

**CITY OF JACKSON, TENNESSEE**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**



**CITY OF JACKSON, TENNESSEE**  
**TABLE OF CONTENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Page Number</b>
<b><u>I. INTRODUCTORY SECTION:</u></b>	
List of Principal Officials	1
 <b><u>II. FINANCIAL SECTION:</u></b>	
Independent Auditor’s Report	2-5
Management’s Discussion and Analysis	6-11
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	18-20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Solid Waste Collection Fund	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Grants Fund	22
Statement of Net Position – Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Statement of Fiduciary Net Position – Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	27
Notes to the Financial Statements	28-67

**CITY OF JACKSON, TENNESSEE**  
**TABLE OF CONTENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Page Number</b>
<b>II. <u>FINANCIAL SECTION (CONTINUED)</u>:</b>	
<b>Required Supplementary Information:</b>	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - TCRS	68
Schedule of Contributions - TCRS Plan	69-70
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - City of Jackson, Tennessee Pension Plan	71
Schedule of Contributions - City of Jackson, Tennessee Pension Plan	72-73
Schedule of Changes in Total OPEB Liability - City of Jackson OPEB Plan	74
<b>Combining and Individual Fund Statements and Schedules:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	75-76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	77
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Police Drug Fund	78
Metro Drug Fund	79
Community Development Fund	80
Community Redevelopment Fund	81
Debt Service Fund	82
Capital Outlay Fund	83-84
<b>Other Supplementary Information:</b>	
Schedule of Changes in Long-Term Debt by Individual Issue	85
Schedule of Changes in Lease Obligations	86
Schedule of Principal and Interest Requirements	87-96
Schedule of Transfers	97
Schedule of Changes in Property Taxes Receivable	98
Schedule of Tax Rates and Assessments	99

**CITY OF JACKSON, TENNESSEE**  
**TABLE OF CONTENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<b>Page Number</b>
<b>III. <u>INTERNAL CONTROL AND COMPLIANCE SECTION:</u></b>	
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 <i>Government Auditing Standards</i>	100-101
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	102-104
Schedule of Expenditures of Federal Awards Financial Assistance	105
Schedule of Expenditures of State Awards Financial Assistance	106
Schedule of Expenditures of Federal Awards and State Financial Assistance	107
Schedule of Findings and Questioned Costs	108-113
Schedule of Prior Year Findings and Questioned Costs	114
Management’s Corrective Action Plan	115

**INTRODUCTORY  
SECTION**

**CITY OF JACKSON, TENNESSEE**  
**LIST OF PRINCIPAL OFFICERS**  
June 30, 2022

**Mayor and City Council**

Scott Conger, Mayor  
David Cisco, Vice-Mayor/Council Mayor  
Ross Priddy, Treasurer/Council Member  
Harvey Buchanan, Council Member  
Marda Wallace, Council Member  
Russ McKelvey, Council Member  
Ernest Brooks II, Council Member  
Johnny Lee Dodd, Council Member  
Paul Taylor, Council Member  
Gary Pickens, Council Member

**Budget / Audit Committee**

Paul Taylor, Council Member  
Ross Priddy, Council Member  
Johnny Dodd, Council Member  
Fancher Sargent, Member  
Ron Tharpe, Member  
Mark Johnstone, Member  
Andrew Long, Member

**Management Team**

Bobby Arnold, City Recorder  
Catherine Keck, Financial Supervisor  
Christopher Wiser, Police Chief  
Darryl Samuels, Fire Chief  
Lynn Henning, Director of Personnel

**Counsel**

Lewis Cobb, City Attorney

**FINANCIAL  
SECTION**



CPAs & ADVISORS

## INDEPENDENT AUDITOR'S REPORT

---

**The Honorable Mayor and Members  
of the City Council of the  
City of Jackson, Tennessee**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Jackson, Tennessee** (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Solid Waste Collection Fund, and the Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Jackson Energy Authority or the Jackson Community Redevelopment Agency, which represent 100% of the assets, net position, and revenues of the aggregately discretely presented component units as of June 30, 2022. 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 the aggregately discretely presented component units is based solely on the report of the other auditors.

#### ***Basis for Opinions***

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 on *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter – Change in Accounting Principle***

As described in Note 4 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of July 1, 2021. This standard significantly changed the accounting for the City's leases. Our opinions are not modified with respect to this matter.



---

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

---

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 6 through 11) and schedules of pension and other post-employment benefits information (on pages 68-74), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

The combining and individual fund statements and schedules, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information section (the "supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

---

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Chattanooga, Tennessee  
May 16, 2023

## 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, 2022.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with the City's financial statements on page 12.

### FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$43,855,310. Approximately 56% of this total amount, \$24,731,957 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 \$24,731,957, or 32.5% of total general fund expenditures. The General Fund reflected an (\$3,245,068) decrease at June 30, 2022.
- The City of Jackson's total debt decreased by \$8,884,776 or 11.2% during the fiscal year. The \$8,884,776 decrease consisted of \$8,884,776 of principal payments.

### 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 financials, 2) fund financial statements, and 3) notes to the financial statements.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Jackson's finances, in a manner similar to a private-sector business.

There are two government-wide financial statements:

- **Statement of Net Position**-The statement of net position presents information on all of the City of Jackson's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Jackson is improving or deteriorating.
- **Statement of Activities**-The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All current year revenues and expenses are taken into account regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (for example, uncollected taxes and earned but unused vacation leave).

Both of the Government-Wide Financial statements distinguish functions of the City of Jackson that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Jackson include General Government, Public Safety, Public Works, Parks and Recreation, Public Buildings, H&S, and Capital. The business-type activities of the City of Jackson include Hwy 70 landfill and the Jackson Transit Authority.

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, and the Jackson Transit Authority.

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 short-term view.

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

The City of Jackson adopts a budget for all Governmental Funds. A budgetary comparison for the general and solid waste collection funds is found in the fund statements of this report.

**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 Jackson Transit Authority and Solid Waste (ie: Old City Landfill) are considered major funds.

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Position.** Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$94 million at the close of the most recent fiscal year end.

A portion of the City's net position represents resources that are a subject to restrictions as to how they may be used. These include \$4.5 million for mandatory State and Council restrictions.

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

	Governmental Activities		Business Activities		Total	
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021
<b>ASSETS</b>						
Current and Other Assets	\$ 117,815,235	\$ 87,791,458	\$ 1,527,041	\$ 728,096	\$119,342,276	\$ 88,519,554
Capital Assets, Net	<u>140,510,474</u>	<u>145,310,777</u>	<u>5,760,784</u>	<u>6,305,921</u>	<u>146,271,258</u>	<u>151,616,698</u>
Total Assets	<u>258,325,709</u>	<u>233,102,235</u>	<u>7,287,825</u>	<u>7,034,017</u>	<u>265,613,534</u>	<u>240,136,252</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>22,169,273</u>	<u>14,803,328</u>	<u>1,056,714</u>	<u>805,995</u>	<u>23,225,987</u>	<u>15,609,323</u>
<b>LIABILITIES</b>						
Current Liabilities	22,392,259	8,180,160	173,030	252,056	22,565,289	8,432,216
Noncurrent Liabilities	<u>101,393,449</u>	<u>121,354,811</u>	<u>1,495,067</u>	<u>2,261,432</u>	<u>102,888,516</u>	<u>123,616,243</u>
Total Liabilities	<u>123,785,708</u>	<u>129,534,971</u>	<u>1,668,097</u>	<u>2,513,488</u>	<u>125,453,805</u>	<u>132,048,459</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>67,707,113</u>	<u>36,871,246</u>	<u>1,524,803</u>	<u>132,920</u>	<u>69,231,916</u>	<u>37,004,166</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	62,309,870	70,067,481	5,760,784	6,305,921	68,070,654	76,373,402
Restricted	4,499,738	2,949,745	-	-	4,499,738	2,949,745
Unrestricted	<u>22,192,553</u>	<u>8,482,120</u>	<u>(609,145)</u>	<u>(1,112,317)</u>	<u>21,583,408</u>	<u>7,369,803</u>
Total Net Position	<u>\$ 89,002,161</u>	<u>\$ 81,499,346</u>	<u>\$ 5,151,639</u>	<u>\$ 5,193,604</u>	<u>\$ 94,153,800</u>	<u>\$ 86,692,950</u>

**Statement of Activities.** Net Position of the City’s governmental activities increased by \$7.5 million or 9.2% and the business-type activities decreased by \$42,000 or less than 1%.

