

**CITY OF JACKSON, TENNESSEE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015**

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## **INTRODUCTORY SECTION**



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JERRY GIST  
MAYOR

ALAN L. LAFFOON  
CITY RECORDER

January 20, 2016

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, 2015 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.

Several years ago the Governmental Accounting Standards Board (GASB) established a new financial reporting model for state and local governments in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The requirements of GASB 34 represented a significant change in the financial reporting model previously used by the City. In addition to fund financial statements, the City is now required to report government-wide financial statements prepared using the accrual basis of accounting and the economic measurement focus for all funds. Other changes included the establishment of new fund types, the elimination of account groups, a focus on major funds in the basic financial statements, the reporting of infrastructure, the preparation of cash flow statements using the direct method and the inclusion of Management's Discussion and Analysis (MD&A). All relative aspects of GASB 34 have been implemented in the City's MD&A.

On June 20, 2011, GASB adopted Statement #54 Fund Balance Reporting and Governmental Fund Type Definitions. The City and its auditors, ATA, implemented the subject Fund Balance Reporting on the FY 13 audit Balance Sheet Governmental Funds statements and it is thus reflected in the FY 14 audit also.

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 \$27.39 million negative effect on the Net Position.

This continuing presentation provides users of the Financial Statements and Other Supplementary Information with additional information to assist in their review of financial position and results of operations. The objectives of the Statements were to enhance the understandability and usefulness of the general-purpose external financial reports of state and local government to the citizenry, legislative and oversight bodies, and investors and creditors. The City fully implemented the GASB 34 requirements in FY 2003 and the results were reflected in the subsequent FY 2003 Audit Report. During the FY 2004 review/update process



on Infrastructure, additional data pertaining to the FY 2003 reported Infrastructure numbers was identified. The time frame required to complete the review was of a magnitude that resulted in City Management's decision not to report Infrastructure numbers on the FY 2004 Statement of Net Assets. Any/all updates and/or corrections were reported in FY 2005 and in all subsequent years the Infrastructure numbers have been reported accordingly.

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, 2015, 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 unqualified opinion that the City of Jackson's financial statement for the fiscal year ended June 30, 2015, 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 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 through a business-type activity fund that has been included as an integral part of the City of Jackson's financial statements. 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.

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.

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, Capital, and Health & Sanitation. 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 CY 2008 has affected Jackson's economy, the local economy remains relatively strong compared to other communities. Local Option Sales Tax collections in FY 15 were up 4.8% from FY 14. In fiscal year 2015, Jackson had a total assessed value of property of \$1.532 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 450 employees each. There are approximately 30 manufacturing locations in Jackson. Among Non-Manufacturing employers, West Tennessee Healthcare was the leader with over 4,300 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 750. 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. There are also 44 medical clinics, 19 retirement or nursing homes and more than 450 practicing physicians. West Tennessee Healthcare is currently in the process of constructing 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.

#### 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 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. FY06 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 15 team registrations totaled over 1,500 and included teams from fourteen surrounding states. The



original \$9.2 million Debt Service was reduced to less than \$4 million after the first nine years of operation. The total turnstile attendance for the initial nine years of operation was in excess of 1.2 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 20% 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). Also, the City received a \$10 million 15-year loan in 2011 from the TMBF (Tennessee Municipal Bond Fund) for street resurfacing, police equipment, and a new fire station/equipment for the Northwest annexed area. We also received a \$15.3 million variable rate TMBF loan in 2013. Subsequent monthly interest rates have averaged less than 1%.

After a review of the FY 12 and FY 13 financial operating and debt service results, plus our current debt service structure, S&P has upgraded the City of Jackson from AA- to a AA Bond Rating.

Acknowledgements:

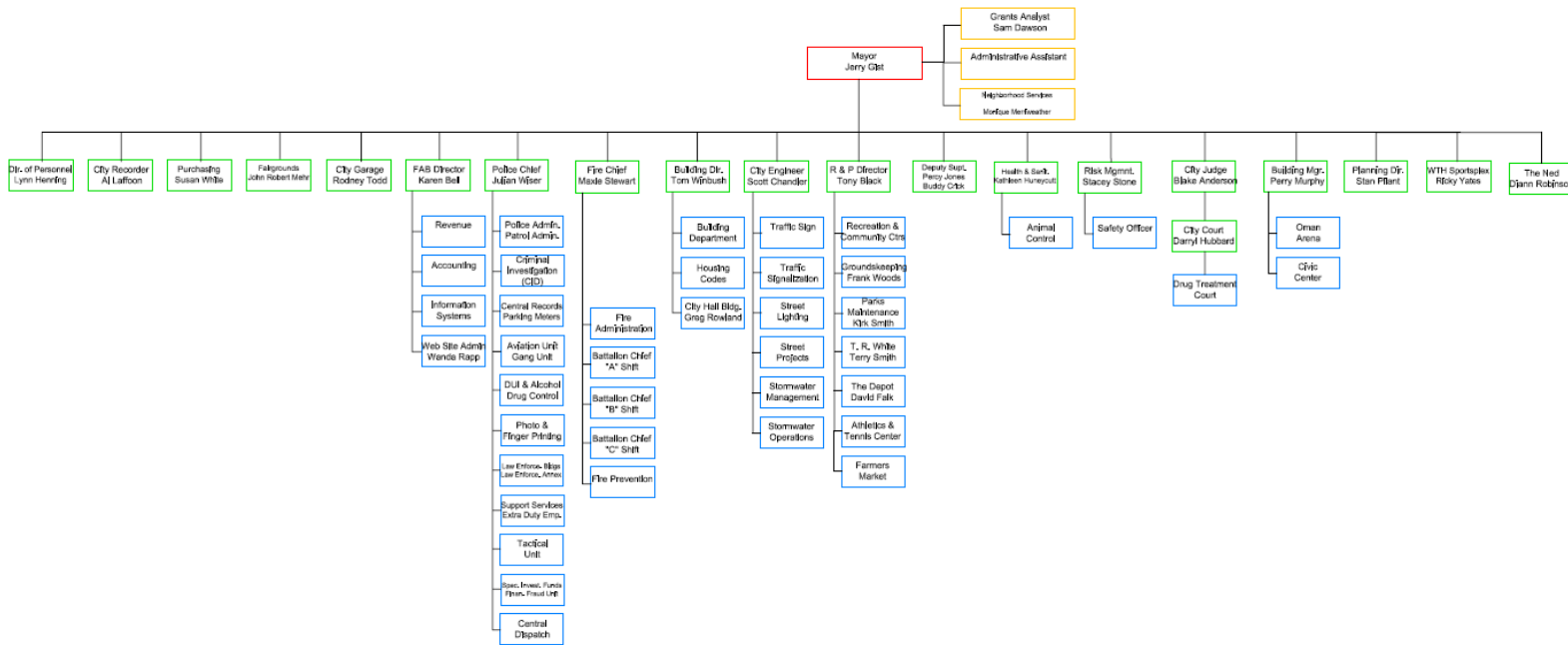
The efforts of the members of the Finance department staff and the cooperation of each of the City's departments were essential in the preparation of this report. Specific appreciation is expressed to the Director of Finance, Audit, and Budgeting, Karen Bell, and her staff for their preparation and thoroughness 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 2015



**CITY OF JACKSON, TENNESSEE**

June 30, 2015

**PRINCIPAL OFFICIALS**

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  
Lewis Cobb, City Attorney  
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

## **FINANCIAL SECTION**

**Members of:**

American Institute of Certified Public Accountants  
AICPA Center for Public Company Audit Firms  
AICPA Governmental Audit Quality Center  
AICPA Employee Benefit Plan Audit Quality Center  
Tennessee Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants



Certified Public Accountants  
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## 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, 2015, 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 33 percent, 42 percent, and 55 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, 2015, and respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general and solid waste collection funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### *Change in Accounting Principle*

As discussed in Note 1 to the Financial Statements, in 2015 the City adopted new accounting guidance, GASB Statement No.68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 18 and the required supplementary information related to pensions and other post-employment benefits on pages 77 to 82 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 *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* 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 January 20, 2016 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 describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jackson’s internal control over financial reporting and compliance.

*Alexander Thompson Arnold PLLC*

Jackson, Tennessee  
January 20, 2016

## 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, 2015. The City of Jackson implemented the Government Accounting Standards Board (GASB) Statement 34 during FY 2003.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with our Letter of Transmittal (pages 1-6) and the City's financial statements (beginning on page 22).

### FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$24.5 million. Approximately 73% of this total amount, \$18 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 \$18 million, or 29.0% of total general fund expenditures. The General Fund reflected a \$1.1 million decrease in fund balance at June 30, 2015 as the result of \$1.21 million Excess Revenue over Expense and \$2.3 million in Transfers to Other Funds.
- The City of Jackson's total debt increased by \$1 million or 1.3% during the current fiscal year. The \$1 million increase is the net result of principal payments offset by a \$7.6 million draw on a \$15.3 million variable rate loan from TMBF. \$2.5 million in 12-Year Capital Outlay Notes to finance the Sportsplex, a 17-field baseball/softball complex, were reduced by \$.5 million in the eighth year after a double payment against the principal in the second year. However, an additional \$.5 million 8 -year Capital Outlay Note was secured for future years capital expenditures, and was reduced by \$50,000 in FY 15.

### 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 and liabilities, with the difference between the two reported as net assets. 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 assets 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, a Debt Service Fund, 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 major Governmental Funds is found in the fund statements of this report. Budgetary comparisons are provided to demonstrate compliance with the budget.

The basic Governmental Fund financial statements can be found on pages 22-25 of this report.

**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.

The basic Proprietary Fund Financial Statements can be found on pages 26-30 of this report.

**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 separate Statements of Fiduciary Net Position and changes in fiduciary net position in the Fund Financial Statements.

The Fiduciary Fund Financial Statements can be found on pages 31-32 of this report.

**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.

The notes to the financial statements can be found on pages 45-76 of this report.

**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.

Required Supplementary Information can be found on pages 77-82 of this report.

## **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

### **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 exceed liabilities by \$66.66 million as of June 30, 2015.

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 \$822 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.

**CITY OF JACKSON, TENNESSEE  
NET POSITION – PRIMARY GOVERNMENT  
(in thousands)**

**CITY OF JACKSON, TENNESSEE  
NET POSITION - PRIMARY GOVERNMENT  
(in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 63,222	\$ 61,773	\$ 2,669	\$ 2,903	\$ 65,891	\$ 64,676
Capital assets	<u>130,269</u>	<u>128,191</u>	<u>13,428</u>	<u>13,771</u>	<u>143,697</u>	<u>141,962</u>
Total assets	<u>\$ 193,491</u>	<u>\$ 189,964</u>	<u>\$ 16,097</u>	<u>\$ 16,674</u>	<u>\$ 209,588</u>	<u>\$ 206,638</u>
Total Deferred Outflows Resources	<u>8,752</u>	<u>-</u>	<u>414</u>	<u>-</u>	<u>9,166</u>	<u>-</u>
Other liabilities	\$ 5,806	\$ 34,767	\$ 525	\$ 652	\$ 6,331	\$ 35,419
Long-term liabilities	<u>100,958</u>	<u>76,117</u>	<u>5,005</u>	<u>4,857</u>	<u>105,963</u>	<u>80,974</u>
Total liabilities	<u>106,764</u>	<u>110,884</u>	<u>5,530</u>	<u>5,509</u>	<u>112,294</u>	<u>116,393</u>
Total Deferred Inflows Resources	<u>39,346</u>	<u>-</u>	<u>453</u>	<u>-</u>	<u>39,799</u>	<u>-</u>
Net position:						
Net investment in capital assets	57,160	57,923	9,526	9,175	66,686	67,098
Restricted	822	764	-	-	822	764
Unrestricted	<u>(1,848)</u>	<u>20,392</u>	<u>1,003</u>	<u>1,990</u>	<u>(845)</u>	<u>22,382</u>
Total net position	<u>56,134</u>	<u>79,079</u>	<u>10,529</u>	<u>11,165</u>	<u>66,663</u>	<u>90,244</u>
Total liabilities, deferred inflows and net position	<u>\$ 202,244</u>	<u>\$ 189,963</u>	<u>\$ 16,512</u>	<u>\$ 16,674</u>	<u>\$ 218,756</u>	<u>\$ 206,637</u>

**Changes in Net Position**

Net position of the City's governmental activities decreased by \$22.95 million. The subject decrease is primarily the result of \$26.36 million decrease in Net Position related to the City's adoption of GASB 68 for non-current pension liabilities of \$17.3 million for TCRS and \$5.6 million for Old City Pension.

During the same period, the net position of the City's business-type activities decreased by \$636 thousand, resulting from the City's adoption of GASB 68.

## 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 \$24.5 million, a net increase of \$176 thousand in comparison with the prior year. Approximately 73% or \$18 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is 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 \$18 million. A measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unreserved fund balance represents 29.04% of total general fund expenditures of \$62.01 million.

**Capital Projects Fund.** This fund focuses on project-to-date costs for many projects within the City. At the end of the year, the Capital Projects Fund had a positive fund balance of \$2.5 million which consists of unspent funds from the \$7.6 million TMBF loan draw in FY 15, against the total \$15.3 million TMBF variable rate loan.

- The City spent \$8.3 million on capital expenditures, primarily from proceeds of the \$7.6 million draw against the total \$15.3 million TMBF variable rate loan.
- Current year expenditures included \$5.3 million for Public Works projects, \$211 thousand for General Government, \$753 thousand for Public Safety, and \$1.96 million for Public Welfare and Community Services.

### 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 \$10.5 million. Of this amount, \$1 million was available to meet on-going obligations with the remainder invested in capital assets. Key factors within the major enterprise funds are presented below:

- Net Position of the Solid Waste Disposal Fund were zero at FY 07 year-end, as a result of the \$11.5 million transfer to the General Fund. This fund remains open only to cover the post-closure expense of the "Old Highway 70 Landfill".

- 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.

## **General Fund & Debt Service Fund Budgetary Highlights**

### **Revenues**

- Property Taxes were \$496 thousand under budget at \$30.7 million, primarily due to appeals and bankruptcies/foreclosures.
- Licenses and Permits were \$124 thousand over budget at \$4.7 million.
- Tax equivalents were \$57 thousand over budget at \$4.2 million due to increased electric department revenue from JEA.
- Fines, Interest & Penalties were \$20 thousand under budget at \$1.3 million, primarily as a result of Police and City Court revenue shortfalls.
- Local Option Sales Tax collections were \$12.5 million, which is \$380 thousand or 3% under budget.
- State-Shared Sales Tax to the City was \$4.9 million, which is \$385 thousand or 8.4% over budget.
- Total State-Shared Revenues were \$8.3 million, which is \$45 thousand over budget.

### **Expenditures**

- Health insurance claims came in at \$6.9 million versus a \$6.7 million budget. As a result of the overall General Fund performance, we transferred \$220 thousand out of our Health Insurance Reserve.
- Total General Government expenditures of \$12.2 million were \$1.4 million under budget.
- Public Safety expenditures of \$36.2 million were \$1.3 million or 3.7% over budget, primarily due to Police and Fire Department overtime.
- Public Works expenditures of \$6.7 million were right on budget, despite State Street Aid departments being over budget.
- Debt Service expenditures of \$8.1 million were \$.4 million under budget, primarily due to extremely low variable rate interest percentages on the \$15.3 million TMBF variable rate loan.

### **Debt**

At the end of the current fiscal year, the City of Jackson had total long-term general obligation debt outstanding of \$74 million, excluding the \$2.8 million HUD Loan paid by CDBG, but guaranteed by the City and a \$.4 million Note payable by the CRA and \$1.5 million Sportsplex Capital Outlay Notes. This entire amount is backed by the full faith and credit of the City. There are no bonds secured solely by specified revenue sources (revenue bonds).

**CITY OF JACKSON, TENNESSEE**  
**OUTSTANDING DEBT - GENERAL OBLIGATION AND REVENUE BONDS**  
(in thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General Obligation Bonds	\$ 69,842	\$ 69,606	\$ 2,405	\$ 2,724	\$ 72,247	\$ 72,330
Section 108 HUD Loan	2,817	2,938	-	-	2,817	2,938
Capital Outlay Notes	1,774	-	1,497	1,983	3,271	1,983
JMCGH Note	450	500	-	-	450	500
 Total Outstanding Debt	 <u>\$ 74,883</u>	 <u>\$ 73,044</u>	 <u>\$ 3,902</u>	 <u>\$ 4,707</u>	 <u>\$ 78,785</u>	 <u>\$ 77,751</u>

The City of Jackson's **total** long-term debt increased by \$1 million, while Business-Type debt (i.e.: Sportsplex) was reduced by \$.8 million. The \$75 million in General Obligation Bonds are at an average rate of 3.56% and another \$7.6 million is variable rate currently at less than 1%. The Capital Outlay Notes are at 62.5% of Prime with a cap of 5.3% and a floor of 2.7%.

The City of Jackson was upgraded to an AA rating from Standard & Poor's Investors Service for its general obligation debt.

State statutes allow cities to establish limits to the amount of general obligation debt they may issue against the assessed value within their corporate limits. The City of Jackson has adopted a Debt Management Policy which limits the annual Debt Service payments to 23% of the annual Property Tax Budgeted Revenues.

