 was 30 years.

**G. Tax Abatements**

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

<u>Entity and Terms</u>	<u>Percentage of Taxes Abated During Year Ended June 30, 2017</u>	<u>Amount of Taxes Abated during Year Ended June 30, 2017</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	60% Real and Personal Property	39,944
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 50% reduction in a selection of tangible personal property.	50% Personal Property	7,099
Delta Faucet Company - 50% reduction in both real and tangible personal property through the 2017 tax year (for a selection of personal property); Also, a 25% reduction in another selection of tangible personal property for a different time period.	50% 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
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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**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, 2017.

**NOTE 7 – PRIOR PERIOD ADJUSTMENT**

As of June 30, 2017, prior period adjustments were made in the following activities for the following reasons:

- An adjustment was made in the solid waste collection fund for \$543,231 that was related to a receivable from a commercial customer that was recorded twice, in both the commercial and residential billing receivables. In order to fairly state the current fiscal year's revenue, the adjustment was needed.
- Also, an adjustment was made related to Jackson Transit Authority's capital assets. During the audit, it was discovered that the Authority's building was not depreciated over the proper life. Depreciation had been calculated based on a 5 year life since June 30, 2011. The correct life of the asset is 40 years. A prior period adjustment of \$3,240,000 was made at June 30, 2017 in order to adjust accumulated depreciation to the proper amount based on a 40 year life.

## **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

	2016	2015	2014
Total pension liability			
Service cost	\$ 2,901,389	\$ 2,913,921	\$ 2,812,416
Interest	12,955,605	12,556,747	11,835,576
Changes in benefit terms	-	-	-
Differences between actual and expected experience	(355,294)	(1,930,126)	2,414,505
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(8,532,446)	(7,887,368)	(7,209,401)
<b>Net change in total pension liability</b>	<b>6,969,254</b>	<b>5,653,174</b>	<b>9,853,096</b>
<b>Total pension liability - beginning</b>	<b>174,106,235</b>	<b>168,453,061</b>	<b>158,599,965</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 181,075,489</b>	<b>\$ 174,106,235</b>	<b>\$ 168,453,061</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 6,617,222	\$ 6,432,498	\$ 6,552,755
Contributions - employee	388	3,130	-
Net investment income	4,041,409	4,604,343	21,401,369
Benefit payments, including refunds of employee contributions	(8,532,446)	(7,887,368)	(7,209,401)
Administrative expense	(56,020)	(37,025)	(33,628)
<b>Net change in plan fiduciary net position</b>	<b>2,070,553</b>	<b>3,115,578</b>	<b>20,711,095</b>
<b>Plan fiduciary net position - beginning</b>	<b>153,356,167</b>	<b>150,240,589</b>	<b>129,529,496</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 155,426,720</b>	<b>\$ 153,356,167</b>	<b>\$ 150,240,591</b>
<b>Net Pension Liability (asset)-ending (a) - (b)</b>	<b>\$ 25,648,769</b>	<b>\$ 20,750,068</b>	<b>\$ 18,212,470</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>85.84%</b>	<b>88.08%</b>	<b>89.19%</b>
<b>Covered - employee payroll</b>	<b>\$ 35,416,058</b>	<b>\$ 34,325,416</b>	<b>\$ 34,206,282</b>
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	<b>72.42%</b>	<b>60.45%</b>	<b>53.24%</b>

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

	2017	2016	2015	2014
Actuarially determined contribution	\$ 6,788,956	\$ 6,617,222	\$ 6,432,498	\$ 6,552,755
Contributions in relation to the actuarially determined contribution	6,788,956	6,617,222	6,432,498	6,552,755
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 36,343,448	\$ 35,416,058	\$ 34,325,416	\$ 34,206,282
Contributions as a percentage of covered - employee payroll	18.68%	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 2016 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
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

	2016	2015	2014
Total pension liability			
Service cost	\$ -	\$ -	\$ -
Interest	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	<u>(573,432)</u>	<u>(606,568)</u>	<u>(650,034)</u>
<b>Net change in total pension liability</b>	<b>(204,347)</b>	<b>(223,676)</b>	<b>2,424</b>
<b>Total pension liability - beginning</b>	<b><u>5,425,635</u></b>	<b><u>5,649,311</u></b>	<b><u>5,646,887</u></b>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 5,221,288</u></b>	<b><u>\$ 5,425,635</u></b>	<b><u>\$ 5,649,311</u></b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 572,207	\$ 605,568	\$ 650,934
Contributions - employee	-	-	-
Net investment income	42	110	6
Benefit payments, including refunds of employee contributions	(573,432)	(606,568)	(650,034)
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	<b>(1,183)</b>	<b>(890)</b>	<b>906</b>
<b>Plan fiduciary net position - beginning</b>	<b><u>68,272</u></b>	<b><u>69,162</u></b>	<b><u>68,256</u></b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 67,089</u></b>	<b><u>\$ 68,272</u></b>	<b><u>\$ 69,162</u></b>
<b>Net Pension Liability (asset)-ending (a) - (b)</b>	<b><u>\$ 5,154,199</u></b>	<b><u>\$ 5,357,363</u></b>	<b><u>\$ 5,580,149</u></b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	1.28%	1.26%	1.22%
<b>Covered - employee payroll</b>	\$ -	\$ -	\$ -
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	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

	2017	2016	2015	2014
Actuarially determined contribution	\$ 696,570	\$ 696,570	\$ 696,570	\$ 1,090,016
Contributions in relation to the actuarially determined contribution	584,684	572,207	605,568	650,934
Contribution deficiency (excess)	<u>\$ 111,886</u>	<u>\$ 124,363</u>	<u>\$ 91,002</u>	<u>\$ 439,082</u>
Covered-employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered - employee 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.

**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 FUNDING PROGRESS – EMPLOYEE RETIREMENT SYSTEM**  
 June 30, 2017

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Other Postemployment Benefits:						
6/30/2015	-	12,437	12,437	0.00%	32,689	38.00%
6/30/2013	-	11,923	11,923	0.00%	33,132	36.00%
6/30/2011	-	10,149	10,149	0.00%	34,364	29.53%

- a. The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contributions requirements and in ratios that use the pension benefit obligations as a factor.
- b. Looking at the actuarial accrued liability or the unfunded actuarial accrued liability in isolation can be misleading.
  - (i.) Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the extent to which a plan is funded. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.
  - (ii.) Expressing the unfunded actuarial accrued liability as a percentage of the annual covered payroll approximately adjusts for the effects of inflation and aids analysis of funding progress. Generally, the smaller the unfunded percentage, the stronger the plan.

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
For the Fiscal Year Ended June 30, 2017

	<u>City of Jackson Pension</u>
<b>Additions:</b>	
Contributions:	
Employer	\$ 584,684
<b>Deductions:</b>	
Benefits	<u>582,436</u>
Net increase (decrease)	2,248
<b>Net position held in trust for pension benefits, July 1</b>	<u>67,005</u>
<b>Net position held in trust for pension benefits, June 30</b>	<b><u>\$ 69,253</u></b>