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 18,259,577	\$ 17,946,547	\$ 380,350	\$ 367,716	\$ 18,639,927	\$ 18,314,263
Operating Grants	4,264,699	3,125,795	2,740,915	2,050,893	7,005,614	5,176,688
Capital Grants	2,406,092	3,507,241	670,851	149,930	3,076,943	3,657,171
<b>General Revenues:</b>						
Property Taxes	36,166,489	35,629,283	-	-	36,166,489	35,629,283
Other Taxes	51,125,395	47,619,967	-	-	51,125,395	47,619,967
Other General Revenues	4,465,884	1,366,149	13,231	10,376	4,479,115	1,376,525
<b>Total Revenues</b>	<b>116,688,136</b>	<b>109,194,982</b>	<b>3,805,347</b>	<b>2,578,915</b>	<b>120,493,483</b>	<b>111,773,897</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
General Government	30,485,093	14,112,661	-	-	30,485,093	14,112,661
Public Safety	38,247,904	39,526,639	-	-	38,247,904	39,526,639
Public Works	27,166,450	28,812,672	-	-	27,166,450	28,812,672
Public Welfare and Community Service	11,566,816	10,653,897	-	-	11,566,816	10,653,897
Interest on Long-Term Debt	1,719,058	1,507,016	-	-	1,719,058	1,507,016
<b>Business-type Activities:</b>						
Solid Waste	-	-	167,682	425	167,682	425
Jackson Transit Authority	-	-	3,679,630	4,260,603	3,679,630	4,260,603
<b>Total Expenses</b>	<b>109,185,321</b>	<b>94,612,885</b>	<b>3,847,312</b>	<b>4,261,028</b>	<b>113,032,633</b>	<b>98,873,913</b>
Increase (Decrease) in Net Position Before Transfers	7,502,815	14,582,097	(41,965)	(1,682,113)	7,460,850	12,899,984
Transfers	-	-	-	-	-	-
Increase in Net Position	7,502,815	14,582,097	(41,965)	(1,682,113)	7,460,850	12,899,984
Net Position - Beginning	81,499,346	66,153,780	5,193,604	7,967,777	86,692,950	74,121,557
Restatements	-	763,469	-	(1,092,060)	-	(328,591)
<b>Net Position - Ending</b>	<b>\$ 89,002,161</b>	<b>\$ 81,499,346</b>	<b>\$ 5,151,639</b>	<b>\$ 5,193,604</b>	<b>\$ 94,153,800</b>	<b>\$ 86,692,950</b>

## FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As noted earlier, the City of Jackson uses fund accounting to ensure and demonstrate compliance with fiancé-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 \$43.8 million, a net increase of \$6.2 million in comparison with the prior year. In the governmental funds approximately 56% or \$24.7 million constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is either non-spendable, committed, assigned, or restricted to indicate that it is not available for new spending, as it has already been committed for debt service, capital projects, public works, or other purposes.

Information about selected major Governmental Funds is presented below.

**General Fund.** This fund is the chief operating fund of the City of Jackson. At the end of the current fiscal year, unassigned fund balance of the general fund was \$24.7 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 32.5% of total General Fund expenditures of \$76.2 million, an increase from the prior year amount of 38.8%.

**Capital Projects Fund.** The 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 \$11.7 million which consists of funds that will be used for upcoming capital projects.

- The City spent \$7.9 million on capital expenditures.

**Debt Service Fund.** This fund focuses on the issuance and payments of long-term debt, mainly related to capital needs, within the City. At the end of the year, the Debt Service Fund had a positive fund balance of \$1.4 million which will be used to make principal payments on long-term debt.

**Solid Waste Collection Fund.** This fund focuses mainly on garbage collection both for residential and commercial customers within the City. At the end of the year, the Solid Waste Collection Fund had a balance of \$4 million.

**Grants Fund.** This fund focuses mainly on the Coronavirus State and Local Fiscal Recovery Funds allotted to the City through the American Rescue Plan. At the end of the year, fund balance of the Grants Fund was \$10,765, with the majority of the receipts being unearned as of June 30, 2022.

**Proprietary Funds.** The City of Jackson's Proprietary Fund provides 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 \$5,151,639.

### **General Fund Budgetary Highlights**

#### **Revenues**

- Intergovernmental Revenues were \$5.3 million or 13% over budget. This variance is primarily sales tax.

#### **Expenditures**

- Expenditures were under budget by \$9.7 million or 11%. This variance is primarily driven by Public Safety \$2.8 million, Public Welfare \$500 thousand, and General Government \$7 million.



**CITY OF JACKSON, TENNESSEE  
CAPITAL ASSETS**

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Net Capital Assets:</b>						
Land	\$ 28,548,173	\$ 28,548,173	\$ 352,173	\$ 352,173	\$ 28,900,346	\$ 28,900,346
Buildings	30,105,708	31,803,317	3,325,771	3,435,766	33,431,479	35,239,083
Improvements other than buildings	13,379,309	13,883,835	-	-	13,379,309	13,883,835
Machinery and Equipment	11,381,620	10,787,077	2,082,840	2,517,982	13,464,460	13,305,059
Infrastructure	53,775,661	56,234,817	-	-	53,775,661	56,234,817
Construction in Progress	3,320,003	4,053,558	-	-	3,320,003	4,053,558
<b>Total Net Capital Assets</b>	<b>\$ 140,510,474</b>	<b>\$ 145,310,777</b>	<b>\$ 5,760,784</b>	<b>\$ 6,305,921</b>	<b>\$ 146,271,258</b>	<b>\$ 151,616,698</b>

The City of Jackson's capital assets decreased by \$5.3 million in the current year. This is mainly the result of annual depreciation of the assets, which accounted for over \$10.1 million. See note 5 for further information on the City's capital assets.

**CITY OF JACKSON, TENNESSEE  
OUTSTANDING DEBT**

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Outstanding Debt:</b>						
General Obligation	\$ 48,640,000	\$ 55,925,000	\$ -	\$ -	\$ 48,640,000	\$ 55,925,000
Capital Notes	5,642,500	6,671,652	-	-	5,642,500	6,671,652
Leases	11,801,296	-	-	-	11,801,296	-
Financed Purchase	4,553,585	4,997,624	-	-	4,553,585	4,997,624
<b>Total Outstanding Debt</b>	<b>\$ 70,637,381</b>	<b>\$ 67,594,276</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 70,637,381</b>	<b>\$ 67,594,276</b>

The City of Jackson's total long-term debt increased by \$3.0 million, excluding premiums, in the current year.

**Economic Factors and Next Year's Budget and Rates**

The City of Jackson anticipates revenues to be relatively consistent from June 30, 2022 into fiscal year 2023's budget. Several major road capital projects are in progress throughout the City, including improvements to the US 45 Bypass, street repaving and storm water projects. Property tax rates were set with no change in the levy rate.