**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, 2015

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
<b>Assets</b>					
Cash and cash equivalents	\$ 14,783,782	\$ 1,162,168	\$ 15,945,950	\$ 77,845,225	\$ 2,122,791
Investments	6,449,371	374,795	6,824,166	13,646,222	-
Receivables:					
Interest	16,748	-	16,748	131,419	-
Taxes (net of allowance for uncollectible accounts)	32,735,540	-	32,735,540	-	-
Accounts (net of allowance for uncollectible accounts)	1,746,145	92,637	1,838,782	17,584,495	164,837
Grants	1,351,863	265,779	1,617,642	455,563	-
Intergovernmental	5,232,594	-	5,232,594	-	-
Court fines (net of allowance for uncollectible accounts)	112,079	-	112,079	-	-
Current maturities of long-term notes receivable	-	100,000	100,000	-	-
Internal balances	(39,938)	39,938	-	-	-
Inventories:					
Parts and supplies	273,794	206,859	480,653	5,485,769	-
Gasoline and diesel	46,620	-	46,620	-	-
For resale	1,874	-	1,874	-	-
Prepaid expenses	550	73,346	73,896	-	-
Other assets	-	9,118	9,118	26,188,897	-
Unamortized bond issue cost	-	-	-	1,131,276	-
Unrecovered purchased gas cost	-	-	-	100,344	-
Long-term notes receivable	317,050	344,913	661,963	1,481,732	-
Advance to Sportsplex	194,444	-	194,444	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	9,936,128	-
Investments	-	-	-	40,509,610	-
Capital assets not being depreciated:					
Land	20,418,107	2,735,465	23,153,572	-	2,880,494
Construction in progress	296,440	-	296,440	24,024,998	-
Capital assets (net of accumulated depreciation):					
Buildings	30,369,420	5,908,446	36,277,866	-	882,578
Improvements other than buildings	71,631,055	2,506,046	74,137,101	-	-
Machinery and equipment	3,395,956	2,006,036	5,401,992	-	-
Furniture and fixtures	4,157,927	271,753	4,429,680	-	-
Plant in service	-	-	-	439,872,650	-
<b>Total assets</b>	<b>\$ 193,491,421</b>	<b>\$ 16,097,299</b>	<b>\$ 209,588,720</b>	<b>\$ 658,394,328</b>	<b>\$ 6,050,700</b>
<b>Deferred Outflows of Resources</b>					
Pension changes in experience - TCRS	1,838,232	93,372	1,931,604	-	-
Pension contributions after measurement date - TCRS	6,112,723	321,127	6,433,850	-	-
Pension changes in experience - Old City	193,083	-	193,083	-	-
Pension contributions after measurement date - Old City	605,568	-	605,568	-	-
Pension change in investment earnings	2,331	-	2,331	-	-
Deferred outflows related to pensions	-	-	-	8,376,899	-
Unamortized debt refunding differences	-	-	-	5,779,604	-
Interest rate swaps	-	-	-	12,728,051	-
<b>Total deferred outflows of resources</b>	<b>\$ 8,751,937</b>	<b>\$ 414,499</b>	<b>\$ 9,166,436</b>	<b>\$ 26,884,554</b>	<b>\$ -</b>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2015

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
<b>Liabilities</b>					
Accounts payable	\$ 3,549,283	\$ 118,598	\$ 3,667,881	\$ 27,410,673	\$ 21,190
Accrued expenses	1,324,217	112,473	1,436,690	3,014,472	-
Customer deposits	200,232	-	200,232	5,426,833	-
Accrued interest payable	732,245	4,227	736,472	-	-
Unearned revenue - grants	-	-	-	-	1,575,304
Unearned revenue - City	-	-	-	-	60,000
Unearned revenue - Jackson Walk advance lease payment	-	-	-	-	142,539
Gas supply imbalances	-	-	-	30,572	-
Accrued landfill closure/postclosure costs	-	289,200	289,200	-	-
Current portion of long-term notes payable	-	-	-	1,061,727	-
Current portion of bonds payable	-	-	-	12,393	-
Current liabilities payable from restricted assets:					
Accrued revenue bond interest	-	-	-	1,002,354	-
Current portion - revenue bonds payable (net of discount)	-	-	-	7,280,123	-
Noncurrent liabilities:					
Due within one year	5,936,015	321,002	6,257,017	-	-
Due in more than one year	71,673,541	3,609,530	75,283,071	258,239,167	-
Net pension liability - TCRS	17,332,099	880,371	18,212,470	-	-
Net pension liability - Old City	5,580,149	-	5,580,149	-	-
Advance	-	194,444	194,444	-	-
OPEB liability	436,568	-	436,568	9,042,111	-
<b>Total liabilities</b>	<b>106,764,349</b>	<b>5,529,845</b>	<b>112,294,194</b>	<b>312,520,425</b>	<b>1,799,033</b>
<b>Deferred Inflows of Resources</b>					
Unavailable property taxes	30,428,536	-	30,428,536	-	-
Pension change in investment earnings	8,917,096	452,939	9,370,035	4,719,447	-
Deferred inflows from interest rate swaps	-	-	-	12,728,051	-
<b>Total deferred inflows of resources</b>	<b>39,345,632</b>	<b>452,939</b>	<b>39,798,571</b>	<b>17,447,498</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>146,109,981</b>	<b>5,982,784</b>	<b>152,092,765</b>	<b>329,967,923</b>	<b>1,799,033</b>
<b>Net position</b>					
Net investment in capital assets	57,159,718	9,526,134	66,685,852	244,473,009	3,763,072
Restricted for:					
Sex offender	33,590	-	33,590	-	-
Police drug	250,202	-	250,202	-	-
Metro drug	383,679	-	383,679	-	-
Grant funds	94,726	-	94,726	-	-
Solid waste collection	59,934	-	59,934	-	-
Debt service	-	-	-	49,443,384	-
Other	-	-	-	1,645,719	153,125
Unrestricted	(1,848,472)	1,002,880	(845,592)	59,748,847	335,470
<b>Total net position</b>	<b>\$ 56,133,377</b>	<b>\$ 10,529,014</b>	<b>\$ 66,662,391</b>	<b>\$ 355,310,959</b>	<b>\$ 4,251,667</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Jackson Energy Authority	Jackson Community Redevelopment Agency
					Governmental Activities	Business-type Activities	Total		
<b>Primary government</b>									
Governmental activities:									
General government	\$ 24,781,907	\$ 1,859,099	\$ 1,326,336	\$ -	\$ (21,596,472)	\$ -	\$ (21,596,472)	\$ -	\$ -
Public safety	35,902,248	2,644,663	1,187,122	-	(32,070,463)	-	(32,070,463)	-	-
Public works	10,767,419	12,788,032	3,293,288	1,042,853	6,356,754	-	6,356,754	-	-
Public welfare and community service	8,641,898	866,664	305,313	100,000	(7,369,921)	-	(7,369,921)	-	-
Other	88,134	-	-	-	(88,134)	-	(88,134)	-	-
Interest on debt	2,474,298	-	-	-	(2,474,298)	-	(2,474,298)	-	-
Total governmental activities	82,655,904	18,158,458	6,112,059	1,142,853	(57,242,534)	-	(57,242,534)	-	-
Business-type activities:									
Solid waste	35,647	-	-	-	-	(35,647)	(35,647)	-	-
Jackson Transit Authority	4,306,766	700,385	2,536,795	587,716	-	(481,870)	(481,870)	-	-
Sportsplex	2,304,555	2,468,361	200,000	-	-	363,806	363,806	-	-
Community development	-	(5,905)	-	-	-	(5,905)	(5,905)	-	-
Total business-type activities	6,646,968	3,162,841	2,736,795	587,716	-	(159,616)	(159,616)	-	-
Total primary government	\$ 89,302,872	\$ 21,321,299	\$ 8,848,854	\$ 1,730,569	(57,242,534)	(159,616)	(57,402,150)	-	-
<b>Component unit</b>									
Jackson Energy Authority	\$ 233,372,498	\$ 245,011,812	\$ -	\$ 2,360,646	-	-	-	13,999,960	-
Jackson Community Redevelopment Agency	\$ 169,559	\$ 116,516	\$ -	\$ -	-	-	-	-	(53,043)
General revenues:									
Property taxes - levied for general government					30,705,467	-	30,705,467	-	-
In lieu of property taxes					5,213,125	-	5,213,125	-	-
Sales taxes					17,508,484	-	17,508,484	-	-
Franchise and excise taxes					112,288	-	112,288	-	-
Alcoholic beverage taxes					2,970,067	-	2,970,067	-	-
Business taxes					1,856,714	-	1,856,714	-	-
Income taxes					765,047	-	765,047	-	-
TVA taxes					757,366	-	757,366	-	-
Hotel-motel taxes					410,073	-	410,073	-	-
Rental and reimbursements					609,984	-	609,984	-	-
Other sources					63,290	-	63,290	-	113,424
Unrestricted grants and contributions					35,393	-	35,393	-	-
Unrestricted interest income					61,810	9,158	70,968	2,326,111	-
Transfers					(721,537)	547,863	(173,674)	-	173,674
Total general revenues and transfers					60,347,571	557,021	60,904,592	2,326,111	287,098
<b>Changes in net position</b>					<b>3,105,037</b>	<b>397,405</b>	<b>3,502,442</b>	<b>16,326,071</b>	<b>234,055</b>
<b>Net position - beginning</b>					<b>79,079,407</b>	<b>11,165,315</b>	<b>90,244,722</b>	<b>379,221,864</b>	<b>4,017,612</b>
Prior period restatement - GASB 68					(26,356,927)	(1,033,706)	(27,390,633)	-	-
Prior period adjustment					305,860	-	305,860	(40,236,976)	-
<b>Net position - beginning - restated</b>					<b>53,028,340</b>	<b>10,131,609</b>	<b>63,159,949</b>	<b>338,984,888</b>	<b>4,017,612</b>
<b>Net position - ending</b>					<b>\$ 56,133,377</b>	<b>\$ 10,529,014</b>	<b>\$ 66,662,391</b>	<b>\$ 355,310,959</b>	<b>\$ 4,251,667</b>

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

**CITY OF JACKSON, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2015

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 8,732,419	\$ 1,259,881	\$ 4,104,831	\$ -	\$ 686,651	\$ 14,783,782
Investments	6,449,371	-	-	-	-	6,449,371
Receivables:						
Interest	16,748	-	-	-	-	16,748
Taxes (net of allowance for uncollectible accounts)	26,106,982	6,628,558	-	-	-	32,735,540
Accounts (net of allowance for uncollectible accounts)	150,307	37,338	25,968	1,513,650	18,882	1,746,145
Grants	747,585	-	534,089	-	70,189	1,351,863
Intergovernmental	5,232,594	-	-	-	-	5,232,594
Court fines (net of allowance for uncollectible accounts)	92,604	-	-	-	19,475	112,079
Note	317,050	-	-	-	-	317,050
Advance to Sportsplex	194,444	-	-	-	-	194,444
Due from other funds	365,982	33,045	-	-	13,183	412,210
Inventories:						
Parts and supplies	273,794	-	-	-	-	273,794
Gasoline and diesel	46,620	-	-	-	-	46,620
For resale	1,874	-	-	-	-	1,874
Prepaid expenses	550	-	-	-	-	550
<b>Total assets</b>	<b>\$ 48,728,924</b>	<b>\$ 7,958,822</b>	<b>\$ 4,664,888</b>	<b>\$ 1,513,650</b>	<b>\$ 808,380</b>	<b>\$ 63,674,664</b>
<b>Liabilities</b>						
Accounts payable	\$ 1,025,258	\$ -	\$ 1,698,416	\$ 776,880	\$ 48,729	\$ 3,549,283
Accrued expenses	1,286,578	-	-	37,639	-	1,324,217
Due to other funds	-	-	-	438,965	13,183	452,148
Customer deposits	-	-	-	200,232	-	200,232
<b>Total liabilities</b>	<b>2,311,836</b>	<b>-</b>	<b>1,698,416</b>	<b>1,453,716</b>	<b>61,912</b>	<b>5,525,880</b>
<b>Deferred inflows of resources</b>						
Unavailable property taxes	25,857,188	6,637,858	-	-	-	32,495,046
Unavailable public safety revenue	135,363	-	-	-	-	135,363
Unavailable intergovernmental revenue	567,829	-	416,698	-	17,861	1,002,388
<b>Total deferred inflows of resources</b>	<b>26,560,380</b>	<b>6,637,858</b>	<b>416,698</b>	<b>-</b>	<b>17,861</b>	<b>33,632,797</b>
<b>Fund balances</b>						
Nonspendable:						
Inventory	322,288	-	-	-	-	322,288
Prepays	550	-	-	-	-	550
Restricted:						
Sex offender	33,590	-	-	-	-	33,590
Property fund reserve	62,383	-	-	-	-	62,383
Police drug	-	-	-	-	250,202	250,202
Metro drug	-	-	-	-	383,679	383,679
Grant funds	-	-	-	-	94,726	94,726
Solid waste collection	-	-	-	59,934	-	59,934
Committed:						
Debt service	-	1,320,964	-	-	-	1,320,964
Assigned:						
Capital outlay	-	-	2,549,774	-	-	2,549,774
Self insurance	1,099,143	-	-	-	-	1,099,143
Midnight Basketball	5,275	-	-	-	-	5,275
Federal Equitable Sharing Program	64,484	-	-	-	-	64,484
Fire training	61,581	-	-	-	-	61,581
Traffic safety	17,680	-	-	-	-	17,680
Drug court	17,398	-	-	-	-	17,398
Cypress grove	65,799	-	-	-	-	65,799
Earth Day	8,378	-	-	-	-	8,378
JIFAF	2,302	-	-	-	-	2,302
Liberty Gardens	80,488	-	-	-	-	80,488
Jackson Idol	3,941	-	-	-	-	3,941
Unassigned	18,011,428	-	-	-	-	18,011,428
<b>Total fund balances</b>	<b>19,856,708</b>	<b>1,320,964</b>	<b>2,549,774</b>	<b>59,934</b>	<b>728,607</b>	<b>24,515,987</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 48,728,924</b>	<b>\$ 7,958,822</b>	<b>\$ 4,664,888</b>	<b>\$ 1,513,650</b>	<b>\$ 808,380</b>	<b>\$ 63,674,664</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, 2015

**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 22)</b>	<b>\$ 24,515,987</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds	130,268,905
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds	3,204,261
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in the funds	(732,245)
Deferred outflows of resources - pensions are not available to pay current expenditures and, therefore, are unavailable in the funds.	8,751,937
Deferred inflows of resources - pensions are not due in the current period and, therefore, are not reported in the funds.	(8,917,096)
Long-term liabilities, including notes and bonds payable and net pension liability are not due in the current period and, therefore, are not reported in the funds	<u>(100,958,372)</u>
<b>Net position - governmental activities (Page 21)</b>	<b><u>\$ 56,133,377</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	\$ 30,303,016	\$ 7,243,025	\$ -	\$ -	\$ -	\$ 37,546,041
Licenses and permits	4,747,749	-	-	-	-	4,747,749
Fines, interest and penalties	1,278,502	-	-	-	105,373	1,383,875
Use of money and property	940,806	3,414	113,381	29	487	1,058,117
Intergovernmental	23,423,463	96,492	1,086,379	-	1,135,466	25,741,800
Sales and service charges	678,720	-	-	12,636,498	309,454	13,624,672
Other	1,847,446	-	-	92	43,310	1,890,848
Total revenues	<u>63,219,702</u>	<u>7,342,931</u>	<u>1,199,760</u>	<u>12,636,619</u>	<u>1,594,090</u>	<u>85,993,102</u>
<b>Expenditures</b>						
Current						
General government	12,243,337	-	210,913	-	-	12,454,250
Public safety	36,176,247	-	752,543	-	181,580	37,110,370
Public works	6,698,714	-	5,286,663	-	-	11,985,377
Solid waste collection	-	-	-	12,217,185	-	12,217,185
Public welfare and community services	6,896,037	-	1,963,447	-	949,416	9,808,900
Other	-	-	87,291	-	-	87,291
Capital Outlay						
Public safety	-	-	-	-	89,755	89,755
Solid waste collection	-	-	-	294,500	-	294,500
Debt Service						
Principal	-	5,716,200	-	-	171,000	5,887,200
Interest	-	2,423,688	-	-	108,360	2,532,048
Other	-	843	-	-	-	843
Total expenditures	<u>62,014,335</u>	<u>8,140,731</u>	<u>8,300,857</u>	<u>12,511,685</u>	<u>1,500,111</u>	<u>92,467,719</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,205,367</u>	<u>(797,800)</u>	<u>(7,101,097)</u>	<u>124,934</u>	<u>93,979</u>	<u>(6,474,617)</u>
<b>Other financing sources (uses)</b>						
Sale of notes	-	7,614,200	-	-	-	7,614,200
Transfers in	7,255	-	8,999,202	-	366,166	9,372,623
Transfers out	(2,320,387)	(7,614,200)	(12,800)	(65,000)	(323,421)	(10,335,808)
Total other financing sources (uses)	<u>(2,313,132)</u>	<u>-</u>	<u>8,986,402</u>	<u>(65,000)</u>	<u>42,745</u>	<u>6,651,015</u>
<b>Net changes in fund balances</b>	<u>(1,107,765)</u>	<u>(797,800)</u>	<u>1,885,305</u>	<u>59,934</u>	<u>136,724</u>	<u>176,398</u>
Fund balances - beginning	<u>20,964,473</u>	<u>2,118,764</u>	<u>664,469</u>	<u>-</u>	<u>591,883</u>	<u>24,339,589</u>
Fund balances - ending	<u>\$ 19,856,708</u>	<u>\$ 1,320,964</u>	<u>\$ 2,549,774</u>	<u>\$ 59,934</u>	<u>\$ 728,607</u>	<u>\$ 24,515,987</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, 2015

**Amounts reported for the governmental activities in the statement of activities (Page 21) are different because:**

<b>Net change in fund balances - total governmental funds (Page 24)</b>	<b>\$ 176,398</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	1,770,951
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(392,877)
Some expenses reported in the statement of activities, such as accrued leave, interest payable and OPEB liability, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(18,262)
Some expenses reported in the statement of activities, such as pension expense, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(3,438,775)
Employer contributions to the pension plans in the current fiscal year, which was after the valuation period of the plans, are treated as a reduction of pension expense and are deferred in the statement of net position	6,718,291
The issuance of long-term debt provides current financial resources to governmental funds. These transactions do not have any effect on net position.	(7,614,200)
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>5,903,511</u>
<b>Change in net position of governmental activities (Page 21)</b>	<b><u>\$ 3,105,037</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, 2015