*See independent auditor's report.*

**SUPPLEMENTARY AND OTHER  
INFORMATION SECTION**

**CITY OF JACKSON, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
June 30, 2017

	Special Revenue Funds					Debt Service	
	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Grant Fund #3 ESGP	Community Redevelopmen	Totals
<b>Assets</b>							
Cash and cash equivalents	\$ 216,313	\$ 330,501	\$ 133,113	\$ -	\$ -	\$ -	\$ 679,927
Receivables							
Accounts (net of allowance for uncollectible accounts)	-	9,313	-	32,389	-	-	41,702
Grants	-	-	11,678	54,050	15,157	-	80,885
Court fines (net of allowance for uncollectible accounts)	<u>12,035</u>	<u>8,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,605</u>
<b>Total assets</b>	<b><u>\$ 228,348</u></b>	<b><u>\$ 348,384</u></b>	<b><u>\$ 144,791</u></b>	<b><u>\$ 86,439</u></b>	<b><u>\$ 15,157</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 823,119</u></b>
<b>Liabilities, deferred inflows and fund balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued expenses	<u>3,458</u>	<u>61,180</u>	<u>47,476</u>	<u>86,439</u>	<u>15,157</u>	<u>-</u>	<u>213,710</u>
<b>Deferred inflows:</b>							
Unavailable court fine:	<u>11,505</u>	<u>8,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,075</u>
Restricted	<u>213,385</u>	<u>278,634</u>	<u>97,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>589,334</u>
Total fund balances	<u>213,385</u>	<u>278,634</u>	<u>97,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>589,334</u>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b><u>\$ 228,348</u></b>	<b><u>\$ 348,384</u></b>	<b><u>\$ 144,791</u></b>	<b><u>\$ 86,439</u></b>	<b><u>\$ 15,157</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 823,119</u></b>

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, 2017

	Special Revenue Funds					Debt Service	Totals
	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Grant Fund #3 ESGP	Community Redevelopmen!	
<b>Revenues</b>							
Fines, interest and penalties	\$ 61,117	\$ 24,183	\$ -	\$ -	\$ -	\$ -	\$ 85,300
Use of money and property	1,116	1,331	-	-	-	50,000	52,447
Intergovernmental	-	-	565,275	191,091	111,594	-	867,960
Sales and service charges	17,270	158,506	-	-	-	-	175,776
Other	-	-	2,699	84,625	-	-	87,324
Total revenues:	<u>79,503</u>	<u>184,020</u>	<u>567,974</u>	<u>275,716</u>	<u>111,594</u>	<u>50,000</u>	<u>1,268,807</u>
<b>Expenditures</b>							
Current:							
Public safety	27,184	173,665	-	-	-	-	200,849
Public welfare and community services	-	-	331,628	275,716	111,594	-	718,938
Capital outlay							
Public safety	56,627	76,980	-	-	-	-	133,607
Debt service:							
Principal	-	-	-	-	-	181,000	181,000
Interest	-	-	-	-	-	102,757	102,757
Total expenditures:	<u>83,811</u>	<u>250,645</u>	<u>331,628</u>	<u>275,716</u>	<u>111,594</u>	<u>283,757</u>	<u>1,337,151</u>
Excess (deficiency) of revenues over (under) expenditures	(4,308)	(66,625)	236,346	-	-	(233,757)	(68,344)
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	233,757	233,757
Transfers out	-	-	(233,757)	-	-	-	(233,757)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(233,757)</u>	<u>-</u>	<u>-</u>	<u>233,757</u>	<u>-</u>
Net changes in fund balances	(4,308)	(66,625)	2,589	-	-	-	(68,344)
Fund balances - beginning	<u>217,693</u>	<u>345,259</u>	<u>94,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>657,678</u>
Fund balances - ending	<u>\$ 213,385</u>	<u>\$ 278,634</u>	<u>\$ 97,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 589,334</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, 2017

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>over (under)</u>
<b>Revenues:</b>				
Fines, interest and penalties:				
Fines, forfeits and penalties	\$40,000	\$ 40,000	\$ 61,117	\$ 21,117
Use of money and property:				
Interest earned	350	350	1,116	766
Sales and service charges:				
Seized assets/unclaimed evidence	<u>25,000</u>	<u>25,000</u>	<u>17,270</u>	<u>(7,730)</u>
Total revenues	<u>65,350</u>	<u>65,350</u>	<u>79,503</u>	<u>14,153</u>
<b>Expenditures</b>				
Current:				
Public Safety:				
Contractual services	7,000	7,000	3,670	(3,330)
Utilities	7,500	7,500	8,106	606
Special investigative funds	30,000	30,000	15,000	(15,000)
Court clerk fees	500	500	408	(92)
Capital outlay	<u>-</u>	<u>56,627</u>	<u>56,627</u>	<u>-</u>
Total expenditures	<u>45,000</u>	<u>101,627</u>	<u>83,811</u>	<u>(17,816)</u>
<b>Excess (deficiency) of</b>				
<b>    revenues over (under) expenditures</b>	<b><u>20,350</u></b>	<b><u>(36,277)</u></b>	<b><u>(4,308)</u></b>	<b><u>31,969</u></b>
<b>Other financing sources (uses)</b>				
Transfers to other funds	<u>-</u>	<u>(43,919)</u>	<u>-</u>	<u>(43,919)</u>
Net changes in fund balances	<u>\$20,350</u>	<u>\$ (80,196)</u>	<u>(4,308)</u>	<u>\$ 75,888</u>
Fund balance - beginning			<u>217,693</u>	
Fund balance - ending			<b><u>\$ 213,385</u></b>	

*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, 2017

<b>Revenues</b>	Budgeted Amounts		<u>Actual</u>	Variance over (under)
	Original	Final		
Fines, interest and penalties:				
Fines, forfeits and penalties	\$ 31,000	\$ 31,000	\$ 24,183	\$ (6,817)
Use of money and property:				
Interest earned	-	-	1,331	1,331
Sales and service charges:				
Controlled substance tax	7,500	7,500	4,035	(3,465)
Seizures	<u>150,000</u>	<u>150,000</u>	<u>154,471</u>	<u>4,471</u>
Total revenues	<u>188,500</u>	<u>188,500</u>	<u>184,020</u>	<u>(4,480)</u>
<b>Expenditures</b>				
Current:				
Public Safety:				
Telephone	25,000	25,000	22,154	(2,846)
Vehicle tow-in/storage	1,000	1,000	1,355	355
Subscriptions and dues	1,000	1,000	-	(1,000)
Computer/IS services	7,000	7,000	9,600	2,600
Travel and training	20,000	20,000	21,997	1,997
Insurance	8,500	8,500	7,461	(1,039)
Office supplies	10,500	10,500	9,422	(1,078)
Operating expenditures	20,000	20,000	37,957	17,957
Rent	8,000	8,000	4,550	(3,450)
Court clerk fees	1,000	1,000	920	(80)
Special investigative funds	40,000	40,000	35,000	(5,000)
Utilities	11,000	11,000	13,414	2,414
Copier expense	4,000	4,000	3,829	(171)
Uniforms and clothing	8,000	8,000	6,006	(1,994)
Capital outlay	<u>46,802</u>	<u>80,417</u>	<u>76,980</u>	<u>(3,437)</u>
Total expenditures	<u>211,802</u>	<u>245,417</u>	<u>250,645</u>	<u>5,228</u>
Net changes in fund balances	<u>\$ (23,302)</u>	<u>\$ (56,917)</u>	(66,625)	<u>\$ (9,708)</u>
Fund balance - beginning			<u>345,259</u>	
Fund balance - ending			<u>\$ 278,634</u>	