These factors were considered in preparing the 2023 fiscal year budget for the City of Jackson.

**Contacting the City's Financial Management**

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Primary Government			Component Unit	
	Governmental	Business-type	Total	Jackson	Jackson
	Activities	Activities		Energy	Community Redevelopment Agency
<b>ASSETS</b>					
Cash and cash equivalents	\$ 55,087,424	\$ 479,247	\$ 55,566,671	\$ 127,059,350	\$ 1,803,937
Investments	-	-	-	10,241,676	-
Receivables:					
Taxes (net of allowance)	35,681,283	-	35,681,283	-	-
Accounts (net of allowance)	2,038,307	164,860	2,203,167	21,927,828	1,911
Grants	367,067	-	367,067	471,816	-
Intergovernmental	7,413,758	-	7,413,758	-	-
Other receivables, net	87,873	-	87,873	105,793	17,275,608
Leases	676,699	-	676,699	-	-
Inventories	264,030	152,371	416,401	6,914,264	-
Prepaid items	188,024	-	188,024	-	-
Other assets	9,118	-	9,118	7,727,741	-
Unamortized bond issue cost	-	-	-	451,466	-
Unrecovered purchased gas cost	-	-	-	2,027,780	-
Intellectual property	-	-	-	5,033,258	-
Unamortized expenditures (net of amortization)	-	-	-	340,120	-
Long term notes receivable	580,566	-	580,566	-	-
Retainage account	-	-	-	42,291	-
Net pension asset - TCRS	15,421,086	730,563	16,151,649	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	11,213,187	-
Investments	-	-	-	4,881,293	-
Capital assets, not being depreciated	31,868,176	352,173	32,220,349	20,866,892	4,422,229
Capital assets, net of accumulated depreciation	108,642,298	5,408,611	114,050,909	495,720,003	266,856
<b>Total Assets</b>	<b>258,325,709</b>	<b>7,287,825</b>	<b>265,613,534</b>	<b>715,024,758</b>	<b>23,770,541</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related items - TCRS	17,235,560	810,343	18,045,903	31,721,977	-
Pension related items - Old City	4,227	-	4,227	-	-
OPEB related items	4,929,486	246,371	5,175,857	-	-
Deferred charges on refunding	-	-	-	3,113,351	-
<b>Total Deferred Outflows of Resources</b>	<b>22,169,273</b>	<b>1,056,714</b>	<b>23,225,987</b>	<b>34,835,328</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts payable	6,250,602	64,552	6,315,154	32,431,458	69,692
Accrued expenses	3,510,063	108,478	3,618,541	4,905,259	-
Customer deposits	296,696	-	296,696	7,483,713	-
Accrued interest payable	351,964	-	351,964	431,690	-
Unearned revenue	12,334,898	-	12,334,898	-	42,262
Noncurrent Liabilities:					
Due within one year	10,954,671	248,309	11,202,980	16,390,095	297,807
Due in more than one year	70,176,662	55,745	70,232,407	95,593,738	17,251,498
Accrued landfill closure/postclosure costs	-	300,000	300,000	-	-
Net pension liability - TCRS	-	-	-	-	-
Net pension liability - Old City	2,082,411	-	2,082,411	-	-
Net pension liability - JEA	-	-	-	47,632,300	-
OPEB liability	17,827,741	891,013	18,718,754	11,852,340	-
<b>Total Liabilities</b>	<b>123,785,708</b>	<b>1,668,097</b>	<b>125,453,805</b>	<b>216,720,593</b>	<b>17,661,259</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue - property taxes	34,928,087	-	34,928,087	-	-
Deferred revenue - leases	638,289	-	638,289	-	-
OPEB related items	2,380,519	118,976	2,499,495	36,398,429	-
Pension related items - TCRS	29,760,218	1,405,827	31,166,045	-	-
<b>Total Deferred Inflows of Resources</b>	<b>67,707,113</b>	<b>1,524,803</b>	<b>69,231,916</b>	<b>36,398,429</b>	<b>-</b>
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	62,309,870	5,760,784	68,070,654	403,492,187	4,196,305
Restricted for:					
Police drug	101,277	-	101,277	-	-
Metro drug	293,048	-	293,048	-	-
Grant funds	10,765	-	10,765	-	-
Solid waste collection	4,094,648	-	4,094,648	-	-
Debt service	-	-	-	10,781,497	-
Other	-	-	-	109,715	185,853
Unrestricted (deficit)	22,192,553	(609,145)	21,583,408	82,357,665	1,727,124
<b>Total Net Position</b>	<b>\$ 89,002,161</b>	<b>\$ 5,151,639</b>	<b>\$ 94,153,800</b>	<b>\$ 496,741,064</b>	<b>\$ 6,109,282</b>

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

**CITY OF JACKSON, TENNESSEE**  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION											
	PROGRAM REVENUES					Primary Government					Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency			
<b>Primary Government:</b>												
Governmental Activities:												
General Government	\$ 30,485,093	\$ 1,601,081	\$ 2,933,354	\$ -	\$ (25,950,658)	\$ -	\$ (25,950,658)	\$ -	\$ -			
Public safety	38,247,904	328,937	836,599	79,865	(37,002,503)	-	(37,002,503)	-	-			
Public works	27,166,450	15,454,523	432,277	2,326,227	(8,953,423)	-	(8,953,423)	-	-			
Public welfare and community service	11,566,816	875,036	62,469	-	(10,629,311)	-	(10,629,311)	-	-			
Interest on debt	1,719,058	-	-	-	(1,719,058)	-	(1,719,058)	-	-			
Total Governmental Activities	109,185,321	18,259,577	4,264,699	2,406,092	(84,254,953)	-	(84,254,953)	-	-			
Business-type Activities:												
Solid waste	167,682	-	-	-	-	(167,682)	-	-	-			
Jackson Transit Authority	3,679,630	380,350	2,740,915	670,851	-	112,486	112,486	-	-			
Total Business-type Activities	3,847,312	380,350	2,740,915	670,851	-	(55,196)	(55,196)	-	-			
Total Primary Government	\$ 113,032,633	\$ 18,639,927	\$ 7,005,614	\$ 3,076,943	\$ (84,254,953)	\$ (55,196)	\$ (84,310,149)	\$ -	\$ -			
<b>Component Unit:</b>												
Jackson Energy Authority	\$ 241,908,398	\$ 269,468,788	\$ -	\$ 4,829,711				\$ 32,390,101	\$ -			
Jackson Community Redevelopment Agency	253,701	1,037,868	-	-					784,167			
Total Component Units	\$ 242,162,099	\$ 270,506,656	\$ -	\$ 4,829,711				\$ 32,390,101	\$ 784,167			
<b>General Revenues:</b>												
Property taxes		\$ 36,166,489	\$ -	\$ -	\$ 36,166,489	\$ -	\$ 36,166,489	\$ -	\$ -			
Payments in lieu of tax		5,867,602	-	-	5,867,602	-	5,867,602	-	-			
Sales taxes		37,413,925	-	-	37,413,925	-	37,413,925	-	-			
Franchise and excise taxes		1,123,707	-	-	1,123,707	-	1,123,707	-	-			
Alcoholic beverage taxes		2,942,311	-	-	2,942,311	-	2,942,311	-	-			
Business taxes		2,674,753	-	-	2,674,753	-	2,674,753	-	-			
Hotel-motel taxes		1,103,097	-	-	1,103,097	-	1,103,097	-	-			
Rental and reimbursements		493,942	-	-	493,942	-	493,942	-	-			
Other		3,884,231	-	-	3,884,231	-	3,884,231	64,622	60,319			
Unrestricted interest income		87,711	-	-	87,711	13,231	100,942	600,697	1,622			
Total General Revenues		91,757,768	-	-	91,757,768	13,231	91,770,999	665,319	61,941			
Transfers												
Change in Net Position		7,502,815	-	-	7,502,815	(41,965)	7,460,850	33,055,420	971,181			
Net Position, Beginning		81,499,346	-	-	81,499,346	5,193,604	86,692,950	463,685,644	5,138,101			
Net Position, Ending		89,002,161	-	-	89,002,161	5,151,639	94,153,800	496,741,064	6,109,282			