<b>Assets</b>	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
<b>Current assets</b>					
Cash and cash equivalents	\$ -	\$ 794,246	\$ 170,792	\$ 197,130	\$ 1,162,168
Investments	374,753	-	-	42	374,795
Accounts receivable (net of allowance for uncollectible accounts)	-	19,987	72,650	-	92,637
Grants receivable	-	265,779	-	-	265,779
Due from other funds	65,000	-	-	27,644	92,644
Current maturities of long-term notes receivable	-	-	-	100,000	100,000
Inventory	-	129,043	77,816	-	206,859
Prepaid insurance	-	73,346	-	-	73,346
Total current assets	<u>439,753</u>	<u>1,282,401</u>	<u>321,258</u>	<u>324,816</u>	<u>2,368,228</u>
<b>Noncurrent assets</b>					
Other assets					
Foreclosed property	-	-	-	9,118	9,118
Long-term notes receivable	-	-	-	344,913	344,913
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,031</u>	<u>354,031</u>
Capital assets (net of accumulated depreciation):					
Land	-	352,173	2,383,292	-	2,735,465
Buildings	-	1,559,387	4,349,059	-	5,908,446
Improvements other than buildings	-	-	2,506,046	-	2,506,046
Machinery and equipment	-	2,006,036	-	-	2,006,036
Furniture and fixtures	-	89,425	182,328	-	271,753
Net capital assets	<u>-</u>	<u>4,007,021</u>	<u>9,420,725</u>	<u>-</u>	<u>13,427,746</u>
<b>Total assets</b>	<u><b>439,753</b></u>	<u><b>5,289,422</b></u>	<u><b>9,741,983</b></u>	<u><b>678,847</b></u>	<u><b>16,150,005</b></u>
<b>Deferred Outflows of Resources</b>					
Pension changes in experience	-	75,841	17,531	-	93,372
Pension contributions after measurement date	-	262,483	58,644	-	321,127
<b>Total deferred outflows of resources</b>	<u><b>\$ -</b></u>	<u><b>\$ 338,324</b></u>	<u><b>\$ 76,175</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 414,499</b></u>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2015

	<u>Solid Waste</u>	<u>Jackson Transit Authority</u>	<u>Sportsplex</u>	<u>Community Development</u>	<u>Totals</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 4,114	\$ 86,396	\$ 17,958	\$ 10,130	\$ 118,598
Due to other funds	-	-	52,706	-	52,706
Current maturities of long-term notes payable	28,920	-	292,082	-	321,002
Accrued expenses	-	83,155	29,318	-	112,473
Accrued interest payable	-	-	4,227	-	4,227
Total current liabilities:	<u>33,034</u>	<u>169,551</u>	<u>396,291</u>	<u>10,130</u>	<u>609,006</u>
<b>Noncurrent liabilities</b>					
Long-term notes payable	-	-	3,609,530	-	3,609,530
Net pension liability	-	715,078	165,293	-	880,371
Advance from other funds	-	-	194,444	-	194,444
Accrued closure and post closure cost:	<u>289,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,200</u>
Total noncurrent liabilities:	<u>289,200</u>	<u>715,078</u>	<u>3,969,267</u>	<u>-</u>	<u>4,973,545</u>
<b>Total liabilities</b>	<u>322,234</u>	<u>884,629</u>	<u>4,365,558</u>	<u>10,130</u>	<u>5,582,551</u>
<b>Deferred inflows of resources</b>					
Pension change in investment earning	<u>-</u>	<u>367,897</u>	<u>85,042</u>	<u>-</u>	<u>452,939</u>
<b>Net position</b>					
Net investment in capital assets	-	4,007,021	5,519,113	-	9,526,134
Unrestricted	<u>117,519</u>	<u>368,199</u>	<u>(151,555)</u>	<u>668,717</u>	<u>1,002,880</u>
<b>Total net position</b>	<u>117,519</u>	<u>4,375,220</u>	<u>5,367,558</u>	<u>668,717</u>	<u>10,529,014</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 439,753</u>	<u>\$ 5,627,746</u>	<u>\$ 9,818,158</u>	<u>\$ 678,847</u>	<u>\$ 16,564,504</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, 2015

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
<b>Operating revenues</b>					
Charges for services	\$ -	\$ 700,385	\$ 992,609	\$ -	\$ 1,692,994
Sponsorships	-	-	300,749	-	300,749
Other operating revenues	-	-	1,700	3,413	5,113
Less: Bad debt expense	-	-	-	(9,318)	(9,318)
Total operating revenues	<u>-</u>	<u>700,385</u>	<u>1,295,058</u>	<u>(5,905)</u>	<u>1,989,538</u>
<b>Operating expenses</b>					
Salaries and employee benefits	-	2,145,943	851,892	-	2,997,835
Operation	35,647	523,896	871,635	-	1,431,178
Maintenance	-	189,136	173,816	-	362,952
General administration	-	223,278	-	-	223,278
Provision for depreciation	-	1,224,513	252,028	-	1,476,541
Total operating expenses	<u>35,647</u>	<u>4,306,766</u>	<u>2,149,371</u>	<u>-</u>	<u>6,491,784</u>
Operating income (loss)	<u>(35,647)</u>	<u>(3,606,381)</u>	<u>(854,313)</u>	<u>(5,905)</u>	<u>(4,502,246)</u>
<b>Nonoperating revenues (expenses)</b>					
Interest and other income	349	8,475	334	-	9,158
Interest expense	-	-	(155,184)	-	(155,184)
Donations	-	-	200,000	-	200,000
Tax revenues restricted for debt service:					
Hotel/Motel tax	-	-	508,344	-	508,344
Sales tax	-	-	664,959	-	664,959
Grant revenues	-	2,536,795	-	-	2,536,795
Total nonoperating revenues (expenses)	<u>349</u>	<u>2,545,270</u>	<u>1,218,453</u>	<u>-</u>	<u>3,764,072</u>
Income (loss) before operating transfers	(35,298)	(1,061,111)	364,140	(5,905)	(738,174)
<b>Operating transfers</b>					
Operating transfers in	65,000	585,951	-	-	650,951
Operating transfers out	-	-	-	(103,088)	(103,088)
Total operating transfers in (out)	<u>65,000</u>	<u>585,951</u>	<u>-</u>	<u>(103,088)</u>	<u>547,863</u>
Income (loss) before contributions	29,702	(475,160)	364,140	(108,993)	(190,311)
Capital contributions	-	587,716	-	-	587,716
<b>Change in net position</b>	29,702	112,556	364,140	(108,993)	397,405
<b>Total net position - beginning</b>	<u>87,817</u>	<u>5,092,002</u>	<u>5,207,786</u>	<u>777,710</u>	<u>11,165,315</u>
Prior period restatement - GASB 68	-	(829,338)	(204,368)	-	(1,033,706)
<b>Net assets - beginning - restated</b>	<u>87,817</u>	<u>4,262,664</u>	<u>5,003,418</u>	<u>777,710</u>	<u>10,131,609</u>
<b>Total net position - ending</b>	<u>\$ 117,519</u>	<u>\$ 4,375,220</u>	<u>\$ 5,367,558</u>	<u>\$ 668,717</u>	<u>\$ 10,529,014</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, 2015

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
<b>Cash flows from operating activities</b>					
Cash received from consumers	\$ -	\$ 667,108	\$ 1,299,132	\$ 44,160	\$ 2,010,400
Cash received from other operations	-	38,352	-	-	38,352
Cash paid to suppliers of goods and services	(60,727)	(1,056,719)	(1,060,007)	10,130	(2,167,323)
Cash paid to employees for services	-	(2,304,835)	(876,091)	-	(3,180,926)
Cash (paid to) received from other funds	-	-	52,706	(10,130)	42,576
Transfers in	65,000	-	-	-	65,000
Net cash provided (used) by operating activities	<u>4,273</u>	<u>(2,656,094)</u>	<u>(584,260)</u>	<u>44,160</u>	<u>(3,191,921)</u>
<b>Cash flows from non-capital financing activities:</b>					
Disbursements of community development loans	-	-	-	(41,273)	(41,273)
Principal collections of community development loans	-	-	-	41,273	41,273
Principal payments on debt	-	-	(693,036)	-	(693,036)
Repayment of advance	-	-	(36,767)	-	(36,767)
Interest expense	-	-	(155,184)	-	(155,184)
Transfers out	-	-	-	(103,088)	(103,088)
Appropriations from City	-	585,951	-	-	585,951
Donations received	-	-	200,000	-	200,000
Other non-operating income	-	8,192	-	-	8,192
Cash received from grants	-	2,733,190	-	-	2,733,190
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>3,327,333</u>	<u>(684,987)</u>	<u>(103,088)</u>	<u>2,539,258</u>
<b>Cash flows from capital and related financing activities</b>					
Construction and acquisition of property and equipment	-	(890,658)	(243,597)	-	(1,134,255)
Hotel/Motel tax	-	-	508,344	-	508,344
State sales tax	-	-	664,959	-	664,959
Capital grants received	-	587,716	-	-	587,716
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(302,942)</u>	<u>929,706</u>	<u>-</u>	<u>626,764</u>
<b>Cash flows from investing activities</b>					
Investments purchased	(4,622)	-	-	-	(4,622)
Interest earned	349	283	333	-	965
Net cash provided (used) by investing activities	<u>(4,273)</u>	<u>283</u>	<u>333</u>	<u>-</u>	<u>(3,657)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-</b>	<b>368,580</b>	<b>(339,208)</b>	<b>(58,928)</b>	<b>(29,556)</b>
<b>Cash and cash equivalents - beginning of year</b>	<u>-</u>	<u>425,666</u>	<u>510,000</u>	<u>256,058</u>	<u>1,191,724</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ -</u>	<u>\$ 794,246</u>	<u>\$ 170,792</u>	<u>\$ 197,130</u>	<u>\$ 1,162,168</u>
<b>Cash and cash equivalents</b>					
Unrestricted cash on hand	\$ -	\$ -	\$ 170,792	\$ -	\$ 170,792
Unrestricted cash and cash equivalents on deposit	-	794,246	-	197,130	991,376
<b>Total cash and cash equivalents</b>	<u>\$ -</u>	<u>\$ 794,246</u>	<u>\$ 170,792</u>	<u>\$ 197,130</u>	<u>\$ 1,162,168</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>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (35,647)	\$ (3,606,381)	\$ (854,313)	\$ (5,905)	\$ (4,502,246)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	1,224,513	252,028	-	1,476,541
Change in closure/postclosure liability	(28,920)	-	-	-	(28,920)
Transfers in	65,000	-	-	-	65,000
Pension contributions subsequent to measurement date	-	(262,483)	(58,644)	-	(321,127)
Pension expense	-	123,018	28,436	-	151,454
Bad debt adjustment	-	-	-	9,318	9,318
(Increase) decrease in accounts receivable	-	5,075	4,074	-	9,149
(Increase) decrease in notes receivable	-	-	-	40,747	40,747
(Increase) decrease in inventory	-	(17,143)	1,732	-	(15,411)
(Increase) decrease in due from other funds	-	-	-	(10,130)	(10,130)
(Increase) decrease in prepaids	-	(73,346)	-	-	(73,346)
Increase (decrease) in accounts payable and accrued expenses	3,840	(49,347)	(10,279)	10,130	(45,656)
Increase (decrease) in due to other funds	-	-	52,706	-	52,706
<b>Net cash provided (used) by operating activities</b>	<b>\$ 4,273</b>	<b>\$ (2,656,094)</b>	<b>\$ (584,260)</b>	<b>\$ 44,160</b>	<b>\$ (3,191,921)</b>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2015

	<u>Deferred Compensation Trust Fund</u>
<b>Assets</b>	
Investments	\$ <u>16,863,907</u>
<b>Total assets</b>	<b>\$ <u>16,863,907</u></b>
<b>Liabilities</b>	
Deferred compensation benefits payable	\$ <u>16,863,907</u>
<b>Total liabilities</b>	<u>16,863,907</u>
<b>Net position</b>	
Net position held in trust for employee benefits	<u>-</u>
<b>Total liabilities and net position</b>	<b>\$ <u>16,863,907</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 FUNDS**  
For the Fiscal Year Ended June 30, 2015

	<u>Deferred Compensation Trust Fund</u>
<b>Revenues:</b>	
Other:	
Increase (decrease) in FMV of investments	\$ 650,332
Employee contributions	<u>949,529</u>
Total revenues	<u>1,599,861</u>
 <b>Expenditures:</b>	
General Government	
Employee benefits	<u>1,599,861</u>
Total expenditures	<u>1,599,861</u>
 <b>Change in net position</b>	 -
 Net position - beginning	 <u>-</u>
 Net position - ending	 <u><u>\$ -</u></u>

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

**CITY OF JACKSON, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2015**

<b>Revenues</b>	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Taxes	\$ 30,262,102	\$ 30,328,422	\$ 30,303,016	\$ (25,406)
Licenses and permits	4,623,910	4,623,910	4,747,749	123,839
Fines, interest and penalties	1,298,500	1,298,500	1,278,502	(19,998)
Use of money and property	1,119,539	1,119,539	940,806	(178,733)
Intergovernmental	22,390,442	22,659,081	23,423,463	764,382
Sales and service charges	694,509	694,509	678,720	(15,789)
Other	1,334,160	1,396,780	1,847,446	450,666
<b>Total revenues</b>	61,723,162	62,120,741	63,219,702	1,098,961
<b>Expenditures</b>				
Current:				
General government	13,389,369	13,620,107	12,243,337	1,376,770
Public safety	33,812,925	34,840,928	36,176,247	(1,335,319)
Public works	6,697,647	6,704,262	6,698,714	5,548
Public welfare and community services:	7,171,509	7,258,426	6,896,037	362,389
<b>Total expenditures</b>	61,071,450	62,423,723	62,014,335	409,388
Excess (deficiency) of revenues over/(under) expenditure	651,712	(302,982)	1,205,367	1,508,349
<b>Other financing sources (uses)</b>				
Operating transfers in from				
Solid Waste Fund	500,000	500,000	-	(500,000)
Metro Drug Fund	-	-	7,255	7,255
Riverside Cemetery Trust	18,000	18,000	-	(18,000)
Transfers out to				
Capital Outlay Fund	(236,830)	(236,830)	(1,385,002)	(1,148,172)
CRA District	(125,000)	(125,000)	(223,674)	(98,674)
Jackson Transit Authority	(711,711)	(711,711)	(711,711)	-
Total other financing sources (uses)	(555,541)	(555,541)	(2,313,132)	(1,757,591)
Net changes in fund balance	\$ 96,171	\$ (858,523)	(1,107,765)	\$ (249,242)
<b>Fund balance - beginning</b>			20,964,473	
<b>Fund balance - ending</b>			<b>\$ 19,856,708</b>	