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, 2017

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
Intergovernmental:				
Block Grant - CDBG	\$ 498,396	\$ 498,396	\$ 525,782	\$ 27,386
Program income	50,000	50,000	39,493	(10,507)
Other income	-	-	2,699	2,699
Total revenues	<u>548,396</u>	<u>548,396</u>	<u>567,974</u>	<u>19,578</u>
<b>Expenditures</b>				
Current				
Public Welfare and Community Services				
Administration and Program Delivery:				
Salaries	107,679	107,679	70,029	(37,650)
Employee benefits	-	-	20,287	20,287
Travel and training	-	-	437	437
Professional services	-	-	5,881	5,881
Dues and subscriptions	-	-	4,670	4,670
Telephone	-	-	1,241	1,241
Office supplies	-	-	984	984
Postage	-	-	79	79
Advertising	-	-	1,413	1,413
Computer	-	-	1,417	1,417
Freight	-	-	22	22
Miscellaneous	-	-	939	939
Repairs and maintenance	-	-	816	816
Insurance	-	-	1,638	1,638
	<u>107,679</u>	<u>107,679</u>	<u>109,853</u>	<u>2,174</u>
Program				
Housing	82,117	102,117	117,175	15,058
Public services	75,600	55,600	55,600	-
CBDO	49,000	49,000	49,000	-
	<u>206,717</u>	<u>206,717</u>	<u>221,775</u>	<u>15,058</u>
Total expenditures	<u>314,396</u>	<u>314,396</u>	<u>331,628</u>	<u>17,232</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u><b>234,000</b></u>	<u><b>234,000</b></u>	<u><b>236,346</b></u>	<u><b>2,346</b></u>
<b>Other financing sources (uses)</b>				
Transfers out - Section 108 Loan Payments	(234,000)	(234,000)	(233,757)	(243)
<b>Total other financing sources (uses)</b>	<u>(234,000)</u>	<u>(234,000)</u>	<u>(233,757)</u>	<u>(243)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,589</u>	<u>\$ 2,589</u>
Fund balance - beginning			<u>94,726</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental				
HOME Grant	\$ 211,791	\$ 211,791	\$ 191,091	\$ (20,700)
Program income	<u>25,000</u>	<u>25,000</u>	<u>84,625</u>	<u>59,625</u>
Total revenues	<u>236,791</u>	<u>236,791</u>	<u>275,716</u>	<u>38,925</u>
<b>Expenditures</b>				
Current				
Public Welfare and Community Services				
Administration:				
Salaries	23,679	23,679	28,569	4,890
Employee benefits	-	-	3,518	3,518
Insurance	-	-	290	290
Miscellaneous	-	-	711	711
	<u>23,679</u>	<u>23,679</u>	<u>33,088</u>	<u>9,409</u>
Program				
Housing	<u>213,112</u>	<u>213,112</u>	<u>242,628</u>	<u>29,516</u>
Total expenditures	<u>236,791</u>	<u>236,791</u>	<u>275,716</u>	<u>38,925</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**  
**GRANT FUND #3 - ESGP**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>over (under)</u>
<b>Revenues</b>				
Intergovernmental				
State DHS Grant	\$ 113,609	\$ 113,609	\$ 111,594	\$ (2,015)
Total revenues	<u>113,609</u>	<u>113,609</u>	<u>111,594</u>	<u>(2,015)</u>
<b>Expenditures</b>				
Current:				
Public Welfare and Community Services				
Administration:				
Salaries	7,926	7,926	5,210	(2,716)
Employee benefits	-	-	1,879	1,879
Insurance	-	-	237	237
	<u>7,926</u>	<u>7,926</u>	<u>7,326</u>	<u>(600)</u>
Program:				
Public services	105,683	105,683	104,268	(1,415)
Total expenditures	<u>113,609</u>	<u>113,609</u>	<u>111,594</u>	<u>(2,015)</u>
<b>Excess (deficiency) of revenues</b>				
<b>over (under) expenditures</b>	<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  
COMMUNITY REDEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>over (under)</u>
<b>Revenues:</b>				
Appropriation from CRA District	\$ -	\$ -	\$ 50,000	\$ 50,000
<b>Expenditures:</b>				
Principal payments	131,000	131,000	181,000	50,000
Interest expense	<u>93,712</u>	<u>93,712</u>	<u>102,757</u>	<u>9,045</u>
<b>Total expenditures</b>	<u>224,712</u>	<u>224,712</u>	<u>283,757</u>	<u>59,045</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(224,712)</u>	<u>(224,712)</u>	<u>(233,757)</u>	<u>109,045</u>
<b>Other financing sources (uses)</b>				
Transfer from other funds	<u>224,712</u>	<u>224,712</u>	<u>233,757</u>	<u>9,045</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 100,000</u>
<b>Fund balance - beginning</b>			-	
<b>Fund balance - ending</b>			<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, 2017

Revenues	Budgeted Amounts		Actual	Variance over (under)
	Original	Final		
<b>Taxes:</b>				
Property tax apportionments	\$ 7,043,011	\$ 7,043,011	\$ 6,872,694	\$ (170,317)
Tax equivalent apportionments	1,105,816	1,105,816	1,098,340	(7,476)
<b>Total taxes</b>	<u>8,148,827</u>	<u>8,148,827</u>	<u>7,971,034</u>	<u>(177,793)</u>
<b>Use of money &amp; property:</b>				
Interest income	5,000	5,000	22,162	17,162
<b>Intergovernmental</b>				
<b>Madison County</b>				
Local option sales tax - Pringles Park	36,864	36,864	37,346	482
<b>State of Tennessee:</b>				
Sales tax - Pringles Park	66,436	66,436	69,804	3,368
<b>Total intergovernmental</b>	<u>103,300</u>	<u>103,300</u>	<u>107,150</u>	<u>3,850</u>
<b>Total revenues</b>	<u>8,257,127</u>	<u>8,257,127</u>	<u>8,100,346</u>	<u>(156,781)</u>
<b>Expenditures</b>				
Principal	5,949,000	5,752,000	5,727,164	(24,836)
Interest	2,510,713	2,510,713	2,379,831	(130,882)
Other expenditures	-	197,000	58,489	(138,511)
Debt issuance costs	-	-	906	906
<b>Total expenditures</b>	<u>8,459,713</u>	<u>8,459,713</u>	<u>8,166,390</u>	<u>(293,323)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(202,586)</u>	<u>(202,586)</u>	<u>(66,044)</u>	<u>136,542</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of bonds	5,296,320	5,296,320	5,646,320	350,000
Proceeds from issuance of debt	-	-	2,400,000	(2,400,000)
Transfers to other funds	(5,720,855)	(5,720,855)	(9,650,000)	3,929,145
<b>Total other financing sources (uses)</b>	<u>(424,535)</u>	<u>(424,535)</u>	<u>(1,603,680)</u>	<u>1,879,145</u>
<b>Net changes in fund balance</b>	<u>\$ (627,121)</u>	<u>\$ (627,121)</u>	<u>(1,669,724)</u>	<u>\$ 3,442,603</u>
Fund balance - beginning			7,344,964	
Fund balance - ending			<u>\$ 5,675,240</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, 2017

<b>Revenues</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance over (under)</b>
	<b>Original</b>	<b>Final</b>		
<b>Use of money and property:</b>				
Interest	\$ -	\$ -	\$ 11,307	\$ 11,307
Insurance recoveries	-	278,000	2,140,362	1,862,362
Sale of capital assets	-	-	2,260	2,260
Total use of money and property	-	278,000	2,153,929	1,875,929
<b>Intergovernmental:</b>				
Bulletproof vest grant	-	-	20,663	20,663
Transportation enhancement grants	2,986,777	2,986,777	425,386	(2,561,391)
Total intergovernmental	2,986,777	2,986,777	446,049	(2,540,728)
Total revenues	2,986,777	3,264,777	2,599,978	(664,799)
<b>Expenditures</b>				
<b>General government:</b>				
Office of mayor/city council	42,567	62,764	57,941	(4,823)
Accounting	1,945	1,945	1,167	(778)
Risk management	550	550	535	(15)
Farmer's Market	12,055	12,055	30,317	18,262
Information Systems	152,900	152,900	149,451	(3,449)
Municipal court	5,874	35,874	36,670	796
Municipal building (Main/Liberty)	88,500	59,517	59,517	-
Total general government	304,391	325,605	335,598	9,993
<b>Public safety:</b>				
Police administration	203,200	203,200	952,342	749,142
Criminal investigation	4,924	4,924	4,501	(423)
Support services	453,000	688,000	529,183	(158,817)
Central dispatch	865,715	1,619,384	1,644,858	25,474
K-9 capital expense	3,600	3,600	3,600	-
Patrol	54,780	54,780	54,627	(153)
Police tactical unit	33,500	58,519	56,674	(1,845)
Gang control	1,529	1,529	1,499	(30)
Stormwater Operations	86,600	85,449	85,449	-
Fire Dept buildings/operations	506,142	506,142	522,222	16,080
Total public safety	\$ 2,212,990	\$ 3,225,527	\$ 3,854,955	\$ 629,428
<b>Public works:</b>				
Street resurfacing	6,420,116	6,307,716	2,273,125	(4,034,591)
Street maintenance	170,500	189,007	188,966	(41)
Municipal garage	28,000	28,000	21,353	(6,647)
Traffic signalization	320,000	387,673	159,690	(227,983)
Industrial land	-	2,380,000	2,365,687	(14,313)
Keep Jackson Beautiful	33,508	33,508	-	(33,508)
Stormwater management	21,521	21,521	21,520	(1)
Housing codes enforcement	27,948	27,948	26,359	(1,589)
Engineering department	-	2,051	1,958	(93)
Total public works	7,021,593	9,377,424	5,058,658	(4,318,766)