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

**CITY OF JACKSON, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	General	Debt Service	Capital Outlay	Solid Waste Collection	Grants	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 25,720,682	\$ 1,237,009	\$ 11,617,563	\$ 3,296,359	12,311,961	\$ 903,850	\$ 55,087,424
Receivables:							
Taxes (net of allowance)	25,216,456	10,429,859	34,968	-	-	-	35,681,283
Accounts (net of allowance)	46,747	51,675	-	1,939,885	-	-	2,038,307
Grants	-	-	124,745	-	-	242,322	367,067
Intergovernmental	7,413,758	-	-	-	-	-	7,413,758
Court fines (net of allowance)	74,772	-	-	-	-	13,101	87,873
Notes (net of allowance)	111,850	-	-	-	-	468,716	580,566
Prepaid items	186,937	-	-	-	-	1,087	188,024
Inventories	264,030	-	-	-	-	-	264,030
Leases	676,699	-	-	-	-	-	676,699
Other	-	-	-	-	-	9,118	9,118
<b>Total Assets</b>	<b>59,711,931</b>	<b>11,718,543</b>	<b>11,777,276</b>	<b>5,236,244</b>	<b>12,311,961</b>	<b>1,638,194</b>	<b>102,394,149</b>
<b>LIABILITIES</b>							
Accounts payable	4,917,255	-	71,271	844,900	61,321	355,855	6,250,602
Accrued expenses	3,510,063	-	-	-	-	-	3,510,063
Unearned revenue - grants	95,023	-	-	-	12,239,875	-	12,334,898
Customer deposits	-	-	-	296,696	-	-	296,696
<b>Total Liabilities</b>	<b>8,522,341</b>	<b>-</b>	<b>71,271</b>	<b>1,141,596</b>	<b>12,301,196</b>	<b>355,855</b>	<b>22,392,259</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred revenue - property taxes	24,648,753	10,279,334	-	-	-	-	34,928,087
Leases	638,289	-	-	-	-	-	638,289
Unavailable - property taxes	424,302	39,195	28,834	-	-	-	492,331
Unavailable - court fines	74,772	-	-	-	-	13,101	87,873
<b>Total Deferred Inflows of Resources</b>	<b>25,786,116</b>	<b>10,318,529</b>	<b>28,834</b>	<b>-</b>	<b>-</b>	<b>13,101</b>	<b>36,146,580</b>
<b>FUND BALANCES</b>							
<b>Nonspendable:</b>							
Inventory	264,030	-	-	-	-	-	264,030
Prepays	186,937	-	-	-	-	1,087	188,024
Land held	-	-	-	-	-	9,118	9,118
<b>Restricted:</b>							
Police drug	-	-	-	-	-	101,277	101,277
Metro drug	-	-	-	-	-	293,048	293,048
Community Development	-	-	-	-	-	864,708	864,708
Grant funds	-	-	-	-	10,765	-	10,765
Solid waste collection	-	-	-	4,094,648	-	-	4,094,648
<b>Committed:</b>							
Debt service	-	1,400,014	-	-	-	-	1,400,014
Capital outlay	-	-	11,677,171	-	-	-	11,677,171
<b>Assigned:</b>							
Midnight Basketball	6,917	-	-	-	-	-	6,917
Federal Equitable Sharing Program	45,874	-	-	-	-	-	45,874
Fire training	17,401	-	-	-	-	-	17,401
Traffic safety	27,961	-	-	-	-	-	27,961
Drug court	14,689	-	-	-	-	-	14,689
Earth Day	1,068	-	-	-	-	-	1,068
Health Fair	8,633	-	-	-	-	-	8,633
Shirlene Mercer	5,000	-	-	-	-	-	5,000
Drill Field	49,460	-	-	-	-	-	49,460
Liberty Gardens	40,936	-	-	-	-	-	40,936
Jackson Idol	2,611	-	-	-	-	-	2,611
<b>Unassigned</b>	<b>24,731,957</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,731,957</b>
<b>Total Fund Balances</b>	<b>25,403,474</b>	<b>1,400,014</b>	<b>11,677,171</b>	<b>4,094,648</b>	<b>10,765</b>	<b>1,269,238</b>	<b>43,855,310</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 59,711,931</b>	<b>\$ 11,718,543</b>	<b>\$ 11,777,276</b>	<b>\$ 5,236,244</b>	<b>\$ 12,311,961</b>	<b>\$ 1,638,194</b>	<b>\$ 102,394,149</b>

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

**CITY OF JACKSON, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

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

Total Fund Balances - Governmental Funds	\$ 43,855,310
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds	140,510,474
Net pension assets are not current financial resources and, therefore, are not reported in governmental funds	15,421,086
Revenue not available to pay for current expenditures and, therefore, is deferred in the funds:	
Unavailable revenue - property taxes	492,331
Unavailable revenue - court fines	87,873
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in governmental funds	(351,964)
Deferred outflows of resources - pensions and OPEB are not available to pay current expenditures and, therefore, are not reported in governmental funds	22,169,273
Deferred inflows of resources - pensions and OPEB are not due in the current period and, therefore, are not reported in governmental funds	(32,140,737)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(48,640,000)
Premiums on bonds	(7,563,223)
Notes payable	(5,642,500)
Financed purchase payable	(4,553,585)
Lease payable	(11,801,296)
Claims payable	(992,736)
Compensated absences payable	(1,937,993)
Total OPEB liability	(17,827,741)
Net pension liabilities	(2,082,411)
<u>Net Position of Governmental Activities</u>	<u>\$ 89,002,161</u>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General	Debt Service	Capital Outlay	Solid Waste Collection	Grants	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 31,834,690	\$ 12,141,583	\$ -	\$ -	\$ -	\$ -	\$ 43,976,273
Licenses and permits	7,067,528	-	-	-	-	-	7,067,528
Fines, interest and penalties	941,742	-	-	-	-	26,146	967,888
Use of money and property	1,058,297	18,140	16,433	-	-	51,957	1,144,827
Intergovernmental	38,802,532	33,356	2,314,593	-	1,653,576	1,269,013	44,073,070
Sales and service charges	2,089,785	-	-	13,364,738	-	116,926	15,571,449
Other	824,211	-	3,117,393	-	10,765	65,499	4,017,868
Contributions	-	227,000	-	-	-	-	227,000
<b>Total Revenues</b>	<b>82,618,785</b>	<b>12,420,079</b>	<b>5,448,419</b>	<b>13,364,738</b>	<b>1,664,341</b>	<b>1,529,541</b>	<b>117,045,903</b>
<b>EXPENDITURES</b>							
Current:							
General government	15,413,260	-	3,087,667	-	307,904	-	18,808,831
Public safety	40,585,864	-	-	-	1,311,369	115,481	42,012,714
Public works	10,668,499	-	-	11,435,052	15,347	-	22,118,898
Public welfare and community services	9,503,099	-	-	-	18,956	1,046,492	10,568,547
Intergovernmental expenditures	-	11,927,881	-	-	-	-	11,927,881
Capital Outlay	-	-	4,837,341	124,066	-	231,371	5,192,778
Debt Service:							
Principal	-	8,672,776	-	-	-	212,000	8,884,776
Interest and fiscal charges	-	3,201,414	-	-	-	79,277	3,280,691
<b>Total Expenditures</b>	<b>76,170,722</b>	<b>23,802,071</b>	<b>7,925,008</b>	<b>11,559,118</b>	<b>1,653,576</b>	<b>1,684,621</b>	<b>122,795,116</b>
Excess (Deficiency) of Revenues over (under) Expenditures	6,448,063	(11,381,992)	(2,476,589)	1,805,620	10,765	(155,080)	(5,749,213)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from disposal of capital assets	-	-	395	-	-	-	395
Proceeds from lease	-	11,927,881	-	-	-	-	11,927,881
Transfers In	-	-	9,693,131	-	-	241,277	9,934,408
Transfers Out	(9,693,131)	-	-	-	-	(241,277)	(9,934,408)
<b>Total Other Financing Sources (Uses)</b>	<b>(9,693,131)</b>	<b>11,927,881</b>	<b>9,693,526</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,928,276</b>
<b>Net Change in Fund Balances</b>	<b>(3,245,068)</b>	<b>545,889</b>	<b>7,216,937</b>	<b>1,805,620</b>	<b>10,765</b>	<b>(155,080)</b>	<b>6,179,063</b>
Fund Balance - Beginning, restated	28,648,542	854,125	4,460,234	2,289,028	-	1,424,318	37,676,247
<b>Fund Balance, Ending</b>	<b>\$ 25,403,474</b>	<b>\$ 1,400,014</b>	<b>\$ 11,677,171</b>	<b>\$ 4,094,648</b>	<b>\$ 10,765</b>	<b>\$ 1,269,238</b>	<b>\$ 43,855,310</b>