*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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Taxes:</b>				
Property taxes	\$ 24,275,485	\$ 24,275,485	\$ 24,086,073	\$ (189,412)
Tax equivalents:				
IDB	286,174	286,174	315,343	29,169
Electric Department	2,399,809	2,399,809	2,414,079	14,270
Water Department	322,098	388,418	342,771	(45,647)
Gas Department	1,060,301	1,060,301	1,105,976	45,675
Jackson Housing	8,335	8,335	24,198	15,863
St. Mary's Manor	5,400	5,400	4,274	(1,126)
Wesley	4,500	4,500	3,561	(939)
City beer tax	1,900,000	1,900,000	2,006,741	106,741
Total taxes	<u>30,262,102</u>	<u>30,328,422</u>	<u>30,303,016</u>	<u>(25,406)</u>
<b>Licenses and permits:</b>				
Automobile license	1,100,000	1,100,000	1,145,878	45,878
Mechanical permits	35,000	35,000	39,219	4,219
Building permits	220,000	220,000	330,365	110,365
Electric permits	82,000	82,000	94,142	12,142
Chauffeur permits	400	400	300	(100)
Development permits	7,000	7,000	6,445	(555)
Tradesman license fees	57,685	57,685	61,185	3,500
Business tax	1,951,250	1,951,250	1,856,714	(94,536)
Plumbing permits	35,000	35,000	36,073	1,073
Wholesale liquor tax	600,000	600,000	629,019	29,019
Beer privilege tax	30,000	30,000	27,371	(2,629)
Gas permits	12,000	12,000	18,358	6,358
Other review/evaluation fees	3,475	3,475	6,100	2,625
Liquor application fee	2,000	2,000	1,000	(1,000)
Moving permits	100	100	25	(75)
Other investigation fees	11,000	11,000	14,000	3,000
Mixed drink taxes	75,000	75,000	58,650	(16,350)
Sign permits	12,000	12,000	12,832	832
Hotel-motel tax	390,000	390,000	410,073	20,073
Total licenses and permits	<u>\$ 4,623,910</u>	<u>\$ 4,623,910</u>	<u>\$ 4,747,749</u>	<u>\$ 123,839</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Fines, interest, and penalties:				
Police and city court revenue	\$ 444,000	\$ 444,000	\$ 564,717	\$ 120,717
City jail fees	10,000	10,000	6,358	(3,642)
Parking tickets	35,000	35,000	34,461	(539)
Red light tickets	81,500	81,500	80,081	(1,419)
City sticker tickets	25,000	25,000	3,640	(21,360)
Evidence awards	30,000	30,000	25,503	(4,497)
Drug litigation tax	95,000	95,000	88,711	(6,289)
Delinquent real estate taxes, interest and penalties	565,000	565,000	466,316	(98,684)
Sex offender registrarior	13,000	13,000	8,715	(4,285)
Total fines, interest and penaltie:	<u>1,298,500</u>	<u>1,298,500</u>	<u>1,278,502</u>	<u>(19,998)</u>
Use of money and property				
Rent income	20,000	20,000	21,836	1,836
Recreation revenue	19,500	19,500	7,228	(12,272)
Casey Jones Museum rent	8,000	8,000	14,450	6,450
Interest on investments	184,889	184,889	55,869	(129,020)
T. R. White revenue	33,400	33,400	36,980	3,580
Westwood Community Center revenue	3,000	3,000	5,482	2,482
South Jackson Community Center revenue	3,500	3,500	1,041	(2,459)
Oman Arena revenue	125,000	125,000	39,114	(85,886)
Civic Center revenue	242,050	242,050	168,745	(73,305)
Carnegie Center revenue	-	-	54,000	54,000
Fairgrounds revenue	235,000	235,000	205,453	(29,547)
Ned Center revenue	88,800	88,800	102,341	13,541
Community education	2,000	2,000	21,076	19,076
Athletics revenue	70,000	70,000	49,612	(20,388)
Tennis court revenues	30,000	30,000	35,378	5,378
Farmer's Market rent	29,000	29,000	44,960	15,960
Depot rent	600	600	675	75
Theater	5,000	5,000	5,199	199
Concessions	600	600	54,821	54,221
Miscellaneous	18,200	18,200	14,500	(3,700)
Swimming pool revenue	1,000	1,000	2,046	1,046
Total use of money and property	<u>\$ 1,119,539</u>	<u>\$ 1,119,539</u>	<u>\$ 940,806</u>	<u>\$ (178,733)</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Intergovernmental				
State of Tennessee				
Excise tax	\$ 75,000	\$ 75,000	\$ 112,288	\$ 37,288
Income tax	400,000	400,000	765,047	365,047
Beer tax	30,000	30,000	31,189	1,189
Sales tax	4,560,000	4,560,000	4,945,249	385,249
Mixed drink tax	180,000	180,000	216,097	36,097
TVA tax	750,000	750,000	757,366	7,366
Law enforcement education supplement	131,400	131,400	127,800	(3,600)
Fire protection education supplement	103,200	103,200	101,400	(1,800)
Child and adult care food program grant	1,500	5,500	3,299	(2,201)
Municipal planning office grant	171,794	171,794	129,803	(41,991)
RTP grant - Liberty Gardens	-	-	8,610	8,610
SART grant	105,000	105,000	94,822	(10,178)
City street & transportation	125,000	125,000	133,030	8,030
Gasoline & motor fuel tax	1,727,075	1,727,075	1,191,438	(535,637)
Gas 1989	-	-	185,662	185,662
Gas 3 cent	-	-	344,589	344,589
TDOT reimbursement	220,000	220,000	70,894	(149,106)
Madison County:				
Local sales tax apportioned	12,846,987	12,846,987	12,466,743	(380,244)
Federal Government:				
ACT grant	8,282	107,627	-	(107,627)
Drug court grant	70,000	70,000	69,999	(1)
Out-of-School Time Grant	-	20,019	-	(20,019)
JAG	209,765	355,040	270,181	(84,859)
CDBG grant	625,000	625,000	370,527	(254,473)
FEMA: 2011	-	-	363,141	363,141
NRPA Archive grant	-	-	70,870	70,870
FEMA: 2014	-	-	549,558	549,558
MPO - SPR	50,439	50,439	35,132	(15,307)
Agriculture tree grant	-	-	8,729	8,729
Total intergovernmental	<u>\$ 22,390,442</u>	<u>\$ 22,659,081</u>	<u>\$ 23,423,463</u>	<u>\$ 764,382</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Sales and service charges:</b>				
Supply sales	\$ 112,889	\$ 112,889	\$ 41,499	\$ (71,390)
Plans review	116,000	116,000	95,715	(20,285)
Fire protection contracts & reports	100	100	12	(88)
Fire training fees	30,000	30,000	37,200	7,200
Board of Appeals fees	5,800	5,800	6,350	550
Accident report fees by police	10,000	10,000	10,359	359
Police security	264,000	264,000	335,575	71,575
JTA ticket sales commission	-	-	105	105
Handling fees	5,000	5,000	5,200	200
Public education training fees	-	-	29,520	29,520
Planning Dept, maps and services	28,900	28,900	29,325	425
Zoning application fees	4,600	4,600	3,250	(1,350)
Sale of merchandise and services	51,000	51,000	45,713	(5,287)
Miscellaneous	66,220	66,220	38,897	(27,323)
<b>Total sales and service charges</b>	<b>694,509</b>	<b>694,509</b>	<b>678,720</b>	<b>(15,789)</b>
<b>Other revenues:</b>				
CATV revenues	950,000	950,000	1,039,424	89,424
Donations	5,935	5,935	35,393	29,458
House demolitions	1,000	1,000	2,260	1,260
Riverside Cemetery trust fund income	2,000	2,000	2,888	888
Sponsors- t-shirt uniforms	500	500	4,889	4,389
Insurance recoveries	60,000	60,000	91,742	31,742
Reimbursements	314,725	377,345	670,850	293,505
<b>Total other revenues</b>	<b>1,334,160</b>	<b>1,396,780</b>	<b>1,847,446</b>	<b>450,666</b>
<b>Total revenues</b>	<b>\$ 61,723,162</b>	<b>\$ 62,120,741</b>	<b>\$ 63,219,702</b>	<b>\$ 1,098,961</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
General Government Administration:				
Office of Mayor:				
Salaries	\$ 513,085	\$ 566,085	\$ 461,113	\$ 104,972
Community services	25,170	25,170	34,020	(8,850)
Operating	34,419	34,419	26,014	8,405
City Council:				
Salaries	116,744	116,744	114,968	1,776
Operating	19,370	19,370	18,475	895
Municipal Court:				
Salaries	759,704	778,704	766,907	11,797
Operating	37,750	37,750	40,524	(2,774)
Drug Treatment:				
Salaries	150,191	150,191	140,775	9,416
Operating	54,000	54,000	54,054	(54)
Legal Department:				
Operating	190,000	190,000	133,768	56,232
Planning and Zoning:				
Salaries	536,476	536,476	518,409	18,067
Operating	38,640	38,640	32,001	6,639
Code/Zoning Appeals Boards:				
Salaries and operating	300	300	-	300
Civil Service:				
Operating	3,885	3,885	242	3,643
Public buildings and services:				
Salaries - janitors	73,880	74,650	65,007	9,643
Operating	382,758	382,758	340,256	42,502
Revenue and finance:				
Salaries	403,550	404,319	341,719	62,600
Printing and binding	21,850	21,850	16,443	5,407
Publicity, subscriptions and dues	9,000	9,000	6,629	2,371
Auditing	67,000	67,000	61,050	5,950
Office supplies and postage	18,500	18,500	13,480	5,020
Insurance and bonding premiums	678,334	678,334	697,699	(19,365)
Travel	2,100	2,100	3,084	(984)
Other operating expenses	11,920	11,920	9,635	2,285
County Trustee/Clerk commission	151,000	151,000	173,261	(22,261)

*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, 2015

General Government Administration	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Accounting:				
Salaries	\$ 325,200	\$ 335,200	\$ 294,188	\$ 41,012
Operating	22,278	22,278	9,361	12,917
Information systems:				
Salaries	548,921	548,921	415,735	133,186
Operating	239,184	239,184	173,264	65,920
Farmer's market:				
Salaries	98,417	98,417	79,135	19,282
Operating	67,383	67,383	39,703	27,680
Purchasing:				
Salaries	129,760	131,923	111,092	20,831
Operating	13,091	13,091	9,301	3,790
Building Department:				
Salaries	793,407	794,947	782,952	11,995
Operating	70,472	70,117	48,196	21,921
Risk management:				
Salaries	179,568	179,568	150,047	29,521
Operating	5,715	5,715	4,878	837
Reimbursable Planning Act:				
Operating	234,414	234,414	34,357	200,057
Housing Codes Enforcement:				
Salaries	288,253	311,253	302,169	9,084
Operating	87,338	233,981	240,557	(6,576)
Personnel:				
Salaries	254,456	254,456	203,802	50,654
Operating	16,932	16,932	11,038	5,894
Miscellaneous expenditures:				
Contributions	359,264	359,264	383,909	(24,645)
Grant expenses	855,439	855,439	482,899	372,540
Damage claims and court costs	60,000	60,000	69,333	(9,333)
Municipal development	349,000	349,000	184,937	164,063
Payroll taxes	37,000	37,000	46,858	(9,858)
Health claims paid	6,700,000	6,700,000	6,900,403	(200,403)
Employee/Employer health insurance	(6,700,000)	(6,700,000)	(7,551,017)	851,017
Dental insurance claims paid	338,000	338,000	363,337	(25,337)
Employee dental insurance	(338,000)	(338,000)	(399,020)	61,020
Vision insurance claims paid	86,800	86,800	89,103	(2,303)
Employee vision insurance	(86,800)	(86,800)	(87,831)	1,031
Group health insurance	300,000	300,000	397,189	(97,189)
Group vision insurance	84,037	84,037	100,668	(16,631)

*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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General Government Administration:				
Publicity and marketing	\$ 422,500	\$ 422,500	\$ 573,689	\$ (151,189)
On-the-job injury	495,083	495,083	498,841	(3,758)
Tax sales expense	75,000	75,000	167,781	(92,781)
City sticker collection fees	60,000	60,000	68,868	(8,868)
Employee education and training	32,400	32,400	19,058	13,342
Group life insurance	128,925	128,925	156,491	(27,566)
Employee benefits	395,000	395,000	664,549	(269,549)
Reappraisal costs	172,972	172,972	279,558	(106,586)
Election expense	35,000	35,000	33,984	1,016
Retirement benefits	586,989	586,989	601,739	(14,750)
Unemployment insurance	36,906	36,906	6,336	30,570
Appropriation to Airport Authority	157,430	157,430	157,660	(230)
Appropriation to Jackson-Madison County Library	487,750	487,750	487,750	-
Appropriation to IDB	179,000	179,000	237,308	(58,308)
Appropriations to other agencies	243,161	243,161	226,320	16,841
Contractual services	50,000	50,000	4,969	45,031
Long-term disability insurance	38,798	38,798	31,392	7,406
Credit card charges	10,000	10,000	38,328	(28,328)
Sundry/other	63,300	37,508	28,640	8,868
Total General Government Administration	13,389,369	13,620,107	12,243,337	1,376,770
Public Safety:				
Police Department:				
Salaries	7,991,455	7,517,994	8,216,680	(698,686)
Operating	(183,104)	895,086	1,054,281	(159,195)
Patrol Department:				
Salaries	8,987,831	8,987,831	9,192,788	(204,957)
Operating	873,970	918,970	964,386	(45,416)
Police grant programs				
Salaries	301,636	447,418	427,749	19,669
Operating	375,609	295,101	279,188	15,913
Crime prevention				
Salaries	803,879	803,879	596,400	207,479
Operating	9,000	9,000	11,609	(2,609)
Fire Department:				
Salaries	11,725,553	11,854,553	12,178,334	(323,781)
Operating	649,200	812,200	935,418	(123,218)
Fire Safety & Public Education:				
Salaries	123,841	144,841	145,875	(1,034)
Operating	8,750	8,750	14,532	(5,782)

*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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Public Safety:				
Correctional administration:				
Salaries	\$ 18,953	\$ 18,953	\$ 16,945	\$ 2,008
Operating	12,567	12,567	9,373	3,194
Traffic and street crimes:				
Salaries	684,664	684,664	655,790	28,874
Operating	2,500	2,500	3,107	(607)
Central dispatch operations:				
Salaries	1,313,294	1,313,294	1,304,865	8,429
Operating	113,327	113,327	168,927	(55,600)
Total Public Safety	<u>33,812,925</u>	<u>34,840,928</u>	<u>36,176,247</u>	<u>(1,335,319)</u>
Public Works:				
Engineer:				
Salaries	406,896	406,896	366,270	40,626
Operating	54,737	54,737	67,034	(12,297)
State Street Aid:				
Salaries	1,539,358	1,542,437	1,439,196	103,241
Operating	318,017	318,017	421,231	(103,214)
Street lighting	2,002,723	2,002,723	1,983,707	19,016
Demolition and soil erosion				
Salaries	766,126	766,126	753,292	12,834
Operating	164,499	164,499	180,923	(16,424)
Street construction:				
Salaries	18,608	18,608	16,336	2,272
Operating	60,800	60,800	52,802	7,998
Street cleaning:				
Salaries	80,134	80,134	80,254	(120)
Operating	25,163	25,163	22,240	2,923
State Street Maintenance:				
Salaries	146,131	146,131	145,956	175
Operating	74,631	74,631	156,115	(81,484)
Jackson City Beautiful:				
Operating	15,218	15,218	14,654	564
Garage operations:				
Salaries	332,484	334,252	316,694	17,558
Operating	80,151	80,151	101,794	(21,643)
Traffic sign and signalization:				
Salaries	187,191	188,959	170,219	18,740
Operating	424,780	424,780	409,997	14,783
Total Public Works	<u>\$ 6,697,647</u>	<u>\$ 6,704,262</u>	<u>\$ 6,698,714</u>	<u>\$ 5,548</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, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Public Welfare and Community Service				
Recreation:				
Salaries	\$ 717,205	\$ 717,205	\$ 758,191	\$ (40,986)
Operating	144,144	168,219	163,109	5,110
Direct assistance recreation grants	4,500	7,500	-	7,500
Athletics:				
Salaries	234,619	234,619	223,839	10,780
Operating	103,070	103,070	96,900	6,170
Parks and public property:				
Salaries	1,841,134	1,841,134	1,693,029	148,105
Operating	540,564	548,136	437,211	110,925
Westwood Community Center:				
Salaries	104,891	104,891	97,084	7,807
Operating	50,456	50,456	67,981	(17,525)
South Jackson Community Center:				
Salaries	68,938	68,938	73,083	(4,145)
Operating	18,770	18,770	18,936	(166)
Pringles Park:				
Salaries	-	-	-	-
Operating	591,700	591,700	609,798	(18,098)
Cypress Grove Nature Park:				
Salaries	12,194	12,194	9,297	2,897
Operating	13,115	30,115	15,212	14,903
Depot:				
Salaries	91,038	91,038	93,094	(2,056)
Operating	14,554	14,554	11,645	2,909
Riverside Cemetery:				
Operating	18,000	18,000	25,646	(7,646)
Oman Arena:				
Salaries	28,287	28,287	27,141	1,146
Operating	174,251	174,251	123,164	51,087
Civic Center:				
Salaries	520,922	484,151	502,618	(18,467)
Operating	511,730	511,730	403,725	108,005
Fairgrounds:				
Salaries	293,615	293,615	277,366	16,249
Operating	154,433	154,433	165,950	(11,517)
Carnegie/Ned:				
Salaries	159,564	218,334	209,605	8,729
Operating	161,025	161,026	192,925	(31,899)

*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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Public Welfare and Community Service (Cont.):				
T. R. White Sportsplex:				
Salaries	\$ 377,345	\$ 378,115	\$ 382,002	\$ (3,887)
Operating	131,253	131,253	126,691	4,562
Tennis Center:				
Salaries	25,493	30,493	31,053	(560)
Operating	15,727	23,227	22,853	374
Bemis Community Center:				
Operating	11,042	11,042	9,627	1,415
Golf Course:				
Operating	36,000	36,000	26,446	9,554
Treemendous projects	1,930	1,930	816	1,114
Total Public Welfare and Community Service	<u>7,171,509</u>	<u>7,258,426</u>	<u>6,896,037</u>	<u>362,389</u>
<b>Total expenditures</b>	<b><u>\$ 61,071,450</u></b>	<b><u>\$ 62,423,723</u></b>	<b><u>\$ 62,014,335</u></b>	<b><u>\$ 409,388</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, 2015

Revenues	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Use of money and property:				
Interest earned	\$ -	\$ -	\$ 29	\$ 29
Sales and service charges:				
State reimbursement	150,000	150,000	130,000	(20,000)
Garbage collection revenue	12,843,500	12,843,500	12,506,498	(337,002)
Miscellaneous	-	-	92	92
<b>Total revenues</b>	<b>12,993,500</b>	<b>12,993,500</b>	<b>12,636,619</b>	<b>(356,881)</b>
<b>Expenditures</b>				
Current				
Public Works				
Salaries	1,479,853	1,479,853	2,126,122	(646,269)
Employee benefits	465,811	465,811	506,365	(40,554)
Travel and training	3,200	3,200	2,265	935
Materials and supplies	25,800	25,800	23,673	2,127
Motor vehicle	530,100	530,100	347,416	182,684
Mobile communication	3,500	3,500	2,782	718
Uniforms and clothing	8,000	8,000	6,230	1,770
Utilities and telephone	28,800	28,800	34,886	(6,086)
Professional services	2,500	2,500	1,965	535
Insurance	49,620	49,620	21,568	28,052
BFI landfill dumping	2,600,000	2,600,000	3,071,401	(471,401)
Postage	12,000	12,000	10,427	1,573
H&S landfill dumping	80,000	80,000	97,062	(17,062)
Repair and maintenance	10,500	10,500	5,853	4,647
Recycling	8,000	8,000	-	8,000
Bank charges	-	-	1,308	(1,308)
Fuel surcharges	600,000	600,000	186,059	413,941
Residential garbage charges	2,900,000	2,900,000	2,736,747	163,253
Commercial garbage charges	3,200,000	3,200,000	3,035,056	164,944
	12,007,684	12,007,684	12,217,185	(209,501)
Capital outlay	235,600	235,600	294,500	(58,900)
<b>Total expenditures</b>	<b>12,243,284</b>	<b>12,243,284</b>	<b>12,511,685</b>	<b>(268,401)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>				
	750,216	750,216	124,934	(625,282)
<b>Other financing sources (uses)</b>				
Transfers to other funds	(565,000)	(565,000)	(65,000)	500,000
<b>Change in fund balance</b>				
	<b>\$ 185,216</b>	<b>\$ 185,216</b>	<b>59,934</b>	<b>\$ (125,282)</b>
Fund balance - beginning			-	
Fund balance - ending			<b>\$ 59,934</b>	

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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, 2015

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 to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, 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**  
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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.