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, 2017

<b>Expenditures</b>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Public welfare and community services:				
Groundskeeping	39,700	39,700	39,360	(340)
T. R. White Sportsplex	7,456	7,456	7,872	416
Fairgrounds	30,000	6,059	6,059	-
Civic Center	85,000	237,652	134,383	(103,269)
Ned Center	11,120	11,120	10,737	(383)
Pringles Park	40,500	94,881	94,881	-
Depot	645	645	630	(15)
Liberty Gardens	-	-	124,988	124,988
Cypress Grove Nature	1,500	81,333	70,223	(11,110)
Bemis Mill Memorial Park	390,000	390,000	49,556	(340,444)
Forest Hills Park	70,000	63,571	63,527	(44)
Westwood Community Center & Pool	5,900	5,900	5,753	(147)
South Jackson Community Center	1,260	22,230	14,035	(8,195)
City of Jackson Tennis Complex	315,353	374,135	359,462	(14,673)
Recreation	138,800	140,479	138,057	(2,422)
Golf course	-	65,844	64,344	(1,500)
Total public welfare and community services	<u>\$ 1,137,234</u>	<u>\$ 1,541,005</u>	<u>\$ 1,183,867</u>	<u>\$ (357,138)</u>
Other:				
Jackson-Madison County Public Library	25,000	88,000	147,504	59,504
Emergency Management	13,577	13,577	13,577	-
Airport Authority	171,250	195,040	195,040	-
CRA District	-	-	101,588	101,588
Total other	<u>209,827</u>	<u>296,617</u>	<u>457,709</u>	<u>161,092</u>
Total expenditures	<u>10,886,035</u>	<u>14,766,178</u>	<u>10,890,787</u>	<u>(3,875,391)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,899,258)</u>	<u>(11,501,401)</u>	<u>(8,290,809)</u>	<u>3,210,592</u>
<b>Other financing sources (uses)</b>				
Transfer to Jackson Transit Authority	(22,995)	(22,995)	(22,995)	-
Transfer from other funds	<u>5,720,855</u>	<u>5,745,874</u>	<u>9,650,000</u>	<u>3,904,126</u>
Total other financing sources (uses)	<u>5,697,860</u>	<u>5,722,879</u>	<u>9,627,005</u>	<u>3,904,126</u>
<b>Net changes in fund balances</b>	<u>\$ (2,201,398)</u>	<u>\$ (5,778,522)</u>	<u>1,336,196</u>	<u>\$ 7,114,718</u>
Fund balance - beginning			1,688,775	
Fund balance - ending			<u>\$ 3,024,971</u>	

See independent auditor's report.



**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF INVESTMENTS**  
June 30, 2017

	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Carrying Amount/ Market Value</u>
<b>Governmental funds</b>					
General Fund:					
Certificates of Deposit	Varies	Varies	Varies	6,620,924	6,620,924
 <b>Fiduciary fund types</b>					
Deferred Compensation Expendable Trust Fund					<u>18,607,012</u>
					<u>\$ 25,227,936</u>

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT**  
June 30, 2017

	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		Mixed Drink Repayment Note	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 405,000	\$ 126,600	\$ 4,445,000	\$ 1,450,525	\$ 480,000	\$ 287,300	\$ 885,000	\$ 179,220	\$ 618,000	\$ 273,790	\$ 137,000	\$ 88,677	\$ 197,115	\$ -
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	197,115	-
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	197,115	-
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	197,115	-
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	197,115	-
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	197,115	-
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	197,117	-
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>\$ 3,165,000</u>	<u>\$ 524,800</u>	<u>\$ 35,120,000</u>	<u>\$ 6,137,388</u>	<u>\$ 14,365,000</u>	<u>\$ 2,855,200</u>	<u>\$ 17,400,000</u>	<u>\$ 1,752,029</u>	<u>\$ 8,268,000</u>	<u>\$ 1,652,404</u>	<u>\$ 2,560,000</u>	<u>\$ 700,224</u>	<u>\$ 1,379,807</u>	<u>\$ -</u>

**Notes Payable**

	General Obligation Capital Outlay Note, Series 2006 ** (1)		General Obligation Capital Outlay Note, Series 2006-A ** (1)		General Obligation Capital Outlay Note, Series 2014 ** (1)		General Obligation Capital Outlay Note, Series 2016		Short Street Capital Outlay Note, Series 2016-A		Jackson-Madison County General Hospital District		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2018	166,155	4,241	165,644	4,187	62,500	10,308	200,000	71,550	19,900	-	50,000	-	7,831,314	2,496,398	10,327,712
2019	-	-	-	-	62,500	8,592	200,000	66,550	19,900	-	50,000	-	7,720,515	2,261,378	9,981,893
2020	-	-	-	-	62,500	6,876	200,000	61,300	690,300	-	50,000	-	8,622,915	2,011,719	10,634,634
2021	-	-	-	-	62,500	5,160	200,000	55,750	-	-	50,000	-	8,206,615	1,724,396	9,931,011
2022	-	-	-	-	62,500	3,432	200,000	49,900	-	-	50,000	-	8,495,615	1,424,856	9,920,471
2023	-	-	-	-	62,500	1,716	200,000	43,750	-	-	50,000	-	8,775,615	1,139,266	9,914,881
2024	-	-	-	-	-	-	200,000	37,400	-	-	50,000	-	9,531,117	842,875	10,373,992
2025	-	-	-	-	-	-	200,000	30,950	-	-	-	-	3,198,000	505,611	3,703,611
2026	-	-	-	-	-	-	200,000	24,350	-	-	-	-	3,257,000	433,377	3,690,377
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>\$ 166,155</u>	<u>\$ 4,241</u>	<u>\$ 165,644</u>	<u>\$ 4,187</u>	<u>\$ 375,000</u>	<u>\$ 36,084</u>	<u>\$ 2,400,000</u>	<u>\$ 473,200</u>	<u>\$ 730,100</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 86,444,706</u>	<u>\$ 14,139,757</u>	<u>\$ 100,584,463</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 (\$1,967,689 at June 30, 2017).  
\*\* 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, 2017

Year of Levy	Balance 7/1/16	Taxes Levied	Adjustments	Collections	Balance 6/30/17
2016	\$ -	\$ 30,690,613	\$ 558,805	\$ 30,332,173	\$ 917,245
2015	934,971	-	83,014	576,979	441,006
2014	532,933	-	14,872	211,036	336,769
2013	363,721	-	2,333	60,250	305,804
2012	416,108	-	(2,167)	19,385	394,556
2011	308,195	-	780	51,910	257,065
2010	154,446	-	(183)	14,670	139,593
2009	99,474	-	(178)	18,714	80,582
2008	78,417	-	(178)	2,766	75,473
2007	64,440	-	(182)	1,887	62,371
2006	82,096	-	(182)	1,151	80,763
2005	233,964	-	(233,872)	71	21
	<u>\$ 3,268,765</u>	<u>\$ 30,690,613</u>	<u>\$ 422,862</u>	<u>\$ 31,290,992</u>	<u>\$ 3,091,248</u>