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

**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, 2022**

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

Net Change in Fund Balance - Total Governmental Funds	\$	6,179,063
<p>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 depreciation exceeded capital outlays in the current period:</p>		
Capital Outlay, net change		4,709,618
Depreciation expense		(9,509,921)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>		
Change in deferred court fine revenue		(66,585)
Change in property taxes		(291,577)
<p>Some expenses reported in the statement of activities, such as accrued leave, interest payable, debt premium amortization and OPEB liability, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>		
Compensated absences		(98,811)
Amortization of debt issuance premium		1,545,036
OPEB		(820,710)
Change in net pension liabilities		8,877,549
Change in claims payable		5,661
Accrued interest payable		16,597
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds. These transactions do not have any effect on net position:</p>		
Issuance of capital lease		(11,927,881)
<p>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:</p>		
Payments on notes payable		1,029,152
Payments on bonds payable		7,285,000
Payments on lease and financed purchases payable		570,624
		570,624
Change in Net Position of Governmental Activities	\$	7,502,815

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

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property tax	\$ 24,789,668	\$ 24,789,231	\$ 24,676,680	\$ (112,551)
Tax equivalents	4,699,000	4,699,000	4,239,453	(459,547)
City beer tax	1,900,000	1,900,000	1,910,583	10,583
Franchise tax	1,000,000	1,000,000	1,007,974	7,974
<b>Total Taxes</b>	<b>32,388,668</b>	<b>32,388,231</b>	<b>31,834,690</b>	<b>(553,541)</b>
Intergovernmental:				
State of Tennessee	11,497,209	11,497,209	12,938,912	1,441,703
Madison County	21,754,203	21,754,203	25,650,939	3,896,736
Federal Government	274,130	274,130	212,681	(61,449)
<b>Total intergovernmental</b>	<b>33,525,542</b>	<b>33,525,542</b>	<b>38,802,532</b>	<b>5,276,990</b>
Licenses and Permits	5,642,950	5,642,950	7,067,528	1,424,578
Fines, interest, and penalties	848,943	848,943	941,742	92,799
Use of money and property	1,116,880	1,116,880	1,058,297	(58,583)
Sales and service charges	2,455,125	2,455,125	2,089,785	(365,340)
Other revenues	594,668	594,668	824,211	229,543
<b>Total Revenues</b>	<b>\$ 76,572,776</b>	<b>\$ 76,572,339</b>	<b>\$ 82,618,785</b>	<b>\$ 6,046,446</b>
<b>EXPENDITURES</b>				
General Government Administration:				
Office of Mayor	\$ 738,941	\$ 738,941	\$ 728,362	\$ 10,579
City Council	144,922	144,922	139,375	5,547
Municipal Court	1,187,256	1,187,256	992,479	194,777
Drug Treatment	234,838	234,838	237,378	(2,540)
Legal Department	643,459	643,459	1,042,294	(398,835)
Civil Service	2,000	2,000	3,886	(1,886)
CEDC	126,707	126,707	154,532	(27,825)
Public buildings and services	392,458	392,458	408,558	(16,100)
Revenue and finance	552,647	552,647	549,020	3,627
Accounting	340,456	340,456	272,203	68,253
Information systems	1,150,284	1,150,284	868,559	281,725
Farmer's market	175,601	175,601	146,980	28,621
Purchasing	155,785	155,785	183,083	(27,298)
Risk management	290,446	290,446	315,361	(24,915)
Personnel	311,532	311,532	245,841	65,691
Tourism enhancement	380,000	380,000	230,049	149,951
Drivers assistance	7,389	7,389	7,660	(271)
Amphitheater	20,313	20,313	14,018	6,295
Miscellaneous:				
Insurance and bonding premiums	1,121,420	1,121,420	1,116,154	5,266
Employer contributions	1,642,127	1,642,127	1,333,838	308,289
Appropriations and transfers	10,127,428	10,127,428	3,703,134	6,424,294
Other	2,716,674	2,716,674	2,720,496	(3,822)
<b>Total General Government Administration</b>	<b>22,462,683</b>	<b>22,462,683</b>	<b>15,413,260</b>	<b>7,049,423</b>

(Continued)



**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
Public Safety:				
Police Department	\$ 2,209,807	\$ 2,209,807	\$ 2,390,048	\$ (180,241)
Patrol Department	12,921,201	12,921,201	11,495,548	1,425,653
Criminal investigation	2,111,210	2,111,210	2,074,218	36,992
Central records	609,946	609,946	568,463	41,483
Aviation unit	368,670	368,670	370,128	(1,458)
Gang unit	872,065	872,065	747,991	124,074
Warrants/corrections	455,344	455,344	465,423	(10,079)
K-9 unit	561,284	561,284	590,147	(28,863)
Law enforcement	553,981	553,981	634,641	(80,660)
Police annex	151,052	151,052	119,949	31,103
Police support service	45,000	45,000	44,439	561
SWAT Unit	222,274	222,274	236,340	(14,066)
Traffic division	564,201	564,201	394,049	170,152
Photo and fingerprint	385,292	385,292	398,464	(13,172)
Family Justice Center	531,742	531,742	576,771	(45,029)
Parking meters	118,338	118,338	116,837	1,501
North Precinct - Police	34,000	34,000	31,025	2,975
ICAC Division	179,243	179,243	245,252	(66,009)
Drug Control	1,108,174	1,108,174	1,063,149	45,025
Extra Duty Employment	915,025	915,025	785,607	129,418
Police grant programs	328,108	328,108	316,533	11,575
Fire Department	15,297,702	15,297,702	14,480,494	817,208
Fire Safety & Public Education	211,427	211,427	173,277	38,150
Correctional Administration	28,592	28,592	8,300	20,292
Central dispatch operations	2,611,398	2,611,398	2,258,771	352,627
<b>Total Public Safety</b>	<b>43,395,076</b>	<b>43,395,076</b>	<b>40,585,864</b>	<b>2,809,212</b>
Public Works:				
Planning and Zoning	632,581	632,581	531,561	101,020
Reimbursable Planning Act	57,700	57,700	38,710	18,990
Building Department	469,075	469,075	474,786	(5,711)
Housing Codes Enforcement	799,474	799,474	768,540	30,934
Engineer	515,316	515,316	486,860	28,456
State Street Aid	2,533,907	2,533,907	2,439,902	94,005
Street lighting	1,770,497	1,770,497	2,333,049	(562,552)
Demolition and soil erosion	813,637	813,637	908,267	(94,630)
Street construction	74,788	74,788	84,059	(9,271)
Street cleaning	107,225	107,225	108,189	(964)
State street maintenance	495,739	495,739	312,017	183,722
Jackson City Beautiful	19,650	19,650	14,154	5,496
Animal care center	717,174	717,174	712,249	4,925
Garage operations	535,912	535,912	899,687	(363,775)
Traffic sign and signalization	514,724	514,724	556,469	(41,745)
<b>Total Public Works</b>	<b>10,057,399</b>	<b>10,057,399</b>	<b>10,668,499</b>	<b>(611,100)</b>