Jackson Transit Authority accounts for the activities of the City's urban transit. The management of the Jackson Transit Authority is vested in a board of directors consisting of seven members, all of whom are elected by the City Council upon the Mayor's recommendation, for five year terms. Jackson Transit Authority is a blended component unit of the City.

Jackson 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:

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

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

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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. The taxes are due and payable from the following October through February in the year of the tax 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:

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		



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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, 2015, are:

City of Jackson	\$2,601,227
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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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Deferred Outflows/Inflows of Resources**

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. Deferred outflows/inflows of resources are also reported on the Statement of Net Position in the government-wide statements and the proprietary fund statements.

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 19 and 26.

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 20, 22, and 27.

**Impact of Recently Issued Accounting Pronouncements**

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement 25*, and Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. For governments to adopt Statement 68, the underlying pension plans must first adopt Statement 67. Statement 67 revises existing standards of financial reporting by state and local government pension plans and is effective for fiscal years beginning after June 15, 2013. Statement 68 improves accounting and financial reporting by state and local governments for pensions and is effective for fiscal years beginning after June 15, 2014. These statements establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Statement 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations. Management has adopted GASB Statement No. 68 in the current year and has reported all of the required disclosures and financial statement amounts for the current fiscal year.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to the amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflows of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
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related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The implementation of this statement resulted in deferred outflows being reported on the statement of net position.

**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.

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 –

**Order and Use of Restricted and Unrestricted Funds**

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned, and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

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

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

**CITY OF JACKSON, TENNESSEE**  
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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 Assets**

The reconciliation of the balance sheet of governmental funds to the statement of net assets includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. 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 (\$100,958,372) are as follows:

Bonds payable	\$ 69,842,187
Notes payable	5,041,037
OPEB liability	436,568
Net pension liability	22,912,248
Premium on debt issuance	125,105
Compensated absences payable	<u>2,601,227</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 100,958,372</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 assets 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 \$1,770,951 difference are as follows:

Capital outlay, net change	\$ 8,809,614
Book value of assets removed	(61,021)
Depreciation expense	<u>(6,977,642)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,770,951</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 \$392,877 difference are as follows:

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Change in deferred court fine revenue	\$ (89,278)
Change in grant revenues	(192,834)
Change in property taxes	(87,024)
Change in other revenue	<u>(23,741)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (392,877)</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, 2015, investments of the City consisted of the following:

	<u>Weighted Average Maturity (Months)</u>	<u>Fair Value or Carrying Amount</u>
U.S. Government agency bonds	N/A	\$ 1
Certificates of deposit	7-35	6,449,370
Deferred Compensation Fund	N/A	<u>16,863,907</u>
		<u>\$ 23,313,278</u>

**Interest rate risk**

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

**Custodial credit risk**

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or

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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, 2015, 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, 2015, 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.

**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	\$ 26,961,843	\$ 6,855,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,817,642
Interest	16,748	-	-	-	-	-	-	16,748
Accounts	150,307	37,338	25,968	1,513,650	72,650	19,987	18,882	1,838,782
Grants	747,585	-	534,089	-	-	265,779	70,189	1,617,642
Intergovernmental	5,232,594	-	-	-	-	-	-	5,232,594
Court fines	532,151	-	-	-	-	-	100,330	632,481
Advance	194,444	-	-	-	-	-	-	194,444
Note	317,050	-	-	-	-	-	444,913	761,963
Gross receivables	34,152,722	6,893,137	560,057	1,513,650	72,650	285,766	634,314	44,112,296
Less: Allowance for uncollectibles	(1,294,408)	(227,241)	-	-	-	-	(80,855)	(1,602,504)
Net total receivables	<u>\$ 32,858,314</u>	<u>\$ 6,665,896</u>	<u>\$ 560,057</u>	<u>\$ 1,513,650</u>	<u>\$ 72,650</u>	<u>\$ 285,766</u>	<u>\$ 553,459</u>	<u>\$ 42,509,792</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:

2015 property tax assessment	\$ 30,428,536
Delinquent property taxes	2,066,510
Grant revenues considered to be deferred revenues	1,002,388
Court fines receivable	135,363
Total deferred revenue for governmental funds	<u>\$ 33,632,797</u>

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

The composition of interfund balances as of June 30, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Community Development	General	\$ 27,644
General	Sportsplex	19,661
Debt Service	Sportsplex	33,045
Grant Fund #1 CDBG	Grant Fund #3 ESGP	866
Grant Fund #1 CDBG	Grant Fund #2 HOME	12,317
Solid Waste	Solid Waste Collection	65,000
General	Solid Waste Collection	<u>373,965</u>
Total		532,498
Governmental activities eliminated		<u>(387,148)</u>
Total		<u>\$ 145,350</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 intends to repay all interfund liabilities within the next fiscal year.

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, 2015, were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>						<u>Total</u>
	<u>General</u>	<u>Capital Outlay</u>	<u>CRA District</u>	<u>Jackson Transit Authority</u>	<u>Solid Waste</u>	<u>Nonmajor Governmental Funds</u>	
General	\$ -	\$ 1,385,002	\$ 223,674	\$ 711,711	\$ -	\$ -	\$ 2,320,387
Debt Service	-	7,614,200	-	-	-	-	7,614,200
Solid Waste Collection	671,712	-	-	-	65,000	-	736,712
Capital Outlay	-	-	-	12,800	-	-	12,800
CRA District	-	-	-	-	-	50,000	50,000
Nonmajor Governmental	<u>7,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,166</u>	<u>323,421</u>
	<u>\$ 678,967</u>	<u>\$ 8,999,202</u>	<u>\$ 223,674</u>	<u>\$ 724,511</u>	<u>\$ 65,000</u>	<u>\$ 366,166</u>	<u>\$ 11,057,520</u>

The descriptions of the transfers are as follows:

- The transfer from the Solid Waste Collection fund to the General fund was done in the current year due to the fact that in prior years the General fund and Solid Waste fund were



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presented together for reporting purposes due to State requirements and thus were also tied together for budgeting purposes in the current year.

- The transfer from the General fund to the Capital Outlay fund is for capital outlay needs in the current year.
- The transfer from the Debt Service fund to the Capital Outlay fund is for capital outlay needs in the current year that were funded from long-term debt proceeds issued in the debt service fund.
- The transfers from the General fund and Capital 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.
- The transfer from the Solid Waste Collection fund to the Solid Waste fund was done to fund the prior year deficit fund balance and the current year expenses due to the Landfill being closed. The Solid Waste Collection fund will continue to transfer the amount needed to cover expenses in the future years.
- The transfers from the General Fund to the CRA District is for the CRA's portion of TIF income. The difference between the governmental fund transfers of \$223,674, which represents the TIF income, and the government-wide transfer amount of \$173,674 is a \$50,000 transfer from the CRA to the general fund that is a long-term debt payment on one of the City's debt payments, so it was combined together for the Statement of Activities presentation.

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital assets, not being depreciated					
Land	\$ 20,418,107		\$ -	\$ -	\$ 20,418,107
Construction in progress	862,494	296,440	-	(862,494)	296,440
Total capital assets, not being depreciated	<u>21,280,601</u>	<u>296,440</u>	<u>-</u>	<u>(862,494)</u>	<u>20,714,547</u>
Capital assets, being depreciated					
Buildings	66,993,824	1,176,975	-	-	68,170,799
Improvements other than buildings	2,134,527	771,865	-	862,494	3,768,886
Machinery and equipment	30,756,879	754,871	295,241	305,860	31,522,369
Infrastructure	107,475,291	5,809,463	-	-	113,284,754
Total capital assets, being depreciated	<u>207,360,521</u>	<u>8,513,174</u>	<u>295,241</u>	<u>1,168,354</u>	<u>216,746,808</u>
Less accumulated depreciation for:					
Buildings	36,302,141	1,499,238	-	-	37,801,379
Improvements other than buildings	748,590	92,527	-	-	841,117
Machinery and equipment	22,460,527	1,742,179	234,220	-	23,968,486
Infrastructure	40,937,770	3,643,698	-	-	44,581,468
Total accumulated depreciation	<u>100,449,028</u>	<u>6,977,642</u>	<u>234,220</u>	<u>-</u>	<u>107,192,450</u>
Total capital assets, being depreciated, net	<u>106,911,493</u>	<u>1,535,532</u>	<u>61,021</u>	<u>1,168,354</u>	<u>109,554,358</u>
Governmental activities capital assets, net	<u>\$ 128,192,094</u>	<u>\$ 1,831,972</u>	<u>\$ 61,021</u>	<u>\$ 305,860</u>	<u>\$ 130,268,905</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 2,735,465	\$ -	\$ -	\$ -	\$ 2,735,465
Total capital assets not being depreciated	<u>2,735,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,735,465</u>
Capital assets, being depreciated					
Land improvements	2,957,909	-	-	-	2,957,909
Buildings	10,925,024	254,653	-	-	11,179,677
Machinery and equipment	6,615,897	796,108	-	(12,533)	7,399,472
Furniture and fixtures	1,087,154	83,494	-	12,333	1,182,981
Total capital assets being depreciated	<u>21,585,984</u>	<u>1,134,255</u>	<u>-</u>	<u>(200)</u>	<u>22,720,039</u>
Less accumulated depreciation for:					
Land improvements	448,852	3,011	-	-	451,863
Buildings	4,282,036	989,395	-	(200)	5,271,231
Machinery and equipment	4,975,170	418,266	-	-	5,393,436
Furniture and fixtures	845,359	65,869	-	-	911,228
Total accumulated depreciation	<u>10,551,417</u>	<u>1,476,541</u>	<u>-</u>	<u>(200)</u>	<u>12,027,758</u>
Total capital assets, being depreciated, net	<u>11,034,567</u>	<u>(342,286)</u>	<u>-</u>	<u>-</u>	<u>10,692,281</u>
Business-type activities capital assets, net	<u>\$ 13,770,032</u>	<u>\$ (342,286)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,427,746</u>

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

Governmental activities:	
General government	\$ 431,030
Public safety	1,386,470
Public works	4,195,878
Public welfare and community service	964,264
Total depreciation expense - governmental activities	<u>\$ 6,977,642</u>
Business-type activities:	
Sportsplex	\$ 252,028
Jackson Transit Authority	1,224,513
Total depreciation expense - business-type activities	<u>\$ 1,476,541</u>

**E. Operating Leases**

The future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ 36,423
2017	<u>16,372</u>
Total	<u>\$ 52,795</u>

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**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, 2015, was \$317,050.

**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, 2015, 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	\$ 3,930,000
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	43,575,000
General Obligation Capital Outlay Note, 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	15,300,000
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	9,442,000
Note Payable, Jackson-Madison County General Hospital District, original issue was \$650,000, payable in annual installments beginning 2012 through 2024, interest-free	450,000
Note Payable to Madison County for repayment of mixed drink taxes owed, interest free, payable in annual installments beginning 2015 through 2024	1,774,037
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%	2,817,000
General Obligation Capital Outlay Note Series 2006, original issue was \$1,995,000, payable in annual installments	

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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 498,655

General Obligation Capital Outlay Note Series 2006-A, 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 498,144

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 500,000

\$78,784,836

The annual requirements to amortize all general long-term debt, except compensated absences and accrued closure and post-closure costs, at June 30, 2015, including interest payments of \$14,915,653 are as follows:

Fiscal Year	Notes		General Obligation Bonds		Totals							
	Ending	Principal	Interest	Principal	Interest	Principal	Interest					
2016	\$	900,615	\$	256,384	\$	5,112,000	\$	2,201,455	\$	6,012,615	\$	2,457,839
2017		1,243,115		246,777		5,282,000		2,034,813		6,525,115		2,281,590
2018		1,259,115		227,236		5,468,000		1,850,915		6,727,115		2,078,151
2019		1,274,414		207,628		5,664,000		1,654,738		6,938,414		1,862,366
2020		953,615		188,512		5,876,000		1,436,253		6,829,615		1,624,765
2021-2025		5,692,962		770,262		26,857,000		3,261,849		32,549,962		4,032,111
2026-2030		6,691,000		408,312		2,688,000		110,837		9,379,000		519,149
2031-2033		3,823,000		59,682		-		-		3,823,000		59,682
		<u>\$ 21,837,836</u>		<u>\$ 2,364,793</u>		<u>\$ 56,947,000</u>		<u>\$ 12,550,860</u>		<u>\$ 78,784,836</u>		<u>\$ 14,915,653</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.

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.

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Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 66,944,187	\$ 7,614,200	\$ 4,716,200	\$ 69,842,187	\$ 5,347,418
Capital outlay notes	3,438,000	-	171,000	3,267,000	176,000
Notes payable	2,774,037	-	1,000,000	1,774,037	197,115
Net pension liability	-	22,912,248	-	22,912,248	-
OPEB liability	349,229	87,339	-	436,568	100,000
Premium on debt issuance	141,416	-	16,311	125,105	15,482
Compensated absences	2,612,552	-	11,325	2,601,227	100,000
	<u>\$ 76,259,421</u>	<u>\$ 30,613,787</u>	<u>\$ 5,914,836</u>	<u>\$ 100,958,372</u>	<u>\$ 5,936,015</u>
Business-type activities:					
General obligation bonds	\$ 2,611,613	\$ -	\$ 206,800	\$ 2,404,813	\$ 229,582
Capital outlay notes	1,983,035	-	486,236	1,496,799	62,500
Advance	231,211	-	36,767	194,444	-
Compensated absences	31,579	-	31,579	-	-
Accrued closure/postclosure	347,040	-	28,920	318,120	28,920
	<u>\$ 5,204,478</u>	<u>\$ -</u>	<u>\$ 790,302</u>	<u>\$ 4,414,176</u>	<u>\$ 321,002</u>

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

**NOTE 5 - OTHER INFORMATION**

**A. Risk Management**

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

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

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

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At June 30, 2015, the estimated liability for claims incurred but not paid was \$1,547,756. Changes in liability for the last five fiscal years are as follows:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	Balance at Fiscal <u>Year-End</u>
2010-2011	\$ 946,485	\$ 4,382,786	\$ 5,928,566	\$ (599,295)
2011-2012	(599,295)	6,683,097	6,668,504	(584,702)
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

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, 2015, the estimated liability for claims incurred but not paid was \$42,634.

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

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	Balance at Fiscal <u>Year-End</u>
2010-2011	114,858	385,142	402,056	97,944
2011-2012	97,944	402,056	611,398	(111,398)
2012-2013	(111,398)	611,398	596,340	(96,340)
2013-2014	(96,340)	696,340	649,493	(49,493)
2014-2015	(49,493)	649,493	557,366	42,634

No designation of assets has been made by the City to fund future claims liabilities. However, the General Fund balance has been reserved in the amount of \$1,099,143 for possible future claims.

**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, 2015, is \$50,229,212.

**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, 2015, are \$318,120.

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. Other Matters**

The Tennessee Department of Transportation constructed an urban interchange on Highway 45 Bypass within the city limits of the City. The cost of this project was approximately \$8 million with the City being responsible for \$6 million of this cost. As a part of this project the City expects to be reimbursed for most of its share of the cost by the property owners adjacent to the new interchange as their property is developed in the future. The timing of these reimbursements is dependent on the development of the land.

**E. 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

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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 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, 2015, 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

**F. 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,



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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 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, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	550
Inactive employees entitled to but not yet receiving benefits	372
Active employees	718
	1640

***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, 2015, employer contributions for Jackson were \$6,552,755 based on a rate of 16.74 or 20.24 (General Government/Board or Public Safety, respectively) 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.

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**Net Pension Liability (Asset)**

Jackson's net pension liability (asset) was measured as of June 30, 2014, 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, 2014 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
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, 2014 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:

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<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%
		100%

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 return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at 6/30/13</b>	<u>\$ 158,599,965</u>	<u>\$ 129,529,496</u>	<u>\$ 29,070,469</u>
<b>Changes for the year:</b>			
Service cost	2,812,416	-	2,812,416
Interest	11,835,576	-	11,835,576
Differences between expected and actual experience	2,414,505	-	2,414,505
Contributions - employer	-	6,552,755	(6,552,755)
Contributions - employee	-	-	-
Net investment income	-	21,401,369	(21,401,369)
Benefit payments, including refunds of employee contributions	(7,209,401)	(7,209,401)	-
Administrative expense	-	(33,630)	33,630
	<u>9,853,096</u>	<u>20,711,093</u>	<u>(10,857,997)</u>
<b>Net changes</b>			
	<u>9,853,096</u>	<u>20,711,093</u>	<u>(10,857,997)</u>
<b>Balance at 6/30/14</b>	<u>\$ 168,453,061</u>	<u>\$ 150,240,589</u>	<u>\$ 18,212,472</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)	<u>\$ 40,126,912</u>	<u>\$ 18,212,472</u>	<u>\$ (84,591)</u>

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

***Pension expense***

For the year ended June 30, 2015, Jackson recognized pension expense of \$3,133,188.

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

For the year ended June 30, 2015, 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	\$ 1,931,604	\$ -
Net difference between projected and actual earnings on pension plan investments	-	9,370,035
Contributions subsequent to the measurement date of June 30, 2014	6,433,850	-
	\$ 8,365,454	\$ 9,370,035

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2014,” 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>	
2016	\$ (1,859,607)
2017	(1,859,607)
2018	(1,859,607)
2019	(1,859,607)
2020	-
Thereafter	-

**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. 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, 2014:

Retirees & beneficiaries receiving benefits	42
Active plan members	<u>0</u>
Total	<u>42</u>

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**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, 2014.