Property taxes receivable allocated as follows:

	<u>General Fund</u>	<u>Debt Services</u>	<u>Total</u>
Considered current receivable	\$ 155,612	\$ 49,736	\$ 205,348
Allowance for uncollectibles	1,141,325	331,132	1,472,457
Unavailable revenues	<u>1,095,582</u>	<u>317,861</u>	<u>1,413,443</u>
	2,392,519	698,729	3,091,248
Estimated 2017 tax levy due October 1, 2017 considered as deferred revenue	<u>23,672,675</u>	<u>7,790,926</u>	<u>31,463,601</u>
Total taxes receivable	<u>\$ 26,065,194</u>	<u>\$ 8,489,655</u>	<u>\$ 34,554,849</u>

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED**  
June 30, 2017

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

<u>Year of Levy</u>	<u>Amount</u>
2015	\$ 441,006
2014	336,769
2013	305,804
2012	394,556
2011	257,065
2010	139,593
2009	80,582
2008	75,473
2007	62,371
2006	80,763
2005	<u>21</u>
	<u>\$ 2,174,003</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>
2016	1.96	\$ 1,564,300,034
2015	1.96	1,513,983,538
2014	1.96	1,495,667,894
2013	1.97	1,491,410,582
2012	1.97	1,481,409,921
2011	1.97	1,415,711,213
2010	2.10	1,222,380,177
2009	2.10	1,254,178,318
2008	2.10	1,222,320,600
2007	2.10	1,190,522,429

\*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, 2017

	Grant Number	CFDA Number	Expenditures	Amounts provided to subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Food and Nutrition Services:				
Passed through Tennessee Department of Human Services:				
Child and Adult Care Food Program (2014)	03-47-30026	10.558	\$ 2,394	
SNAP Cluster:				
AARP - SNAP Food Insecurity Nutrition Incentive	2015-70018-23332	10.551	3,467	
<u>Total U.S. Department of Agriculture</u>			5,861	-
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Office of Community Planning and Development:				
CDBG Entitlement Grants Cluster:				
Community Development Block Grants	B16MC470011	14.218*	519,946	
Community Development Block Grants	B15MC470011	14.218*	20,489	
Community Development Block Grants	B14MC470011	14.218*	24,840	
			565,275	221,775
Passed through Tennessee Housing Development Agency:				
Emergency Solutions Grants Program	ESG-16-41	14.231	111,594	
Amounts provided to subrecipients			-	
			111,594	104,268
HOME Investment Partnerships Program	M12MC470207	14.239	108	
HOME Investment Partnerships Program	M13MC470207	14.239	13,250	
HOME Investment Partnerships Program	M14MC470207	14.239	89,527	
HOME Investment Partnerships Program	M15MC470207	14.239	55,852	
HOME Investment Partnerships Program	M16MC470207	14.239	116,979	
			275,716	242,628
<u>Total U.S. Department of Housing &amp; Urban Development</u>			\$ 952,585	\$ 568,671

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2017

	<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 Administrative Services				
Office of Criminal Justice				
Violence Against Women Formula Grant	26699	16.588	\$ 87,377	-
Safe Hope Center Navigator				
Passed through the Tennessee Department of Finance and Administrative Services				
Office of Criminal Justice				
Safe Hope Center Formula Grants (VOCA)	23048	16.575	25,943	-
Passed through Tennessee Department of Finance and Administrative Services				
Office of Criminal Justice				
Bulletproof Vest Program	2014BUBX14072412	16.607	9,738	
Bulletproof Vest Program	2015BUBX14072412	16.607	713	
Bulletproof Vest Program	2016BUBX14072412	16.607	9,738	
Bulletproof Vest Program	2017BUBX14072412	16.607	474	
			<u>20,663</u>	-
Bureau of Justice Assistance:				
Edward Byrne Memorial Justice Assistance Grant Program	2015-DJ-BX-0585	16.738	24,234	
Edward Byrne Memorial Justice Assistance Grant Program	2016-DJ-BX-0418	16.738	63,513	
			<u>87,747</u>	-
Passed through the Tennessee Department of Finance and Administrative Services				
Office of Criminal Justice Programs:				
Edward Byrne Memorial Justice Assistance Grant Program (GRIT)	23048	16.738	60,000	
Edward Byrne Memorial Justice Assistance Grant Program (Family Justice Center)	24623	16.738	69,370	
			<u>129,370</u>	-
<u>Total U.S. Department of Justice</u>			<u>351,100</u>	-

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2017

	Grant Number	CFDA Number	Expenditures	Amounts provided to subrecipients
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Federal Highway Administration:				
Highway Planning and Construction Cluster:				
Passed through the Tennessee Department of Transportation				
Highway Planning and Construction Highland	CPD119201	20.205	231,576	
Highway Planning and Construction FE Wright	57-LPLM-F3-017	20.205	125,004	
Highway Planning and Construction 14/15	Z14MPO005	20.205	117,222	
Highway Planning and Construction MPO SPR	49442	20.205	30,629	
Highway Planning and Construction Highland Multimodal Sidewalk	CPD070177	20.205	10,912	
			515,343	-
Federal Transit Administration:				
Passed through the Tennessee Department of Transportation				
Metropolitan Transportation Planning	40100-43214	20.505	2,987	
Metropolitan Transportation Planning	40100-22017	20.505	25,001	
			27,988	27,988
National Highway Traffic Safety Administration:				
Passed through the Tennessee Department of Transportation:				
Alcohol Open Container Requirements ACT	Z-17-THS-200	20.607	26,378	
Alcohol Open Container Requirements ACT	Z-16-GHS-169	20.607	5,241	
			31,619	-
<u>Total U.S. Department of Transportation:</u>			574,950	27,988
<b><u>Total Expenditures of Federal Awards</u></b>			<b>\$ 1,884,496</b>	<b>\$ 596,659</b>

\* 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, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, 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, 2017

Source/Grant Name	State Grant Number	Expenditures	Amounts provided to subrecipients
<b>TENNESSEE DEPARTMENT OF TRANSPORTATION</b>			
Highway Planning and Construction Highland	CPD119201	\$ 57,894	
MPO 5303	40100-43214	374	
MPO 5303	40100-22017	<u>3,125</u>	
		<u>61,393</u>	<u>3,499</u>
<b>TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES</b>			
Drug Court	46927	<u>69,712</u>	<u>-</u>
<b>TENNESSEE DEPARTMENT OF AGRICULTURE</b>			
Agricultural Growth Initiative	58299	1,000	
Agricultural Growth Initiative	49192	<u>1,000</u>	
		<u>2,000</u>	<u>-</u>
<b>NATIONAL RECREATION AND PARK ASSOCIATION</b>			
Out of School		<u>10,000</u>	<u>-</u>
<b>TENNESSEE ARTS COMMISSION</b>			
Arts Program Categorical Grants - Masters of Sou	31625-28319	<u>3,050</u>	<u>-</u>
 <b><u>Total State Financial Assistance</u></b>		 <b><u>\$ 146,155</u></b>	 <b><u>\$ 3,499</u></b>

*See independent auditor's report.*

**HISTORICAL AND OTHER  
MISCELLANEOUS INFORMATION  
UNAUDITED**

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

Fiscal Year	General Government	Public Safety	Public Works(1)	Public Welfare	Debt Service(2)	Capital Projects	Total
2008	\$ 22,854	\$ 23,220	\$ 14,932	\$ 7,804	\$ 9,892	\$ 6,945	\$ 85,647
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	101,171

(1) Years ended June 30, 1998, and after include sanitation billing which was transferred from the enterprise fund to a special revenue fund on July 1, 1997.