(Continued)

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Public Welfare and Community Service:				
Recreation	\$ 1,034,968	\$ 1,034,968	\$ 1,006,665	\$ 28,303
Athletics	354,156	354,156	340,155	14,001
Parks and public property	3,512,540	3,512,540	3,523,357	(10,817)
Sportsplex	1,581,636	1,581,636	1,320,325	261,311
Westwood Community Center	272,889	272,889	203,889	69,000
South Jackson Community Center	76,880	76,880	91,049	(14,169)
Pringles Park	422,448	422,448	445,764	(23,316)
Cypress Grove Nature Park	81,132	81,132	79,080	2,052
Dog Park	-	-	150	(150)
Depot	6,000	6,000	6,183	(183)
Riverside Cemetery	96,000	96,000	116,350	(20,350)
Oman Arena	-	-	118,652	(118,652)
Civic Center	669,074	669,074	649,905	19,169
Fairgrounds	479,782	479,782	388,059	91,723
Legends Music Museum	62,552	62,552	45,682	16,870
Carnegie/Ned	594,597	594,597	498,050	96,547
Liberty Gardens	-	-	200	(200)
T.R. White Sportsplex	593,830	593,830	475,079	118,751
Tennis Center	84,143	84,143	88,600	(4,457)
Bemis Community Center	19,795	19,795	29,953	(10,158)
Golf Course	26,200	26,200	26,000	200
Miss Tennessee Pageant	35,000	35,000	49,952	(14,952)
Total Public Welfare and Community Service	<u>10,003,622</u>	<u>10,003,622</u>	<u>9,503,099</u>	<u>500,523</u>
Total Expenditures	<u>85,918,780</u>	<u>85,918,780</u>	<u>76,170,722</u>	<u>9,748,058</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(9,346,004)</b>	<b>(9,346,441)</b>	<b>6,448,063</b>	<b>15,794,504</b>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(9,661,436)</u>	<u>(9,661,436)</u>	<u>(9,693,131)</u>	<u>(31,695)</u>
Total Other Financing Uses	<u>(9,661,436)</u>	<u>(9,661,436)</u>	<u>(9,693,131)</u>	<u>(31,695)</u>
Net Change in Fund Balances	<u>\$ (19,007,440)</u>	<u>\$ (19,007,877)</u>	<u>(3,245,068)</u>	<u>\$ 15,762,809</u>
Fund Balance - Beginning			<u>28,648,542</u>	
Fund Balance - Ending			<u>\$ 25,403,474</u>	

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

**CITY OF JACKSON, TENNESSEE**  
**SOLID WASTE COLLECTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Sales and service charges	\$ 13,260,400	\$ 13,260,400	\$ 13,364,738	\$ 104,338
Total Revenues	<u>13,260,400</u>	<u>13,260,400</u>	<u>13,364,738</u>	<u>104,338</u>
<b>EXPENDITURES</b>				
Current:				
Public works	12,125,908	12,125,908	11,435,052	(690,856)
Capital outlay	505,000	505,000	124,066	(380,934)
Debt service:				
Principal	157,250	157,250	-	(157,250)
Interest	18,752	18,752	-	(18,752)
Total debt service	<u>176,002</u>	<u>176,002</u>	<u>-</u>	<u>(176,002)</u>
Total Expenditures	<u>12,806,910</u>	<u>12,806,910</u>	<u>11,559,118</u>	<u>(1,247,792)</u>
Net Change in Fund Balances	<u>\$ 453,490</u>	<u>\$ 453,490</u>	1,805,620	<u>\$ 1,352,130</u>
Fund Balance - Beginning			<u>2,289,028</u>	
Fund Balance - Ending			<u>\$ 4,094,648</u>	

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

**CITY OF JACKSON, TENNESSEE**  
**GRANTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 6,946,725	\$ 6,946,725	\$ 1,653,576	\$ (5,293,149)
Interest	-	-	10,765	10,765
Total Revenues	<u>6,946,725</u>	<u>6,946,725</u>	<u>1,664,341</u>	<u>(5,282,384)</u>
<b>EXPENDITURES</b>				
Current:				
General government	476,325	476,325	307,904	(168,421)
Public safety	1,684,336	1,684,336	1,311,369	(372,967)
Public works	46,000	46,000	15,347	(30,653)
Public welfare, and community services	85,760	85,760	18,956	(66,804)
Total Expenditures	<u>2,292,421</u>	<u>2,292,421</u>	<u>1,653,576</u>	<u>(638,845)</u>
Net Change in Fund Balances	<u>\$ 4,654,304</u>	<u>\$ 4,654,304</u>	10,765	<u>\$ (4,643,539)</u>
Fund Balance - Beginning			-	
Fund Balance - Ending			<u>\$ 10,765</u>	