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, 2014, 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, 2014 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, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2013 through June 30, 2014. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

*Discount Rate:* The discount rate used to measure the total pension liability was 3.25%. 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

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policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at 6/30/13</b>	\$ 5,646,887	\$ 68,256	\$ 5,578,631
<b>Changes for the year:</b>			
Interest	266,292	-	266,292
Differences between expected and actual experience	386,166	-	386,166
Contributions - employer	-	650,934	(650,934)
Net investment income	-	6	(6)
Benefit payments, including refunds of employee contributions	(650,034)	(650,034)	-
<b>Net changes</b>	<u>2,424</u>	<u>906</u>	<u>1,518</u>
<b>Balance at 6/30/14</b>	<u>\$ 5,649,311</u>	<u>\$ 69,162</u>	<u>\$ 5,580,149</u>

*Sensitivity of the net pension liability (asset) to changes in the discount rate:* The following presents the net pension liability (asset) of the Plan calculated using the discount rate of 4.25 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 (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Jackson's net pension liability (asset)	\$ 6,004,070	\$ 5,580,149	\$ 5,210,008

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

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

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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		266,292
Expected investment return net of investment expenses		(2,920)
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of assumption changes or inputs		193,083
Recognition of investment gains or losses		583
Pension Expense	<u>\$</u>	<u>457,038</u>

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, 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>
Differences between expected and actual experience	\$ 193,083	\$ -
Net difference between projected and actual earnings on pension plan investments	2,331	-
Contributions subsequent to the measurement date of June 30, 2014	605,568	-
	<u>\$ 800,982</u>	<u>\$ -</u>

The amounts shown above for “Contributions subsequent to the measurement date of June 30, 2014” 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>		
2016	\$	48,854
2017		48,854
2018		48,854
2019		48,854
2020		-
Thereafter		-

**G. Other Postemployment Benefits**

In addition to the retirement benefits described in Note F, 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



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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, 2015, 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, 2015, 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.

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**Components of Net OPEB Obligation**

Annual Required Contribution	\$ 1,041,300
Interest on Net OPEB Obligation	8,900
Adjustment to Annual Required Contribution	<u>(8,900)</u>
Annual OPEB Cost (Expense)	1,041,300
Contributions/Expense	<u>(953,961)</u>
Decrease in Net Obligation	87,339
Net OPEB Obligation (BOY)	<u>349,229</u>
Net OPEB (Asset) Obligation (EOY)	<u>\$ 436,568</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 are as follows:

Fiscal Year Ending	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 1,041,300	91.61%	\$ 436,568
6/30/2014	968,200	88.53%	349,229
6/30/2013	968,200	100.00%	238,204
6/30/2012	777,000	128.76%	238,160
6/30/2011	777,000	108.24%	461,607
6/30/2010	1,094,300	76.53%	525,619

**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

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liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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.

**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, 2015.

**NOTE 7 – PRIOR PERIOD ADJUSTMENT AND RESTATEMENT OF BEGINNING NET POSITION – GASB STATEMENT NO. 68 AND 71 IMPLEMENTATION**

As of June 30, 2015, a prior period adjustment was made in the following activities for the following reason:

- An adjustment was made in the governmental activities for \$305,860 that was related to Department of Defense equipment that was acquired in previous year.

As of July 1, 2014 a restatement of beginning net position was made for net pension liability and deferred outflows of resources for contributions that were made subsequent to the previous year's measurement date due to the City implementation GASB Statement No. 68 and 71, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The implementation of GASB Statement No. 68 and 71 resulted in the City restatement net position by \$26,356,927 in the Governmental Activities and \$1,033,706 in the Business-type activities with a measurement date of June 30, 2014.

## **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

	2014
Total pension liability	
Service cost	\$ 2,812,416
Interest	11,835,576
Changes in benefit terms	-
Differences between actual and expected experience	2,414,505
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(7,209,401)
<b>Net change in total pension liability</b>	<b>9,853,096</b>
<b>Total pension liability - beginning</b>	<b>158,599,965</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 168,453,061</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 6,552,755
Contributions - employee	-
Net investment income	21,401,369
Benefit payments, including refunds of employee contributions	(7,209,401)
Administrative expense	(33,628)
<b>Net change in plan fiduciary net position</b>	<b>20,711,095</b>
<b>Plan fiduciary net position - beginning</b>	<b>129,529,496</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 150,240,591</b>
<b>Net Pension Liability (asset)-ending (a) - (b)</b>	<b>\$ 18,212,470</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>89.19%</b>
<b>Covered - employee payroll</b>	<b>\$ 34,206,282</b>
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	<b>53.24%</b>

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.

*See independent auditor's report.*

**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

	2014	2015
Actuarially determined contribution	\$ 6,552,755	\$ 6,433,850
Contributions in relation to the actuarially determined contribution	6,552,755	6,433,850
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 34,206,282	\$ 32,776,554
Contributions as a percentage of covered - employee payroll	19.16%	19.63%

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 for 2015 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	12 years
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, averaging 4.25 percent
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, TN PENSION PLAN**  
For the Fiscal Year Ended June 30

	2014
Total pension liability	
Service cost	\$ -
Interest	266,292
Changes in benefit terms	-
Differences between actual and expected experience	386,166
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(650,034)
<b>Net change in total pension liability</b>	<b>2,424</b>
<b>Total pension liability - beginning</b>	<b>5,646,887</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 5,649,311</b>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 650,934
Contributions - employee	-
Net investment income	6
Benefit payments, including refunds of employee contributions	(650,034)
Administrative expense	-
<b>Net change in plan fiduciary net position</b>	<b>906</b>
<b>Plan fiduciary net position - beginning</b>	<b>68,256</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 69,162</b>
 <b>Net Pension Liability (asset)-ending (a) - (b)</b>	<b>\$ 5,580,149</b>
 <b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>1.22%</b>
 <b>Covered - employee payroll</b>	<b>\$ -</b>
 <b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	<b>N/A</b>

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.

*See independent auditor's report.*

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

	2014
Actuarially determined contribution	\$ 1,090,016
Contributions in relation to the actuarially determined contribution	650,934
Contribution deficiency (excess)	\$ 439,082
Covered-employee payroll	N/A
Contributions as a percentage of covered - employee payroll	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	4.25%
Retirement age	N/A
Mortality	RP-2000 (Healthy and Disabled) with generational projection per Scale AA for healthy participants
Cost of Living Adjustments	2.5 percent

*See independent auditor's report.*



**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF FUNDING PROGRESS – EMPLOYEE RETIREMENT SYSTEM**  
 June 30, 2015

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, 2015

	<u>City of Jackson Pension</u>
<b>Additions:</b>	
Contributions:	
Employer	\$ 601,739
<b>Deductions:</b>	
Benefits	<u>602,629</u>
Net increase (decrease)	(890)
<b>Net assets held in trust for pension benefits, July 1</b>	<u>69,162</u>
<b>Net assets held in trust for pension benefits, June 30</b>	<u><u>\$ 68,272</u></u>

*See independent auditor's report.*

**SUPPLEMENTARY and OTHER  
INFORMATION SECTION**

**CITY OF JACKSON, TENNESSEE  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
June 30, 2015**

	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>Assets</b>							
Cash and cash equivalents	\$ 252,606	\$ 369,016	\$ 65,029	\$ -	\$ -	\$ -	\$ 686,651
Receivables							
Accounts (net of allowance for uncollectible accounts)	-	18,882	-	-	-	-	18,882
Grants	-	-	24,956	15,985	29,248	-	70,189
Court fines (net of allowance for uncollectible accounts)	10,050	9,425	-	-	-	-	19,475
Due from other funds	-	-	13,183	-	-	-	13,183
<b>Total assets</b>	<b>\$ 262,656</b>	<b>\$ 397,323</b>	<b>\$ 103,168</b>	<b>\$ 15,985</b>	<b>\$ 29,248</b>	<b>\$ -</b>	<b>\$ 808,380</b>
<b>Liabilities and fund balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued expenses	\$ 4,018	\$ 4,219	\$ 8,442	\$ 3,668	\$ 28,382	\$ -	\$ 48,729
Due to other funds	-	-	-	12,317	866	-	13,183
<b>Total liabilities:</b>	<b>4,018</b>	<b>4,219</b>	<b>8,442</b>	<b>15,985</b>	<b>29,248</b>	<b>-</b>	<b>61,912</b>
<b>Deferred inflows:</b>							
Unavailable intergovernmental revenue	8,436	9,425	-	-	-	-	17,861
Restricted	250,202	383,679	94,726	-	-	-	728,607
<b>Total fund balances</b>	<b>250,202</b>	<b>383,679</b>	<b>94,726</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>728,607</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 262,656</b>	<b>\$ 397,323</b>	<b>\$ 103,168</b>	<b>\$ 15,985</b>	<b>\$ 29,248</b>	<b>\$ -</b>	<b>\$ 808,380</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, 2015

	Special Revenue Funds					Debt Service		Totals
	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Grant Fund #3 ESGP	Community Redevelopment		
<b>Revenues</b>								
Fines, interest and penalties	\$ 68,317	\$ 37,056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,373
Use of money and property	216	271	-	-	-	-	-	487
Intergovernmental	-	-	654,531	345,155	135,780	-	-	1,135,466
Sales and service charges	26,349	283,105	-	-	-	-	-	309,454
Other	-	-	115	43,195	-	-	-	43,310
Total revenues	<u>94,882</u>	<u>320,432</u>	<u>654,646</u>	<u>388,350</u>	<u>135,780</u>	<u>-</u>	<u>-</u>	<u>1,594,090</u>
<b>Expenditures</b>								
Current:								
Public safety	28,958	152,622	-	-	-	-	-	181,580
Public welfare and community services	-	-	425,286	388,350	135,780	-	-	949,416
Capital outlay								
Public safety	52,231	37,524	-	-	-	-	-	89,755
Debt service:								
Principal	-	-	-	-	-	171,000	-	171,000
Interest	-	-	-	-	-	108,360	-	108,360
Total expenditures	<u>81,189</u>	<u>190,146</u>	<u>425,286</u>	<u>388,350</u>	<u>135,780</u>	<u>279,360</u>	<u>-</u>	<u>1,500,111</u>
Excess (deficiency) of revenues over (under) expenditures	13,693	130,286	229,360	-	-	(279,360)	-	93,979
<b>Other financing sources (uses)</b>								
Transfers in	-	48,679	38,127	-	-	279,360	-	366,166
Transfers out	(48,679)	(7,255)	(229,360)	(38,127)	-	-	-	(323,421)
Total other financing sources (uses)	<u>(48,679)</u>	<u>41,424</u>	<u>(191,233)</u>	<u>(38,127)</u>	<u>-</u>	<u>279,360</u>	<u>-</u>	<u>42,745</u>
Net changes in fund balances	(34,986)	171,710	38,127	(38,127)	-	-	-	136,724
Fund balances - beginning	<u>285,188</u>	<u>211,969</u>	<u>56,599</u>	<u>38,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,883</u>
Fund balances - ending	<u>\$ 250,202</u>	<u>\$ 383,679</u>	<u>\$ 94,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 728,607</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
<b>Revenues:</b>				
Fines, interest and penalties:				
Fines, forfeits and penalties	\$ 30,000	\$ 30,000	\$ 68,317	\$ 38,317
Use of money and property:				
Interest earned	100	100	216	116
Sales and service charges:				
Seized assets/unclaimed evidence	<u>35,000</u>	<u>35,000</u>	<u>26,349</u>	<u>(8,651)</u>
Total revenues	<u>65,100</u>	<u>65,100</u>	<u>94,882</u>	<u>29,782</u>
<b>Expenditures</b>				
Current:				
Public Safety:				
Advertising	-	-	1,796	(1,796)
Contractual services	5,000	5,000	4,849	151
Utilities	5,000	5,000	6,580	(1,580)
Special investigative funds	30,000	30,000	15,000	15,000
Court clerk fees	-	-	733	(733)
Capital outlay	<u>61,540</u>	<u>61,540</u>	<u>52,231</u>	<u>9,309</u>
Total expenditures	<u>101,540</u>	<u>101,540</u>	<u>81,189</u>	<u>20,351</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>(36,440)</u></b>	<b><u>(36,440)</u></b>	<b><u>13,693</u></b>	<b><u>50,133</u></b>
<b>Other financing sources (uses)</b>				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(48,679)</u>	<u>(48,679)</u>
Net changes in fund balances	<u><u>\$(36,440)</u></u>	<u><u>\$(36,440)</u></u>	<u>(34,986)</u>	<u><u>\$ 1,454</u></u>
Fund balance - beginning			<u>285,188</u>	
Fund balance - ending				<b><u>\$ 250,202</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, 2015

<b>Revenues</b>	Budgeted Amounts		<u>Actual</u>	Variance with
	Original	Final		Final Budget
Fines, interest and penalties:				
Fines, forfeits and penalties	\$ 50,000	\$ 50,000	\$ 37,056	\$ (12,944)
Use of money and property:				
Interest earned	-	-	271	271
Intergovernmental:				
Federal sharing	75,000	75,000	-	(75,000)
Sales and service charges:				
Controlled substance tax	5,000	5,000	6,530	1,530
Seizures	<u>125,000</u>	<u>125,000</u>	<u>276,575</u>	<u>151,575</u>
Total revenues	<u>255,000</u>	<u>255,000</u>	<u>320,432</u>	<u>65,432</u>
 <b>Expenditures</b>				
Current:				
Public Safety:				
Telephone	20,000	20,000	25,776	(5,776)
Vehicle tow-in/storage	1,000	1,000	568	432
Subscriptions and dues	2,000	2,000	1,706	294
Computer/IS services	7,000	7,000	9,600	(2,600)
Travel and training	20,000	20,000	22,513	(2,513)
Insurance	-	-	7,461	(7,461)
Office supplies	10,500	10,500	14,763	(4,263)
Operating expenditures	20,000	20,000	22,510	(2,510)
Canine expenditures	5,000	5,000	6,433	(1,433)
Rent	10,000	10,000	4,175	5,825
Court clerk fees	3,000	3,000	1,447	1,553
Special investigative funds	40,000	40,000	18,984	21,016
Federal sharing expense	75,000	75,000	-	75,000
Utilities	10,000	10,000	13,628	(3,628)
Uniforms and clothing	8,000	8,000	3,058	4,942
Capital outlay	<u>187,310</u>	<u>187,310</u>	<u>37,524</u>	<u>149,786</u>
Total expenditures	<u>418,810</u>	<u>418,810</u>	<u>190,146</u>	<u>228,664</u>
 <b>Excess (deficiency) of</b>				
<b>revenues over (under) expenditures</b>	<u><b>\$(163,810)</b></u>	<u><b>\$(163,810)</b></u>	<u><b>130,286</b></u>	<u><b>\$ 294,096</b></u>
 <b>Other financing sources (uses)</b>				
Transfers from other funds	-	-	48,679	(48,679)
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(7,255)</u>	<u>7,255</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>41,424</u>	<u>(41,424)</u>
 Net changes in fund balances	<u><b>\$(163,810)</b></u>	<u><b>\$(163,810)</b></u>	171,710	<u><b>\$ 252,672</b></u>
 Fund balance - beginning			<u>211,969</u>	
 Fund balance - ending			<u><b>\$ 383,679</b></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, 2015

<b>Revenues</b>	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Intergovernmental:				
Block Grant - CDBG	\$ 711,098	\$ 711,098	\$ 594,531	\$ (116,567)
Program income	-	-	60,000	60,000
Other income	-	-	115	115
Total revenues	711,098	711,098	654,646	(56,452)
 <b>Expenditures</b>				
Current				
Public Welfare and Community Services				
Administration and Program Delivery:				
Salaries	87,655	87,655	135,585	(47,930)
Employee benefits	-	-	11,077	(11,077)
Travel and training	-	-	969	(969)
Professional services	-	-	8,392	(8,392)
Dues and subscriptions	-	-	1,760	(1,760)
Telephone	-	-	781	(781)
Office supplies	-	-	1,395	(1,395)
Postage	-	-	105	(105)
Advertising	-	-	678	(678)
Computer	-	-	1,860	(1,860)
Freight	-	-	146	(146)
Miscellaneous	-	-	1,277	(1,277)
Repairs and maintenance	-	-	4,166	(4,166)
Insurance	-	-	2,541	(2,541)
	87,655	87,655	170,732	(83,077)
Program				
Housing	-	-	107,850	(107,850)
Public services	-	-	146,704	(146,704)
	-	-	254,554	(254,554)
Total expenditures	87,655	87,655	425,286	(337,631)
 <b>Excess (deficiency) of revenues over (under) expenditures:</b>	<b>623,443</b>	<b>623,443</b>	<b>229,360</b>	<b>(394,083)</b>
 <b>Other financing sources (uses)</b>				
Transfers in	-	-	38,127	38,127
Transfers out	-	-	(229,360)	(229,360)
<b>Total other financing sources (uses):</b>	-	-	(191,233)	(191,233)
 Net change in fund balance	<b>\$ 623,443</b>	<b>\$ 623,443</b>	38,127	<b>\$ (585,316)</b>
 Fund balance - beginning			56,599	
 Fund balance - ending			<b>\$ 94,726</b>	