(2) 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 &amp; Penalties</u>	<u>Use of Money and Property</u>	<u>Intergovernmental</u>	<u>Sales and Service Charges</u>	<u>Other</u>	<u>Total</u>
2008	\$ 30,909	\$ 4,121	\$ 1,772	\$ 2,797	\$ 22,676	\$ 10,643	\$ 2,831	\$ 75,749
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

**CITY OF JACKSON, TENNESSEE**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL OBLIGATION BONDED DEBT**  
**TO GENERAL GOVERNMENTAL EXPENDITURES (1)**

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Principal(2)	Interest(3)	Total Debt Service	Total General Government Expenditures(4)	Ratio of Debt Service to General Government Expenditures
2008	\$ 7,310	\$ 2,582	\$ 9,892	\$ 78,703	12.6%
2009	301	1,685	1,986	67,986	2.9%
2010	3,726	2,534	6,260	73,297	8.5%
2011	3,747	2,492	6,239	69,993	8.9%
2012	3,885	2,475	6,360	71,183	8.9%
2013	4,204	2,668	6,872	67,747	10.1%
2014	4,192	2,623	6,815	91,657	7.4%
2015	5,888	2,532	8,420	91,657	9.2%
2016	5,737	2,429	8,166	96,570	8.5%
2017	5,968	2,483	8,451	99,951	8.5%

(1) Excludes debt reported in enterprise funds

(2) Excludes debt refundings

(3) Excludes bond issuance and other costs

(4) Excludes capital projects expenditures

UNAUDITED

## **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 62,000.

#### **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; however, the 2011/2012 levels are an anomaly. Major corporations currently operating manufacturing or distribution facilities in the City include Proctor & Gamble, 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. Pacific Wings, a Hawaii based airline, offers three round-trips on Monday through Friday and two on Saturday and Sunday to Nashville with two flights continuing to Atlanta daily.

#### **Education**

The Jackson and Madison County school systems were consolidated in 1990. The system currently consists of fourteen elementary schools, three intermediate schools, five 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 two major healthcare facilities: Jackson-Madison County General Hospital, a 766-bed general acute care facility operated by a Board appointed by Madison County and the City, and Regional Hospital of Jackson, a 164-bed facility owned and operated by CHS. 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  
DEMOGRAPHIC INFORMATION**

	POPULATION (in thousands)							Percent Change	
	2016	2010	2000	1995	1990	1980	1970	1980-95	1970-95
	Jackson	67	65	60	53	49	49	40	7.8%
Tennessee	6,651	6,346	5,609	5,256	4,877	4,591	3,926	14.5%	33.9%
United States	323,127	308,745	283,876	262,755	249,632	226,546	203,302	16.0%	29.2%

Source: U.S. Census, US Census 2016 Population Estimate

**2016 POPULATION BY AGE GROUP: CITY, STATE AND NATION**

Age Group	Jackson	Tennessee	United States
Under 5 years	7.3%	6.2%	6.3%
5 to 9 years	6.6%	6.4%	6.5%
10 to 14 years	6.2%	6.5%	6.5%
15 to 19 years	7.8%	6.5%	6.7%
20 to 24 years	8.7%	7.1%	7.1%
25 to 34 years	13.5%	13.1%	13.5%
35 to 44 years	11.9%	13.0%	12.8%
45 to 54 years	12.6%	13.9%	13.9%
55 to 59 years	6.4%	6.8%	6.6%
60 to 64 years	5.3%	3.1%	5.8%
65 to 74 years	7.3%	8.6%	7.9%
75 to 84 years	4.5%	4.4%	4.3%
85 years and older	1.9%	1.6%	1.9%
18 years and over	76.3%	77.0%	76.7%
21 years and over	70.1%	73.0%	72.4%
62 years and over	16.8%	18.2%	17.5%
65 years and over	13.7%	14.6%	14.1%

Source: U.S. Census, American Community Survey 2011-2015 5-Year Estimates

**2015 HOUSEHOLD INCOME AND BENEFITS**

	Jackson	Tennessee	United States
Total households	26,287	2,556,332	118,860,065
Less than \$10,000	15.5%	7.9%	6.7%
\$10,000 - \$14,999	5.4%	5.4%	4.8%
\$15,000 - \$24,999	13.6%	11.9%	9.7%
\$25,000 - \$34,999	11.0%	11.1%	9.5%
\$35,000 - \$49,999	15.4%	14.9%	13.0%
\$50,000 - \$74,999	17.8%	18.4%	17.7%
\$75,000 - \$99,999	7.3%	11.7%	12.3%
\$100,000 - \$149,999	7.5%	10.9%	14.0%
\$150,000 - \$199,999	3.4%	4.0%	5.8%
\$200,000 or More	3.1%	3.8%	6.4%
Median Household Income	\$ 38,980	\$ 48,547	\$ 57,617
Mean Household Income	\$ 54,439	\$ 68,104	\$ 81,346

Source: U.S. Census, 2016 American Community Survey 1 Year Estimates 2016

## CITY OF JACKSON, TENNESSEE DEMOGRAPHIC INFORMATION

### SOCIAL AND ECONOMIC CHARACTERISTICS

	Tennessee	Jackson	Madison County
Median value owner occupied housing	\$ 157,700	\$ 138,400	\$ 134,500
% High school graduates or higher persons 25 years old & older	87.0%	88.6%	88.1%
% Families with income below poverty level	11.6%	21.7%	19.9%
Median family income	\$ 48,547	\$ 38,980	\$ 41,791

Source: U.S. Census, 2016 American Community Survey 1 Year Estimates 2016

### LABOR FORCE TRENDS

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

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. The Kellogg Company	930	Snack products
2. Delta Faucet Company	880	Commercial and Residential Faucets
3. Stanley Black and Decker	641	Professional Power Tools
4. Carlstar Group	455	Agricultural and construction tires and wheels
5. Pinnacle Foods Group	450	Frozen food products
6. TBDN Tennessee Company	410	Automotive air induction systems
7. Gerdau	350	Reinforced Steel and Merchant Bar Products
8. Perseus Distribution LLC	320	Book distribution
9. UGN, Inc.	317	Automotive products
10. Toyota Boshoku Tennessee	302	Automotive metal stamping-seating and structural

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. The Kellogg Company	930	Manufacturing
4. Delta Faucet Company	880	Manufacturing
5. City of Jackson	850	Government
6. Union University	824	Education
7. Madison County	755	Government
8. Tennova Healthcare - Regional Jackson	718	Healthcare
9. The Jackson Clinic	715	Healthcare
10. Stanley Black and Decker	641	Manufacturing

Source: Jackson Chamber of Commerce

**CITY OF JACKSON, TENNESSEE  
PRO FORMA  
GENERAL OBLIGATION DEBT STATEMENT  
As of June 30, 2017**

Series 2016 Capital Outlay Note	\$ 2,400,000
Series 2016-A Capital Outlay Note	730,100
Series 2011 General Obligation Bonds	8,268,000
Series 2009 General Obligation & Refunding Bonds	35,120,000
Series 2009 General Obligation Bonds	3,165,000
Series 2013 Local Government Loan Program Bond	14,365,000
Series 2015 Local Government Loan Program Bond	17,400,000
Jackson-Madison County General Hospital District	350,000
HUD Section 108 Loan	2,560,000
Mixed Drink Repayment Note	<u>1,379,807</u>
General Government Obligation Debt Sub-Total	<u>85,737,907</u>
Series 2006 General Obligation Capital Outlay Note	166,155
Series 2006-A General Obligation Capital Outlay Note	165,644
Series 2014 General Obligation Capital Outlay Note	<u>375,000</u>
Sportsplex Debt Sub-Total	<u>706,799</u>
<u>Total General Obligation Debt</u>	<u>\$ 86,444,706</u>
Overlapping General Obligation Debt (70.9% of Madison County)	<u>22,815,620</u>
<u>General Obligation and Overlapping Debt</u>	<u>\$ 109,260,326</u>