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2022**

	Solid Waste	Jackson Transit Authority	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 35,508	\$ 443,739	\$ 479,247
Accounts receivable, (net)	-	164,860	164,860
Inventory	-	152,371	152,371
Total current assets	<u>35,508</u>	<u>760,970</u>	<u>796,478</u>
Noncurrent assets:			
Capital assets, not being depreciated	-	352,173	352,173
Capital assets, net of accumulated depreciation	-	5,408,611	5,408,611
Total capital assets	<u>-</u>	<u>5,760,784</u>	<u>5,760,784</u>
Net pension asset	-	730,563	730,563
Total other noncurrent assets	<u>-</u>	<u>730,563</u>	<u>730,563</u>
Total noncurrent assets	<u>-</u>	<u>6,491,347</u>	<u>6,491,347</u>
Total assets	<u>35,508</u>	<u>7,252,317</u>	<u>7,287,825</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB related items	-	246,371	246,371
Pension related items	-	810,343	810,343
Total deferred outflows of resources	<u>-</u>	<u>1,056,714</u>	<u>1,056,714</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	-	64,552	64,552
Accrued expenses	-	108,478	108,478
Compensated absences payable, current portion	-	248,309	248,309
Total current liabilities	<u>-</u>	<u>421,339</u>	<u>421,339</u>
Long-term liabilities:			
OPEB liability	-	891,013	891,013
Compensated absences payable, non-current portion	-	55,745	55,745
Accrued closure and post closure costs	300,000	-	300,000
Total long-term liabilities	<u>300,000</u>	<u>946,758</u>	<u>1,246,758</u>
Total liabilities	<u>300,000</u>	<u>1,368,097</u>	<u>1,668,097</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	-	1,405,827	1,405,827
OPEB related items	-	118,976	118,976
Total deferred inflows of resources	<u>-</u>	<u>1,524,803</u>	<u>1,524,803</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	-	5,760,784	5,760,784
Unrestricted (deficit)	(264,492)	(344,653)	(609,145)
Total net position	<u>\$ (264,492)</u>	<u>\$ 5,416,131</u>	<u>\$ 5,151,639</u>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Solid Waste	Jackson Transit Authority	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ -	\$ 365,155	\$ 365,155
Other operating revenues	-	15,195	15,195
Total Operating Revenues	<u>-</u>	<u>380,350</u>	<u>380,350</u>
<b>OPERATING EXPENSES</b>			
Operation	167,682	2,143,555	2,311,237
Maintenance	-	545,413	545,413
General administration	-	412,815	412,815
Provision for depreciation	-	577,847	577,847
Total Operating Expenses	<u>167,682</u>	<u>3,679,630</u>	<u>3,847,312</u>
Operating loss	(167,682)	(3,299,280)	(3,466,962)
<b>NONOPERATING REVENUES</b>			
Interest and other income	101	13,130	13,231
Grant revenues	-	2,740,915	2,740,915
Total Nonoperating Revenues	<u>101</u>	<u>2,754,045</u>	<u>2,754,146</u>
Loss Before Capital Contributions	(167,581)	(545,235)	(712,816)
Capital contributions	-	670,851	670,851
Change in Net Position	(167,581)	125,616	(41,965)
Net Position - Beginning, restated	<u>(96,911)</u>	<u>5,290,515</u>	<u>5,193,604</u>
Net Position - Ending	<u>\$ (264,492)</u>	<u>\$ 5,416,131</u>	<u>\$ 5,151,639</u>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Solid Waste	Jackson Transit Authority	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from consumers	\$ -	\$ 397,575	\$ 397,575
Cash paid to suppliers of goods and services	(37,234)	(762,647)	(799,881)
Cash paid to employees for services	-	(2,913,252)	(2,913,252)
Cash (paid to) received from other funds	-	-	-
Net cash used by operating activities	<u>(37,234)</u>	<u>(3,278,324)</u>	<u>(3,315,558)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash received from grants	-	2,753,835	2,753,835
Net cash provided by non-capital financing activities	<u>-</u>	<u>2,753,835</u>	<u>2,753,835</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Construction and acquisition of property and equipment	-	(32,710)	(32,710)
Capital grants received	-	670,851	670,851
Net cash provided by capital and related financing activities	<u>-</u>	<u>638,141</u>	<u>638,141</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earned	101	210	311
Net Increase (Decrease) in Cash and Cash Equivalents	(37,133)	113,862	76,729
Cash and Cash Equivalents - Beginning	72,641	329,877	402,518
Cash and Cash Equivalents - Ending	<u>\$ 35,508</u>	<u>\$ 443,739</u>	<u>\$ 479,247</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>			
Operating loss	\$ (167,682)	\$ (3,299,280)	\$ (3,466,962)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	-	577,847	577,847
Change in closure/postclosure liability	130,883	-	130,883
(Increase) decrease:			
Accounts receivable	-	17,225	17,225
Deferred outflows of resources	-	(250,719)	(250,719)
Inventory	-	(8,878)	(8,878)
Accounts payable and accrued expenses	(435)	6,661	6,226
Net pension liability	-	(1,254,817)	(1,254,817)
OPEB liability	-	(458,246)	(458,246)
Deferred inflows of resources	-	1,391,883	1,391,883
Net cash used in operating activities	<u>\$ (37,234)</u>	<u>\$ (3,278,324)</u>	<u>\$ (3,315,558)</u>

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2022**

	<u>Trust Fund</u>
<b>ASSETS</b>	
Cash	<u>\$          77,756</u>
Total Assets	<u>                  77,756</u>
<b>NET POSITION</b>	
Net position held in trust for employee benefits	<u>                  77,756</u>
Total net position	<u><u>                  77,756</u></u>

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



**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Trust Fund
<b>Revenues:</b>	
Other:	
Employer contributions	\$ 332,002
Net investment income	28
Total revenues	332,030
<b>Expenditures:</b>	
Employee benefits	363,772
Total expenditures	363,772
Change in Net Position	(31,742)
Net Position - Beginning	109,498
Net Position - Ending	\$ 77,756

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**B. 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.

**Primary Government.** The accompanying financial statements present the City (primary government) and its component unit, an entity for which the City is considered to be financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body, and (1) it is able to impose its will on the organization, or (2) there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize that those entities are legally separate from the City.

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

**Discretely Presented Component Units.** Jackson Energy Authority is responsible for planning, acquiring, constructing, improving, furnishing, equipping, financing, owning, operating, and maintaining electric, gas, water, wastewater, and telecommunications utilities systems within or outside the corporate limits of the City, and other such utility systems as a municipal water, wastewater, gas, telecommunications, or electric utility as 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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**B. Reporting Entity (Continued)**

debt service guaranty agreement in which it unconditionally guarantees the debt of the entity in the event that the Authority defaults on the debt. Jackson Energy Authority is a discretely presented component unit of the City both because of the debt listed but also the fact that the Mayor appoints the board members of Jackson Energy Authority.

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

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

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

**Joint Ventures.** The City participates in the following joint ventures with Madison County, Tennessee:

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

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**B. Reporting Entity (Continued)**

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.

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	Jackson-Madison County Community Economic Development Commission 38301 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

**C. Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the City's enterprise funds. 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.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's electric, waterworks, cable and internet, telephone, and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

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 *grants fund* is used to account for the receipt, maintenance, and expenditure of American Rescue Plan Act funds.

The City reports the following major proprietary funds:

The *solid waste fund* accounts for funds received from landfill fees. 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.

Additionally, the City reports the following fund types:

Fiduciary fund: The defined benefit trust fund is used to account for assets held for employees in accordance with the provisions of the Employees Retirement System Plan.

Special Revenue funds: Funds used to account for various restricted fines and grants for public safety, public welfare, and community services.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**D. Basis of Presentation – Fund Financial Statements (Continued)**

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement Focus and Basis of Accounting**

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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, even though the receivable is recognized in the prior period when the enforceable legal claim arises. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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. Grant revenue has a period of

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**E. Measurement Focus and Basis of Accounting (Continued)**

availability of one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and other long-term obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City. Certain revenues are required to be recognized as a receivable and either as revenue or unearned revenue, depending upon the revenue recognition policies of the entity. The amounts due for penalties, fines and forfeitures, and clerk's fees for business tax were determined to be immaterial; therefore, receivables were not recorded. Gross receipts tax, minimum business tax, and corporate (bank) excise taxes that were earned but not received by June 30, 2022, were not recorded as receivables because they were not estimable.

The proprietary and other postemployment benefit trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**F. Budgetary Information**

**Budgetary Basis of Accounting.** Annual budgets are adopted on a basis consistent with generally accepted accounting principles 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.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

Investments for the City are reported at fair value (generally based upon quoted market prices) except for the position in the Local Government Investment Pool (LGIP) and certificates of deposit. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The LGIP is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission (SEC). The LGIP has met the criteria under GASB Statement No. 79 to value its investments at amortized cost and has elected to do so. The City reports its investment in the LGIP at amortized cost.

**3. 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 purchased.

Inventories for 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 the government-wide financial statements and fund financial statements for the proprietary funds. The cost of prepaid items is recorded as an expense when consumed rather than when purchased. The payments are being recorded as expenditures on the fund level for the governmental funds.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and right to use assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of two years. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**4. Capital Assets (continued)**

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation.