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Revenues</b>				
Intergovernmental				
HOME Grant	\$ 491,631	\$ 491,631	\$ 345,155	\$ (146,476)
Program income	<u>-</u>	<u>-</u>	<u>43,195</u>	<u>43,195</u>
Total revenues	<u>491,631</u>	<u>491,631</u>	<u>388,350</u>	<u>(103,281)</u>
<b>Expenditures</b>				
Current				
Public Welfare and Community Services				
Administration:				
Salaries	211,248	211,248	50,861	160,387
Employee benefits	-	-	3,542	(3,542)
Insurance	-	-	173	(173)
Miscellaneous	<u>-</u>	<u>-</u>	<u>822</u>	<u>(822)</u>
	<u>211,248</u>	<u>211,248</u>	<u>55,398</u>	<u>155,850</u>
Program				
Housing	<u>-</u>	<u>-</u>	<u>332,952</u>	<u>(332,952)</u>
Total expenditures	<u>211,248</u>	<u>211,248</u>	<u>388,350</u>	<u>(177,102)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u><b>280,383</b></u>	<u><b>280,383</b></u>	<b>-</b>	<u><b>(280,383)</b></u>
<b>Other financing sources (uses)</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(38,127)</u>	<u>(38,127)</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(38,127)</u>	<u>(38,127)</u>
Net change in fund balance	<u><b>\$ 280,383</b></u>	<u><b>\$ 280,383</b></u>	<u>(38,127)</u>	<u><b>\$ (318,510)</b></u>
Fund balance - beginning			<u>38,127</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
<b>Revenues</b>				
Intergovernmental				
State DHS Grant	\$ 137,123	\$ 137,123	\$ 135,780	\$ (1,343)
Total revenues	<u>137,123</u>	<u>137,123</u>	<u>135,780</u>	<u>(1,343)</u>
<b>Expenditures</b>				
Current:				
Public Welfare and Community Services				
Administration:				
Salaries	-	-	3,905	(3,905)
Employee benefits	-	-	2,081	(2,081)
Insurance	-	-	185	(185)
	<u>-</u>	<u>-</u>	<u>6,171</u>	<u>(6,171)</u>
Program:				
Public services	49,947	49,947	129,609	(79,662)
Total expenditures	<u>49,947</u>	<u>49,947</u>	<u>135,780</u>	<u>(85,833)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>\$ 87,176</u></b>	<b><u>\$ 87,176</u></b>	<b><u>-</u></b>	<b><u>\$ (87,176)</u></b>
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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Expenditures:</b>				
Principal payments	121,000	121,000	171,000	(50,000)
Interest expense	110,226	110,226	108,360	1,866
<b>Total expenditures</b>	<u>231,226</u>	<u>231,226</u>	<u>279,360</u>	<u>(48,134)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(231,226)</u>	<u>(231,226)</u>	<u>(279,360)</u>	<u>(48,134)</u>
<b>Other financing sources (uses)</b>				
Transfer from other funds	231,226	231,226	279,360	48,134
<b>Total other financing sources (uses)</b>	<u>231,226</u>	<u>231,226</u>	<u>279,360</u>	<u>48,134</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</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, 2015

<b>Revenues</b>	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Taxes:				
Property tax apportionments	\$ 6,546,910	\$ 6,546,910	\$ 6,240,102	\$ (306,808)
Tax equivalent apportionments	961,831	961,831	1,002,923	41,092
Total taxes	7,508,741	7,508,741	7,243,025	(265,716)
Use of money & property:				
Interest income	25,000	25,000	3,414	(21,586)
Intergovernmental				
Madison County				
Local option sales tax - Pringles Park	30,000	30,000	34,579	4,579
State of Tennessee:				
Sales tax - Pringles Park	60,000	60,000	61,913	1,913
Total intergovernmental	90,000	90,000	96,492	6,492
Total revenues	7,623,741	7,623,741	7,342,931	(280,810)
<b>Expenditures</b>				
Principal	5,923,000	5,923,000	5,716,200	206,800
Interest	2,631,607	2,631,607	2,423,688	207,919
Other expenditures	-	-	293	(293)
Debt issuance costs	-	-	550	(550)
Total expenditures	8,554,607	8,554,607	8,140,731	413,876
Excess (deficiency) of revenues over (under) expenditures	(930,866)	(930,866)	(797,800)	133,066
<b>Other financing sources (uses):</b>				
Proceeds from sale of bonds	7,614,200	7,614,200	7,614,200	-
Transfers to other funds	(7,614,200)	(7,614,200)	(7,614,200)	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Net changes in fund balance</b>	<b>\$ (930,866)</b>	<b>\$ (930,866)</b>	<b>(797,800)</b>	<b>\$ 133,066</b>
Fund balance - beginning			2,118,764	
Fund balance - ending			<b>\$ 1,320,964</b>	

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, 2015

Revenues	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Use of money and property:				
Interest	\$ -	\$ -	\$ 2,011	\$ 2,011
Donations - Soccer	-	-	100,000	100,000
Sale of capital assets	-	-	11,370	11,370
Total use of money and property	-	-	113,381	113,381
Intergovernmental:				
Bulletproof vest grant	22,325	22,325	-	(22,325)
Transportation enhancement grants	4,484,486	4,484,486	1,086,379	(3,398,107)
Total intergovernmental	4,506,811	4,506,811	1,086,379	(3,420,432)
Total revenues	4,506,811	4,506,811	1,199,760	(3,307,051)
<b>Expenditures</b>				
General government:				
Building department	1,475	1,475	1,449	26
Farmer's Market	200	200	199	1
Neighborhood services	1,370	1,370	1,001	369
Housing codes enforcement	22,116	22,116	22,062	54
Information Systems	198,000	198,000	182,094	15,906
Municipal building (Main/Liberty)	4,108	4,108	4,108	-
Total general government	227,269	227,269	210,913	16,356
Public safety:				
Police administration	118,209	118,209	109,590	8,619
Support services	49,075	49,075	49,075	-
Central dispatch	434,100	434,100	238,214	195,886
Municipal court	27,900	27,900	27,900	-
Safe Hope Center	101,409	101,409	94,140	7,269
Patrol	16,490	16,490	16,267	223
Traffic division	11,700	11,700	11,678	22
Police tactical unit	1,775	1,775	495	1,280
Gang control	3,100	3,100	2,979	121
Law Enforcement buildings	70,535	70,535	70,535	-
Fire Dept buildings/operations	132,242	132,242	131,670	572
Total public safety	\$ 966,535	\$ 966,535	\$ 752,543	\$ 213,992
Public works:				
Street resurfacing	9,594,511	9,594,511	5,069,084	4,525,427
Street maintenance	75,317	75,317	75,181	136
Traffic signalization	249,023	249,023	136,425	112,598
Engineering department	5,977	5,977	5,973	4
Total public works	9,924,828	9,924,828	5,286,663	4,638,165

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, 2015

<b>Expenditures</b>	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Public welfare and community services:				
Groundskeeping	-	-	23,331	(23,331)
T. R. White Sportsplex	9,787	9,787	9,786	1
Fairgrounds	120,012	120,012	29,699	90,313
Ned Center	23,292	23,292	22,300	992
Pringles Park	181,414	181,414	181,115	299
Depot	200	200	200	-
Cypress Grove Nature	5,752	5,752	5,218	534
North Park	10,331	10,331	6,152	4,179
Forest Hills Park	166,570	166,570	136,866	29,704
Robertson Park	970	970	970	-
South Jackson Community Center	1,604	1,604	1,604	-
City of Jackson Tennis Complex	1,335,325	1,335,325	651,743	683,582
Recreation	88,731	88,731	41,553	47,178
City of Jackson Soccer Complex	920,000	920,000	851,248	68,752
Wallace Road Park	1,662	1,662	1,662	-
Total public welfare and community service:	<u>\$ 2,865,650</u>	<u>\$ 2,865,650</u>	<u>\$ 1,963,447</u>	<u>\$ 902,203</u>
Other:				
Jackson-Madison County Public Library	14,197	14,197	14,197	-
Emergency Management	26,500	26,500	26,500	-
Airport Authority	43,250	43,250	44,072	(822)
Auction expense	-	-	2,522	(2,522)
Total other	<u>83,947</u>	<u>83,947</u>	<u>87,291</u>	<u>(3,344)</u>
Total expenditures:	<u>14,068,229</u>	<u>14,068,229</u>	<u>8,300,857</u>	<u>5,767,372</u>
Excess (deficiency) of revenues over (under) expenditure	<u>(9,561,418)</u>	<u>(9,561,418)</u>	<u>(7,101,097)</u>	<u>2,460,321</u>
<b>Other financing sources (uses)</b>				
Transfer to Jackson Transit Authority	(12,800)	(12,800)	(12,800)	-
Transfer from other funds	7,614,200	7,851,030	8,999,202	1,148,172
Total other financing sources (uses)	<u>7,601,400</u>	<u>7,838,230</u>	<u>8,986,402</u>	<u>1,148,172</u>
<b>Net changes in fund balances:</b>	<u><b>\$ (1,960,018)</b></u>	<u><b>\$ (1,723,188)</b></u>	<u><b>1,885,305</b></u>	<u><b>\$ 3,608,493</b></u>
Fund balance - beginning			664,469	
Fund balance - ending			<u><b>\$ 2,549,774</b></u>	

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF INVESTMENTS**  
June 30, 2015

	Interest Rate	Yield	Maturity Date	Face Amount	Carrying Amount/ Market Value
<b>Governmental funds</b>					
General Fund:					
Government Agency Bonds	Varies	Varies	Varies	1	1
Certificates of Deposit	Varies	Varies	Varies	6,449,370	6,449,370
<b>Fiduciary fund types</b>					
Deferred Compensation Expendable Trust Fund					<u>16,863,907</u>
					<u>\$ 23,313,278</u>

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT**  
 June 30, 2015

	General Obligation Bonds Series 2009		General Obligation Refunding Bonds Series 2009 (2)		General Obligation Capital Outlay Note, Series 2013 (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
2016	375,000	150,525	4,160,000	1,736,050	465,000	117,810	577,000	314,880	126,000	98,023	197,115	-
2017	390,000	139,275	4,295,000	1,600,850	470,000	114,230	597,000	294,688	131,000	93,712	197,115	-
2018	405,000	126,600	4,445,000	1,450,525	480,000	110,611	618,000	273,790	137,000	88,677	197,115	-
2019	420,000	110,400	4,605,000	1,292,169	490,000	106,915	639,000	252,169	143,000	83,693	197,115	-
2020	435,000	93,600	4,780,000	1,112,844	495,000	103,142	661,000	229,809	149,000	78,494	197,115	-
2021	450,000	76,200	4,995,000	897,744	500,000	99,330	684,000	206,675	156,000	73,272	197,115	-
2022	465,000	58,200	5,220,000	672,969	510,000	95,480	707,000	182,750	162,000	67,403	197,115	-
2023	485,000	39,600	5,430,000	464,169	520,000	91,553	731,000	158,016	169,000	61,510	197,115	-
2024	505,000	20,200	5,645,000	246,968	1,060,000	87,549	757,000	132,423	176,000	55,368	197,117	-
2025	-	-	-	-	1,080,000	79,387	783,000	105,935	184,000	49,102	-	-
2026	-	-	-	-	1,095,000	71,071	810,000	78,535	192,000	42,264	-	-
2027	-	-	-	-	1,110,000	62,640	1,878,000	32,302	200,000	35,286	-	-
2028	-	-	-	-	1,125,000	54,093	-	-	209,000	28,004	-	-
2029	-	-	-	-	1,150,000	45,430	-	-	218,000	20,469	-	-
2030	-	-	-	-	1,165,000	36,575	-	-	227,000	12,480	-	-
2031	-	-	-	-	1,180,000	27,605	-	-	238,000	4,202	-	-
2032	-	-	-	-	1,190,000	18,519	-	-	-	-	-	-
2033	-	-	-	-	1,215,000	9,356	-	-	-	-	-	-
	<u>\$ 3,930,000</u>	<u>\$ 814,600</u>	<u>\$ 43,575,000</u>	<u>\$ 9,474,288</u>	<u>\$ 15,300,000</u>	<u>\$ 1,331,296</u>	<u>\$ 9,442,000</u>	<u>\$ 2,261,972</u>	<u>\$ 2,817,000</u>	<u>\$ 891,959</u>	<u>\$ 1,774,037</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)		Jackson-Madison County General Hospital District		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	-	13,424	-	13,375	62,500	13,752	50,000	-	6,012,615	2,457,839	8,470,454
2017	166,250	13,424	166,250	13,375	62,500	12,036	50,000	-	6,525,115	2,281,590	8,806,705
2018	166,250	8,845	166,250	8,795	62,500	10,308	50,000	-	6,727,115	2,078,151	8,805,266
2019	166,155	4,241	165,644	4,187	62,500	8,592	50,000	-	6,938,414	1,862,366	8,800,780
2020	-	-	-	-	62,500	6,876	50,000	-	6,829,615	1,624,765	8,454,380
2021	-	-	-	-	62,500	5,160	50,000	-	7,094,615	1,358,381	8,452,996
2022	-	-	-	-	62,500	3,432	50,000	-	7,373,615	1,080,234	8,453,849
2023	-	-	-	-	62,500	1,716	50,000	-	7,644,615	816,564	8,461,179
2024	-	-	-	-	-	-	50,000	-	8,390,117	542,508	8,932,625
2025	-	-	-	-	-	-	-	-	2,047,000	234,424	2,281,424
2026	-	-	-	-	-	-	-	-	2,097,000	191,870	2,288,870
2027	-	-	-	-	-	-	-	-	3,188,000	130,228	3,318,228
2028	-	-	-	-	-	-	-	-	1,334,000	82,097	1,416,097
2029	-	-	-	-	-	-	-	-	1,368,000	65,899	1,433,899
2030	-	-	-	-	-	-	-	-	1,392,000	49,055	1,441,055
2031	-	-	-	-	-	-	-	-	1,418,000	31,807	1,449,807
2032	-	-	-	-	-	-	-	-	1,190,000	18,519	1,208,519
2033	-	-	-	-	-	-	-	-	1,215,000	9,356	1,224,356
	<u>\$ 498,655</u>	<u>\$ 39,934</u>	<u>\$ 498,144</u>	<u>\$ 39,732</u>	<u>\$ 500,000</u>	<u>\$ 61,872</u>	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ 78,784,836</u>	<u>\$ 14,915,653</u>	<u>\$ 93,700,489</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 (\$2,404,813 at June 30, 2015).  
 \*\* 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, 2015

Year of Levy	Balance 7/1/14	Taxes Levied	Adjustments	Collections	Balance 6/30/15
2014	\$ -	\$ 30,069,122	\$ 295,855	\$ 29,392,621	\$ 972,356
2013	1,173,194	-	239,845	865,515	547,524
2012	710,807	-	(18,506)	200,142	492,159
2011	508,204	-	(10,529)	111,321	386,354
2010	353,518	-	(10,198)	43,222	300,098
2009	144,210	-	(6,865)	19,455	117,890
2008	109,964	-	(9,082)	6,824	94,058
2007	78,004	-	(86)	4,366	73,552
2006	92,409	-	2,801	6,509	88,701
2005	297,390	-	(47,959)	7,268	242,163
2004	75,047	-	-	965	74,082
2003	117,370	-	(115,986)	1,215	169
	<u>\$ 3,660,117</u>	<u>\$ 30,069,122</u>	<u>\$ 319,290</u>	<u>\$ 30,659,423</u>	<u>\$ 3,389,106</u>

Property taxes receivable allocated as follows:

	<u>General Fund</u>	<u>Debt Services</u>	<u>Total</u>
Considered current receivable	\$ 191,584	\$ 48,910	\$ 240,494
Allowance for uncollectibles	854,861	227,241	1,082,102
Deferred revenues	<u>1,632,543</u>	<u>433,967</u>	<u>2,066,510</u>
	2,678,988	710,118	3,389,106
Estimated 2015 tax levy due			
October 1, 2015 considered as deferred revenue	<u>24,224,645</u>	<u>6,203,891</u>	<u>30,428,536</u>
Total taxes receivable	<u>\$ 26,903,633</u>	<u>\$ 6,914,009</u>	<u>\$ 33,817,642</u>

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED**  
June 30, 2015

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

<u>Year of Levy</u>	<u>Amount</u>
2013	\$ 547,524
2012	492,159
2011	386,354
2010	300,098
2009	117,890
2008	94,058
2007	73,552
2006	88,701
2005	242,163
2004	<u>74,082</u>
	<u>\$ 2,416,581</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>
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
2006	2.10	1,165,945,283
2005	2.10	1,151,348,469

\*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, 2015

	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
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	\$ <u>3,299</u>
<u>Total U.S. Department of Agriculture</u>			<u>3,299</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
Office of Community Planning and Development:			
Community Development Block Grants	B13MC470011	14.218*	158,141
Community Development Block Grants	B14MC470011	14.218*	181,836
Amounts provided to subreipients			<u>254,554</u>
			<u>594,531</u>
Passed through the Tennessee Department of Economic and Community Development			
Community Development Block Grant-Disaster Recovery	33004-88713	14.228	15,531
Amounts provided to subreipients			<u>354,996</u>
			<u>370,527</u>
Passed through Tennessee Housing Development Agency:			
Emergency Solutions Grants Program	ESG-12-14	14.231	6,171
Amounts provided to subreipients			<u>129,609</u>
			<u>135,780</u>
HOME Investment Partnerships Program	M12MC470207	14.239	19,942
HOME Investment Partnerships Program	M13MC470207	14.239	23,162
HOME Investment Partnerships Program	M14MC470207	14.239	12,295
Amounts provided to subreipients			<u>289,756</u>
			<u>345,155</u>
<u>Total U.S. Department of Housing &amp; Urban Development</u>			<u>1,445,993</u>

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2015

	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE			
Violence Against Women Office			
Passed through Tennessee Department of Finance and Administration			
Office of Criminal Justice			
Violence Against Women Formual Grant	24,659	16.588	\$ <u>94,822</u>
Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	2011-DJ-BX-2974	16.738	515
Edward Byrne Memorial Justice Assistance Grant Program	2013-DJ-BX-0429	16.738	13,316
Edward Byrne Memorial Justice Assistance Grant Program	2014-DJ-BX-0440	16.738	<u>46,561</u>
			<u>60,392</u>
Passed through the Tennessee Department of Finance and Administration,			
Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program (GRIT)	23048	16.738	158,319
Edward Byrne Memorial Justice Assistance Grant Program (Family Justice Cente	24623	16.738	<u>71,853</u>
			<u>230,172</u>
<u>Total U.S. Department of Justice</u>			<u>385,386</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Federal Highway Administration:			
Passed through the Tennessee Department of Transportation:			
Highway Planning and Construction Highland	CPD119201	20.205*	120,416
Highway Planning and Construction Expanded Urbanized Area	GG-13-35406	20.205*	48,019
Highway Planning and Construction	CPD100288	20.205*	1,117,485
Highway Planning and Construction FE Wright	57-LPLM-F3-017	20.205*	157,562
Highway Planning and Construction 14/15	214MPO005	20.205*	129,803
Highway Planning and Construction Highland Multimodal Sidewalk	CPD070177	20.205*	<u>12,263</u>
			<u>1,585,548</u>
Federal Transit Administration:			
Passed through the Tennessee Department of Transportatioi			
Metropolitan Transportation Planning	40100-06013	20.505	-
Amounts provided to subrecipient:			<u>27,717</u>
			<u>27,717</u>

*See independent auditor's report.*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2015

	Grant Number	CFDA Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION (Cont.)			
National Highway Traffic Safety Administration:			
Passed through the Tennessee Department of Transportation:			
Alcohol Open Container Requirements ACT	Z-14-GHS-174	20.607	7,754
Alcohol Open Container Requirements ACT	Z-15-GHS-173	20.607	76,236
			83,990
<u>Total U.S. Department of Transportation</u>			1,697,255
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through the Tennessee Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	34101-9239	97.036*	15,318
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	43691-17037	97.036*	276,025
<u>Total U.S. Department of Homeland Security</u>			291,343
<b><u>Total Expenditures of Federal Awards</u></b>			<b>\$ 3,823,276</b>

\* Denotes a major program

All expenditures reported are under the modified accrual basis of accounting whereby revenues are recorded when measurable and available and expenditures are recorded when the liability is incurred.