RATIOS

Total General Obligation Debt to Assessed Value	5.53%
Total General Obligation Debt to Estimated Actual Value	1.74%
General Obligation and Overlapping Debt to Assessed Value	6.99%
General Obligation and Overlapping Debt to Estimated Actual Value	2.20%

PER CAPITA

Assessed Value	\$ 23,376
Estimated Actual Value	74,878
Total General Obligation Debt	1,290
Net General Obligation and Underlying Debt	1,631

*Source: Madison County Tax Assessor, Jackson Planning Department,  
Madison County Accounting Department*

**CITY OF JACKSON, TENNESSEE  
SCHEDULE OF ASSESSED, APPRAISED AND ESTIMATED  
ACTUAL VALUES**

Type of Property	2016 Assessed Value	2016 Appraised Value
Industrial and commercial	\$ 719,840,845	\$ 1,805,700,313
Residences and farms	598,984,340	2,395,348,660
Personal tangible property	207,939,100	692,834,217
Public utilities**	37,535,749	68,246,816
Total	<u>\$ 1,564,300,034</u>	<u>\$ 4,962,130,006</u>

\*\*Public Utilities as reported by State Board of Property Assessments, Jan 2016

The State of Tennessee classifies property for assessment as follows:

- Industrial and Commercial
- Residences and Farms
- Personal Tangible Property
- Public Utilities

NOTE: The effective date of the latest reappraisal program was 2014. The above stated Assessed Value breakdown was received from the Assessor's Office on 4/15/16 and may differ from the total below.

**PROPERTY TAX LEVIES AND COLLECTIONS (excluding Public Utilities)  
LAST TEN FISCAL YEARS  
(amounts expressed in thousands)**

Fiscal Year	Assessed Valuation	Total Tax Levy	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2008	\$ 1,190,522	25,001	\$ 24,433	97.7%	\$ 1,281	5.1%
2009	1,222,380	25,669	25,324	98.7%	1,347	5.2%
2010	1,254,178	26,498	26,193	98.8%	1,399	5.3%
2011	1,295,431	27,195	26,605	97.8%	1,635	6.0%
2012	1,415,712	27,405	26,931	98.3%	1,579	5.8%
2013	1,481,409	28,481	28,277	99.3%	1,351	4.7%
2014	1,532,815	29,391	28,671	97.6%	1,173	4.0%
2015	1,495,668	29,460	29,393	99.8%	972	3.3%
2016	1,564,832	30,701	29,996	97.7%	935	3.1%
2017	1,564,300	30,701	29,968	97.6%	917	3.0%

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

	Assessed Valuation	Taxes Due	Products/Services
1. The Kellogg Co.	\$ 32,852,756	\$ 644,539	Food Products
2. Owens Corning	18,854,861	369,913	Roofing Products
3. Regional Hospital of Jackson	17,282,593	339,061	Healthcare
4. WTHC	16,902,950	331,623	Healthcare
5. Old Hickory Mall	11,041,520	216,624	Shopping Mall
6. TBDN	10,722,839	210,371	Auto Parts Mfg.
7. Pinnacle Foods	10,630,618	208,562	Food Products
8. Wal-Mart	8,840,400	173,440	Retail
9. ARJ Mfg.	8,739,920	171,469	Auto Parts Mfg.
10. Cherry Grove	8,287,480	162,592	Apartments

Based on Year 2016 tax information

Source: City 2016 Tax Rolls

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

	2017	2016	2015	2014	2013	2012	2011
General Fund	\$ 17,116,966	\$ 18,743,784	\$ 19,856,708	\$ 20,964,473	\$ 23,883,590	\$ 22,773,513	\$ 27,785,970
Special Revenue and Capital Outlay Funds	2,199,784	2,660,398	3,338,315	1,256,352	2,680,834	3,259,115	1,961,284
Debt Service Fund	5,675,240	7,344,964	1,320,964	2,118,764	1,448,764	5,528,107	708,266

*\*\*Includes \$4,800,000 of 2009 General Obligation Bonds sold in June 2009 plus approximately \$4,000,000 in planned principal payments which were delayed in a major Refunding/Restructure.*

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

Year	Collections	Percent Change
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%
2008	11,652,134	1.96%

Source: Tennessee Department of Revenue

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues:</b>									
Property taxes	\$ 30,975,608	\$ 30,572,683	\$ 30,326,175	\$ 29,636,236	\$ 28,977,426	\$ 27,761,426	\$ 27,833,117	\$ 27,450,185	\$ 26,304,584
Tax equivalents	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
Local option sales tax	13,937,337	13,103,665	12,501,322	11,934,014	11,866,585	11,919,582	12,202,451	11,560,078	11,502,243
Beer tax	1,895,494	2,005,742	2,006,741	2,042,427	2,044,979	2,001,130	1,919,598	1,823,037	1,833,877
Licenses and permits	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 & penalties	1,039,059	1,339,609	1,278,502	1,213,382	1,306,995	1,649,104	1,946,197	2,289,929	1,693,174
Interest income	88,866	189,439	59,283	96,251	122,234	234,302	203,297	274,740	540,649
Other property income	1,220,294	908,183	884,937	1,013,001	1,145,808	1,172,374	1,294,167	1,549,406	1,515,141
State of Tennessee	9,618,333	9,750,264	9,280,496	9,025,052	9,031,715	8,797,088	7,550,539	7,385,158	7,636,993
Federal government	416,613	532,006	1,738,137	1,949,325	984,599	2,556,646	4,404,748	2,157,332	1,450,562
Other	2,949,163	2,948,013	2,526,166	2,396,138	2,180,444	2,251,548	1,733,186	2,986,321	2,423,864
<b>Total revenues</b>	<b>73,462,720</b>	<b>72,054,964</b>	<b>70,562,633</b>	<b>68,699,667</b>	<b>67,320,763</b>	<b>67,373,543</b>	<b>67,693,179</b>	<b>65,773,061</b>	<b>62,932,570</b>
<b>Expenditures:</b>									
General government	13,095,226	13,284,884	12,243,337	13,833,810	11,675,384	15,206,465	11,739,451	9,976,874	9,925,984
Public safety	37,670,188	37,231,417	36,176,247	36,183,118	33,866,018	33,435,056	32,613,023	31,375,560	31,225,183
Public works	7,881,158	7,489,804	6,698,714	7,010,521	6,706,476	7,058,775	10,929,701	9,077,920	7,826,923
Public welfare	7,795,052	7,553,980	6,896,037	7,281,795	7,217,366	7,544,421	7,156,270	7,015,739	7,156,457
Net debt service	8,166,390	7,883,378	8,140,731	6,589,528	6,550,073	6,360,215	6,239,016	6,259,813	1,986,230
<b>Total expenditures</b>	<b>74,608,014</b>	<b>73,443,463</b>	<b>70,155,066</b>	<b>70,898,772</b>	<b>66,015,317</b>	<b>69,604,932</b>	<b>68,677,461</b>	<b>63,705,906</b>	<b>58,120,777</b>
Excess of revenues over (under) expenditures	(1,145,294)	(1,388,499)	407,567	(2,199,105)	1,305,446	(2,231,389)	(984,282)	2,067,155	4,811,793
Net transfers in (out) and other sources (uses)	(2,168,492)	6,220,665	(2,313,132)	(50,012)	(3,755,766)	2,355,937	1,070,437	(4,113,766)	6,577,012
Excess of revenues and net transfers over (under) expenditures	(3,313,786)	4,832,166	(1,905,565)	(2,249,117)	(2,450,320)	124,548	86,155	(2,046,611)	11,388,805
Combined fund balances									
Beginning balance	26,088,748	21,177,672	23,083,237	25,332,354	27,782,674	27,658,126	27,571,971	29,618,582	16,719,219
Change in acct. principle	-	78,910	-	-	-	-	-	-	1,510,558
Ending balance	\$ 22,774,962	\$ 26,088,748	\$ 21,177,672	\$ 23,083,237	\$ 25,332,354	\$ 27,782,674	\$ 27,658,126	\$ 27,571,971	\$ 29,618,582

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



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**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, 2017, 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, 2017.