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, 2015

Source/Grant Name	State Grant Number	Expenditures
TENNESSEE DEPARTMENT OF TRANSPORTATION		
Highway Planning and Construction Highland Amounts provided to subrecipients	CPD119201	\$ 30,104 <u>3,464</u> <u>33,568</u>
TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES		
Drug Court	42051	<u>69,999</u>
TENNESSEE EMERGENCY MANAGEMENT AGENCY		
Public Assistance	34101-9239	2,553
Public Assistance	43691-17037	<u>26,026</u> <u>28,579</u>
TENNESSEE ARTS COMMISSION		
Arts Program Categorical Grants - Mark Twain At Large	31625-22902	1,262
Arts Program Categorical Grants - John Denver Tribute	31625-24548	<u>2,200</u> <u>3,462</u>
<b><u>Total State Financial Assistance</u></b>		<b><u>\$ 135,608</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)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works(1)</u>	<u>Public Welfare</u>	<u>Debt Service(2)</u>	<u>Capital Projects</u>	<u>Total</u>
2005	\$ 28,419	\$ 20,051	\$ 12,648	\$ 7,079	\$ 5,949	\$ 13,099	\$ 87,245
2006	30,266	20,889	10,605	6,893	6,326	10,682	85,661
2007	28,862	22,128	13,702	7,233	10,539	5,936	88,400
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	80,503
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

(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 Eight 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	80,094
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	82,429
2015	37,546	4,748	1,384	1,058	25,742	13,625	1,891	85,993

**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)

<u>Fiscal Year</u>	<u>Principal(2)</u>	<u>Interest(3)</u>	<u>Total Debt Service</u>	<u>Total General Government Expenditures(4)</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
2006	\$ 3,443	\$ 2,883	\$ 6,326	\$ 74,979	8.4%
2007	7,331	3,208	10,539	82,464	12.8%
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	91,996	9.2%

(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)								
	2014	2010	2000	1995	1990	1980	1970	Percent Change	
								1980-95	1970-95
Jackson	67	65	60	53	49	49	40	7.8%	32.8%
Tennessee	6,549	6,346	5,609	5,256	4,877	4,591	3,926	14.5%	33.9%
United States	318,587	308,745	283,876	262,755	249,632	226,546	203,302	16.0%	29.2%

Source: U.S. Census, American Community Survey 2014 One Year Estimates

2014 POPULATION BY AGE GROUP: CITY, STATE AND NATION

<u>Age Group</u>	<u>Jackson</u>	<u>Tennessee</u>	<u>United States</u>
16 years and over	79.4%	79.7%	79.5%
18 years and over	77.1%	77.2%	76.9%
60 years and over	17.7%	21.2%	20.4%
62 years and over	15.5%	18.6%	17.9%
65 years and over	12.3%	15.1%	14.5%
75 years and over	5.6%	6.1%	6.2%

Source: U.S. Census, American Community Survey 2014 One Year Estimates

2014 HOUSEHOLD INCOME AND BENEFITS

	<u>Jackson</u>	<u>Tennessee</u>	<u>United States</u>
Less than \$10,000	13.8%	9.0%	7.3%
\$10,000 - \$14,999	9.8%	6.5%	5.3%
\$15,000 - \$24,999	10.2%	13.0%	10.5%
\$25,000 - \$34,999	10.8%	11.5%	10.0%
\$35,000 - \$49,999	14.6%	14.9%	13.5%
\$50,000 - \$74,999	17.2%	17.8%	17.8%
\$75,000 - \$99,999	10.0%	10.8%	12.0%
\$100,000 - \$149,999	8.8%	10.0%	13.1%
\$150,000 - \$199,999	2.8%	3.3%	5.2%
\$200,000 or More	2.1%	3.2%	5.3%
Median Household Income	\$ 39,478	\$ 44,361	\$ 53,657
Mean Household Income	\$ 54,161	\$ 62,734	\$ 75,591

Source: U.S. Census, American Community Survey 2014 One Year Estimates

## CITY OF JACKSON, TENNESSEE DEMOGRAPHIC INFORMATION

### SOCIAL AND ECONOMIC CHARACTERISTICS

	Tennessee	Jackson	Madison County
Median value owner occupied housing	\$ 142,900	\$ 112,300	\$ 118,000
% High school graduates or higher persons 25 years old & older	85.8%	88.5%	87.4%
% Families with income below poverty level	13.7%	16.7%	21.7%
Median family income	\$ 55,557	\$ 52,936	\$ 49,769

*Source: U.S. Census, American Community Survey 2014 One Year Estimates*

### 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%

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

UNAUDITED

**CITY OF JACKSON, TENNESSEE  
DEMOGRAPHIC INFORMATION**

TOP TEN MANUFACTURERS

	<u>Employees</u>	<u>Product</u>
1. Delta Faucet Company	880	Commercial and Residential Faucets
2. The Kellogg Company	735	Pringles Potato Chips
3. Stanley Black and Decker	590	Professional Power Tools
4. Carlstar Group	570	Agricultural and construction tires and wheels
5. Pinnacle Foods Group	386	Frozen food products
6. TBDN Tennessee Company	365	Automotive air induction systems
7. Gerdau	334	Reinforced Steel and Merchant Bar Products
8. Armstrong Hardwood Flooring	275	Hardwood Flooring
9. Toyota Bodine Aluminum	264	Die cast engine blocks
10. ARJ Manufacturing	255	Automotive metal stamping-seating

*Source: Jackson Chamber of Commerce*

TOP TEN EMPLOYERS

	<u>Employees</u>	<u>Type</u>
1. West Tennessee Healthcare	5,368	Hospital
2. Jackson-Madison County School System	1,582	School System
3. City of Jackson	912	Government
4. Delta Faucet Company	856	Manufacturing
5. Union University	824	Education
6. The Kellogg Company	820	Manufacturing
7. Madison County	755	Government
8. Regional Hospital of Jackson	718	Healthcare
9. Portfolio Recovery Associates	512	Call Center
10. Apria Healthcare	500	Call Center

*Source: Jackson Chamber of Commerce*

**CITY OF JACKSON, TENNESSEE**  
**PRO FORMA**  
**GENERAL OBLIGATION DEBT STATEMENT**  
As of June 30, 2015

Series 2011 General Obligation Bonds	\$ 9,442,000
Series 2009 General Obligation & Refunding Bonds	43,575,000
Series 2009 General Obligation Bonds	3,930,000
Series 2013 General Obligation Capital Outlay Note	15,300,000
Jackson-Madison County General Hospital District	450,000
HUD Section 108 Loan	2,817,000
Mixed Drink Repayment Note	<u>1,774,037</u>
General Government Obligation Debt Sub-Total	<u>77,288,037</u>
Series 2006 General Obligation Capital Outlay Note	498,655
Series 2006-A General Obligation Capital Outlay Note	498,144
Series 2014 General Obligation Capital Outlay Note	<u>500,000</u>
Sportsplex Debt Sub-Total	<u>1,496,799</u>
<u>Total General Obligation Debt</u>	<u>\$ 78,784,836</u>
Overlapping General Obligation Debt (70.9% of Madison County)	<u>30,401,920</u>
<u>General Obligation and Overlapping Debt</u>	<u>\$ 109,186,756</u>

RATIOS

Total General Obligation Debt to Assessed Value	4.91%
Total General Obligation Debt to Estimated Actual Value	1.55%
General Obligation and Overlapping Debt to Assessed Value	7.46%
General Obligation and Overlapping Debt to Estimated Actual Value	2.35%

PER CAPITA

Assessed Value	\$ 22,826
Estimated Actual Value	72,554
Total General Obligation Debt	1,158
Net General Obligation and Underlying Debt	1,758

*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	2013 Assessed Value	2013 Appraised Value
Industrial and commercial	\$ 716,827,915	\$ 1,792,069,788
Residences and farms	586,350,350	2,345,401,400
Personal tangible property	192,489,629	641,632,097
Public utilities**	37,147,644	92,869,110
Total	<u>\$ 1,532,815,538</u>	<u>\$ 4,871,972,395</u>

\*\*Public Utilities as reported by State Board of Property Assessments, Jan 2014

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 2013

**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
2006	\$ 1,151,348	23,446	\$ 22,897	97.7%	\$ 1,697	7.2%
2007	1,165,945	24,485	24,217	98.9%	1,149	4.7%
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	98.8%	1,351	5.4%
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%

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

	Assessed Valuation	Taxes Due	Products/Services
1. Pringles Mfg. Co.	\$ 42,180,249	\$ 827,535	Food Products
2. WTHC	16,193,665	317,706	Healthcare
3. Regional Hospital of Jackson	13,665,800	267,913	Hospital
4. Pinnacle Foods	11,465,180	224,935	Food Processing/Packaging
5. TBDN	10,501,473	206,028	Food Processing/Packaging
6. Old Hickory Mall	10,071,524	197,594	Shopping Mall
7. Wal-Mart	8,840,400	173,440	Retail
8. ARJ Mfg.	8,560,456	167,948	Auto Parts Mfg.
9. Cherry Grove	8,247,480	162,592	Apartments
10. Inland Western	7,493,720	147,019	Retail

Based on Year 2013 tax information

Source: City 2013 Tax Rolls

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

	2015	2014	2013	2012	2011	2010	2009
General Fund	\$ 19,856,708	\$ 20,964,473	\$ 23,883,590	\$ 22,773,513	\$ 27,785,970	\$ 25,750,789	\$ 19,136,807
Special Revenue Funds	3,338,315	1,256,352	2,680,834	3,259,115	1,961,284	1,399,671	2,365,847
Debt Service Fund	1,320,964	2,118,764	1,448,764	5,528,107	708,266	1,821,182	**10,481,775

\*\*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
2015	\$ 12,805,307	7.63%
2014	11,897,150	0.60%
2013	11,826,624	2.00%
2012	11,637,731	0.02%
2011	11,635,059	2.01%
2010	11,314,658	1.53%
2009	11,143,581	-4.40%
2008	11,652,134	1.96%
2007	11,428,585	3.09%
2006	11,086,285	5.40%

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

	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>								
Property taxes	\$ 30,326,175	\$ 29,636,236	\$ 28,977,426	\$ 27,761,426	\$ 27,833,117	\$ 27,450,185	\$ 26,304,584	\$ 25,372,631
Tax equivalents	5,213,125	4,972,381	4,710,100	4,552,400	4,109,278	4,121,778	3,875,095	3,689,014
Local option sales tax	12,501,322	11,934,014	11,866,585	11,919,582	12,202,451	11,560,078	11,502,243	11,887,858
Beer tax	2,006,741	2,042,427	2,044,979	2,001,130	1,919,598	1,823,037	1,833,877	1,847,488
Licenses and permits	4,747,749	4,421,460	4,949,878	4,477,943	4,496,601	4,175,097	4,156,388	4,120,951
Fines & penalties	1,278,502	1,213,382	1,306,995	1,649,104	1,946,197	2,289,929	1,693,174	1,620,475
Interest income	59,283	96,251	122,234	234,302	203,297	274,740	540,649	841,629
Other property income	884,937	1,013,001	1,145,808	1,172,374	1,294,167	1,549,406	1,515,141	1,701,520
State of Tennessee	9,280,496	9,025,052	9,031,715	8,797,088	7,550,539	7,385,158	7,636,993	8,181,121
Federal government	1,738,137	1,949,325	984,599	2,556,646	4,404,748	2,157,332	1,450,562	1,285,508
Other	2,526,166	2,396,138	2,180,444	2,251,548	1,733,186	2,986,321	2,423,864	1,689,963
<b>Total revenues</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>62,238,158</b>
<b>Expenditures:</b>								
General government	12,243,337	13,833,810	11,675,384	15,206,465	11,739,451	9,976,874	9,925,984	22,854,403
Public safety	36,176,247	36,183,118	33,866,018	33,435,056	32,613,023	31,375,560	31,225,183	23,099,963
Public works	6,698,714	7,010,521	6,706,476	7,058,775	10,929,701	9,077,920	7,826,923	6,260,083
Public welfare	6,896,037	7,281,795	7,217,366	7,544,421	7,156,270	7,015,739	7,156,457	6,477,575
Net debt service	8,140,731	6,589,528	6,550,073	6,360,215	6,239,016	6,259,813	1,986,230	8,529,081
<b>Total expenditures</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>	<b>67,221,105</b>
Excess of revenues over (under) expenditures	407,567	(2,199,105)	1,305,446	(2,231,389)	(984,282)	2,067,155	4,811,793	(4,982,947)
Net transfers in (out) and other sources (uses)	(2,313,132)	(50,012)	(3,755,766)	2,355,937	1,070,437	(4,113,766)	6,577,012	(993,902)
Excess of revenues and net transfers over (under) expenditures	(1,905,565)	(2,249,117)	(2,450,320)	124,548	86,155	(2,046,611)	11,388,805	(5,976,849)
<b>Combined fund balances</b>								
Beginning balance	23,083,237	25,332,354	27,782,674	27,658,126	4,875,903	6,922,514	(5,976,849)	-
Change in acct. principle	-	-	-	-	-	-	1,510,558	-
Ending balance	\$ 21,177,672	\$ 23,083,237	\$ 25,332,354	\$ 27,782,674	\$ 4,962,058	\$ 4,875,903	\$ 6,922,514	\$ (5,976,849)

## **INTERNAL CONTROL AND COMPLIANCE SECTION**

**Members of:**

American Institute of Certified Public Accountants  
AICPA Center for Public Company Audit Firms  
AICPA Governmental Audit Quality Center  
AICPA Employee Benefit Plan Audit Quality Center  
Tennessee Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants



Certified Public Accountants  
**Offices in Tennessee & Kentucky**

227 Oil Well Rd.  
Jackson, TN 38305

Phone 731.427.8571  
Fax 731.424.5701  
[www.atacpa.net](http://www.atacpa.net)

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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, 2015, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 20, 2016.

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 item 2015-001 that we consider to be a significant deficiency.

### **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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2015-001.

We noted certain matters that we reported to management of the City in a separate letter dated January 20, 2016.

### **City's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of 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  
January 20, 2016

**Members of:**

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AICPA Employee Benefit Plan Audit Quality Center  
Tennessee Society of Certified Public Accountants  
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**Independent Auditor's Report on Compliance for Each Major Program and  
Report on Internal Control over Compliance  
Required by OMB Circular A-133**

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 Circular A-133 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

## 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Alexander Thompson Arnold PLLC

Jackson, Tennessee  
January 20, 2016



**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 June 30, 2015

**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	___X___ no
Significant deficiencies identified not considered to be material weaknesses?	___X___ yes	_____ none reported
Noncompliance material to financial statements noted?	___X___ yes	_____ no

Federal Awards

Internal Control over major programs:		
Material weaknesses identified?	_____ yes	___X___ no
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	___X___ no

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ yes	___X___ 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
20.205	Highway Planning and Construction
97.036	Disaster Grants - Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	_____ yes	___X___ no
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**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2015

**SECTION II – Financial Statement Findings**

**2015-001 – Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency)**

Condition: We noted the following major function in the general fund had expenditures exceeding appropriations: public safety by \$1,335,319, transfers out to others by \$1,246,846. We also noted that total expenditures in the police drug fund exceeded appropriations by \$28,328 due primarily to transfers out of \$48,679 in excess of budget amounts. We also noted that total expenditures in the Grant Fund #1 CDBG exceeded appropriations by \$528,864 due primarily to transfers out of \$229,360 and program expenses of \$254,554 in excess of budget amounts. We also noted that total expenditures in the Grant Fund #2 HOME exceeded appropriations by \$215,229 due primarily to program expenses of \$332,952 in excess of budget amounts. We also noted that total expenditures in the Grant Fund #3 ESGP exceeded appropriations by \$85,833 due primarily to program expenses of \$79,662 in excess of budget amounts. We also noted that total expenditures in the Community Redevelopment Fund exceeded appropriations by \$48,134, due to principal payments of \$50,000 in excess of budget 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: We concur.

**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, 2015

**Financial Statement Findings**

Finding Number	Finding Title	Status
2014-001	Exceeding Budgeted Expenditures (Compliance and Significant Deficiency) (original finding #2013-001)	Repeated

**Federal Award Findings and Questioned Costs**

Finding Number	Finding Title	Status
2014-002	Duplicate Payroll Used for Reimbursement Requests (Significant Deficiency) (original finding #2014-001)	Corrected

## 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, 2015.

Name and address of independent public accounting firm:

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

Audit period:

June 30, 2015

The findings from the June 30, 2015, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **2015-001 – Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency)**

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.

Action Taken: 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, including expenditures, in the future.