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 2017-001 through 2017-005 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 2017-001 through 2017-003.

In addition, we noted other matters involving the internal control and its operation that we reported to management of the City in a separate letter dated December 28, 2017.

### **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, 2017





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**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, 2017. 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 the requirements of laws, regulations, contracts, and grants 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, 2017.

## 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, 2017

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2017

**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
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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>
14.218	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
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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, 2017

**SECTION II – Financial Statement Findings**

**2017-001 – Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency)**

Condition: We noted the following major functions in the general fund had expenditures exceeding appropriations: public safety by \$89,054 and public welfare and community service by \$7,222. We also noted that total expenditures in the solid waste collection fund exceeded appropriations by \$2,037,618 due primarily to employee benefits/insurance and landfill dumping exceeding appropriations by \$864,756 and \$384,725, respectively. In the solid waste collection fund, residential and commercial garbage charges also exceeded appropriations by \$265,225 and \$449,549, respectively. The metro drug fund exceeded appropriations by \$5,228 due primarily to operating expenditures of \$17,957 in excess of budget amounts. We also noted that Grant Fund #1 CDBG's expenditures exceeded appropriations by \$17,232 due primarily to Program Housing expense of \$15,058 in excess of budgeted amounts. We also noted that Grant Fund #2 HOME's expenditures exceeded appropriations by \$38,925 due primarily to Program Housing expense of \$29,516 in excess of budgeted amounts. We also noted that total expenditures in the Community Redevelopment Fund exceeded appropriations by \$59,045, due to principal payments of \$50,000 in excess of budget amounts and interest payments of \$9,045 in excess of budgeted amounts.

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 2017 Budget Amendment that attempted to cover the majority of the deficient budgeted expenditure accounts.

**2017-002 – Material Journal Entries (Noncompliance and Significant Deficiency)**

Condition: Auditors had to propose material journal entries due to various accounts not being properly reconciled at year-end. The entries were related to the city beer tax revenue and related receivable and the garbage receivables and revenues.

Criteria: Tennessee Code Annotated (TCA) 9-2-102(b) *Uniform Accounting System* states that it is the duty of all local governments that are subject to the audit requirements of the Comptroller of the Treasury and that handle public funds to close their official accounting records and to have those records available for audit no later than two (2) months after the close of their fiscal year, and the necessity of material journal entries prevents that.

Effect: The City failed to comply with the TCA 9-2-102(b) and it also exposes the City to a greater risk of fraud, loss, and other undetected errors.

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2017

Recommendation: We recommend that the City reconcile account balances, especially material balances, in a more accurate and timely manner.

Response: We concur.

**2017-003 – 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 \$1,908,064. 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.

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

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

Recommendation: We recommend that the City comply with the State requirements relating to the issuance of new long-term debt. We also recommend that the City make a determination as to how they will handle the direct cost transfer from the solid waste collection fund to the general fund in the future. This may require issuance of long-term debt through the State of Tennessee.

Response: We have been notified that the City is getting authorization from the State of Tennessee in order to reimburse the general fund for the amounts owed. The City is obtaining the loan from a local bank in order to reimburse the interfund liability.

**2017-004 – Failure to Protect Undeposited Funds (Significant Deficiency)**

Condition: We noted that the City did not physically protect undeposited funds at the Health & Sanitation department. While in the process of performing daily operations, a \$521 deposit was either lost or stolen.

Criteria: Failure to protect undeposited collections can lead to a misappropriation of assets or simple theft.

Effect: When funds are not adequately protected, the risk of theft, fraud, or misappropriation are more prevalent.

Recommendation: We recommend that the City implement controls and procedures to more adequately protect undeposited funds of the City.

Response: The City has implemented additional procedures at the Health & Sanitation department to help ensure that all undeposited funds are adequately protected until the deposit is made.

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2017

**2017-005 – Failure to Properly Reconcile Rent Receivables (Significant Deficiency)**

Condition: We noted that the City did not reconcile or track rent payments due to the City from a rental building the City owns. There was not a rental payment received over a 28 month period from an employee that was renting the property, which resulted in \$17,400 in missing rental payments.

Criteria: Failure to reconcile rental payments and specifically the collections can lead to a misappropriation of assets or lost revenue.

Effect: When revenues are not adequately reconciled, the risk of theft, fraud, or misappropriation are more prevalent.

Recommendation: We recommend that the City implement controls and procedures to more adequately protect reconcile and track revenue funds of the City.

Response: The City has obtained a promissory note for the missing rental payments and had already collected \$700 of the missing rental payments in fiscal year 2017.

**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, 2017

**Financial Statement Findings**

Finding Number	Finding Title	Status
2016-001	Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency) (original finding #2013-001)	Repeated
2016-002	Material Journal Entries (Noncompliance and Significant Deficiency) (original finding #2016-002)	Repeated
2016-003	Failure to Receive Authorization for Issuance of Debt (Noncompliance and Significant Deficiency) (original finding #2016-003)	Repeated
2016-004	Failure to Protect Undeposited Funds (Significant Deficiency) (original finding #2016-004)	Repeated

**Federal Award Findings and Questioned Costs**

None noted.



## MANAGEMENT'S CORRECTIVE ACTION PLAN

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The City of Jackson, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2017.

Cognizant agency:  
Department of Housing and Urban Development

Name and address of independent public accounting firm:

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

Audit period:

June 30, 2017

The findings from the June 30, 2017, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **2017-001 – 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, 2018

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: We made an additional appropriation to cover overspent line-items in June 2017 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.

### **2017-002 – Material Journal Entries (Noncompliance and Significant Deficiency)**

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

Anticipated Completion Date of Corrective Action: June 30, 2018

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: The specific issues from the prior year were addressed, however there were some unknown errors, mainly related to prior year, that required material journal entries to be made.

Planned Corrective Action: Accounting staff and management will continue to work diligently to try and ensure that no material journal entries will be necessary in future years.



**2017-003 – 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, 2017

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 2017 fiscal year, however the circumstances that caused the liabilities did not change.

Action Taken: The City made a decision to obtain a \$1.7 million note that is going to be used to repay the general fund for the outstanding interfund payables that both the Sportsplex and Solid Waste Collection funds owed it at year-end.

**2017-004 – Failure to Protect Undeposited Funds Significant Deficiency)**

Person Responsible for Implementing the Correction Action: Kathleen Honeycutt, Health & Sanitation

Completion Date of Corrective Action: June 30, 2017

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: In the prior year, this finding was related to the Sportsplex. In this fiscal year, it was related to the Health and Sanitation department. Both situations resulted in a cash shortage, and thus a finding was required.

Action Taken: City has implemented additional procedures at the Health and Sanitation department to help ensure that undeposited funds are adequately protected until the deposit is made.

**2017-005 – Failure to Properly Reconcile Rent Receivables (Significant Deficiency)**

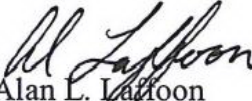
Person Responsible for Implementing the Correction Action: Al Laffoon, City Recorder

Completion Date of Corrective Action: June 30, 2017

Repeat Finding: No

Action Taken: The City has obtained a promissory note for the missing rental payments and had already collected \$700 of the missing rental payments in fiscal year 2017. Also, the City has assigned accounting personnel to review and reconcile the various rental payments and agreements on a monthly basis.

Respectfully submitted,

  
Alan L. Laffoon  
City Recorder