Land and Construction in Progress are not depreciated. The capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-40
Improvements other than buildings	20
Machinery and equipment	3-20
Infrastructure	12-40
Furniture and fixtures	5-15

**5. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the single employer defined pension plan and also their participation in the TCRS plan, and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the retirement plan. For this purpose, benefit payments (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 THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The City has three items that qualify for reporting in this category; deferred outflows related to refunding, deferred outflows related to pensions, and deferred outflows related to other postemployment benefits. All of these are reported in the government-wide statement of net position and the statement of net position for proprietary funds. These items result from the differences in the carrying value of refunded debt and its reacquisition price and from the requirements recognized under GASB 68 for pensions and GASB 75 for OPEB. The deferred outflows related to refunding amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions reflect payments made by the City not currently recognized by the pension plans and other changes in the net pension liability and are disclosed more in Note 9. The deferred outflows related to other postemployment benefits reflects payments made by the City not currently recognized by the OPEB plans and other changes in the net OPEB liability and are disclosed more in Note 8.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has five types of deferred inflows. One of these items arises only under a modified accrual basis of accounting. This item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes, as well as other receivables not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to deferred property taxes recorded in advance of the year in which they are intended to fund operations. This item is a deferred inflow in both the governmental fund balance sheet and the entity wide statement of net position. The third item relates to the recognition of employee pensions as required under GASB 68. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and are discussed more in Note 9. The fourth item relates to the recognition of other postemployment benefits as required under GASB 75. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and is discussed more in Note 8. The fifth item relates to long-term lease receivables which are deferred and recognized over the term of each lease.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**7. Net Position Flow Assumptions**

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 government-wide and proprietary 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 - net position to have been depleted before unrestricted - net position is applied.

**8. Fund Balance Flow Assumptions**

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 investment earnings and then 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 and then followed by assigned fund balance. Unassigned fund balance is applied last.

**9. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**9. Fund Balance Policies (continued)**

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the City Recorder to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Minimum Fund Balance Policy.** The City will maintain an adequate, unassigned fund balance to accommodate unexpected expenditures, expenditures of a non-recurring nature, unanticipated revenue declines, or revenues for special opportunities. For the General Fund, the City will maintain, at a minimum, an unassigned fund balance equal to three months of total appropriated expenditures and transfers. The targeted unassigned fund balance is four months.

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Property taxes receivable are recognized as of the date when an enforceable legal claim to the taxable property arises. This is January 1<sup>st</sup> in Tennessee and is referred to as the "lien date." Revenues from property taxes are recognized in the period for which the taxes are levied. The City's levy date is October 1<sup>st</sup>, even though the receivable and deferred inflow of resources are recognized in the prior period when the enforceable legal claim arises. Tax notices are typically mailed in October following the levy date and the majority of collections are received during the remainder of the calendar year. The tax due date is January 5<sup>th</sup> of the following calendar year or the following business day if the 5<sup>th</sup> is on a weekend. Penalty and interest are applied to all accounts with an outstanding balance after the due date.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**H. Revenues and Expenditures/Expenses (Continued)**

**3. 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 ½ days of annual leave (fire employees accumulate 37 ½ days), which is fully vested, and 75 days of sick leave (fire employees accumulate 11 ¼ days), 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.

**4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Jackson Transit Authority are charges to customers for sales and services. Operating expenses for enterprise 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.

**I. Other**

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 2. DEPOSITS AND INVESTMENTS:**

***Deposits***

Deposits include demand deposits, money market accounts, and certificates of deposit managed by an agent of the City in the City's name.

**Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes impose various restrictions on the City's and the Board's deposits and investments, including repurchase agreements. These restrictions are summarized for deposits as follows: all deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits.

The City's carrying amount of deposits was \$20,780,301 and the balance in financial institutions was \$23,658,970. Carrying amounts differ from financial institution balances primarily due to outstanding checks and deposits in transit. State statutes require collateral pledged by each financial institution to equal a certain percentage of the uninsured public deposits it holds. Members of the State of Tennessee Collateral Pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. The entire City's bank balance was covered by the State of Tennessee Collateral Pool, which is a multiple financial institution collateral pool, or by amounts insured by the Federal Deposit Insurance Corporation (FDIC), or with securities held by the pledging financial institution's trust department.

The City also manages cash for the trust fund maintained by the City. The City's carrying amount of deposits for the trust funds was \$77,756 and the balance in financial institutions was \$77,756. The deposits have not been reflected in the government-wide Statement of Net Position. The entire amount of the deposits was covered by the State of Tennessee Collateral Pool or FDIC Insurance.

At June 30, 2022, the City's investment balances consisted of State of Tennessee Local Government Investment Pool (the "TN LGIP") investments of \$34,429,444 with maturity of less than a year. The City reports the TN LGIP balance as cash equivalents.

Investments in the State of TN LGIP are uncategorized in terms of credit risk because specific securities related to the City cannot be identified. The investments in US Treasury Notes were all rated Aaa by Moody's.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED):**

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The City does not have a formal policy for interest rate risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee Collateral Pool.

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is the measure by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal policy for credit risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee State Collateral Pool.

State statutes authorize the City to invest in bonds, notes, or treasury bills of the United States of America; nonconvertible debt securities of the Federal Home Loan Bank, The Federal National Mortgage Association, The Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; certificates of deposit and other evidences of deposit at state and federally chartered banks and savings and loan associations; obligations of the United States of America or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the fair value of the security itself is more than the amount of funds invested, provided, that municipalities may invest in reverse purchase agreements only if the comptroller of the treasury or the comptroller's designee approves repurchase agreements as an authorized investment, and if such investments are made in accordance with procedures established by the state funding board; the State of Tennessee Local Government Investment Pool (TN LGIP); and obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

Specifically, the TN LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The TN LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the TN LGIP is required to maintain a 90-day or less weighted-average-maturity. There are no withdrawal restrictions related to the TN LGIP. The TN LGIP has not been rated by a nationally recognized statistical rating organization. At June 30, 2022, the LGIP had a weighted average maturity of 44 days.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED):**

The LGIP is audited as part of the Annual Comprehensive Financial Report for the State of Tennessee. That report may be obtained by writing Tennessee Department of Finance and Administration, Division of Accounts, 312 Rosa Parks Avenue, Suite 2100, Nashville, TN 37243 or can be accessed at [www.tn.gov/finance/rd-doa/fa-accfin-cafr.html](http://www.tn.gov/finance/rd-doa/fa-accfin-cafr.html). LGIP is reported as cash equivalents.

**NOTE 3. RECEIVABLES:**

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

	General	Debt Service	Capital Outlay	Solid Waste Collection	Jackson Transit Authority	Nonmajor and Other Funds	Total
Receivables:							
Taxes	\$ 26,429,617	\$ 10,704,998	\$ 34,968	\$ -	\$ -	\$ -	\$ 37,169,583
Accounts	50,647	51,675	-	2,044,113	82,649	242,322	2,471,406
Grants	-	-	124,745	-	144,240	-	268,985
Intergovernmental	7,413,753	-	-	-	-	-	7,413,753
Court fines	1,219,623	-	-	-	-	213,687	1,433,310
Notes	107,950	-	-	-	-	612,515	720,465
Gross receivables	35,221,590	10,756,673	159,713	2,044,113	226,889	1,068,524	49,477,502
Less: Allowance	(2,358,007)	(275,139)	-	(104,228)	(62,029)	(344,385)	(3,143,788)
Total receivables	<u>\$ 32,863,583</u>	<u>\$ 10,481,534</u>	<u>\$ 159,713</u>	<u>\$ 1,939,885</u>	<u>\$ 164,860</u>	<u>\$ 724,139</u>	<u>\$ 46,333,714</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 report unearned revenue in connection with resources that have been received but not yet earned and reflect these funds as unearned revenue in the financial statements.

**Notes Receivables**

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, 2023, 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, 2022 was \$111,850.

The City has several community development loans which were issued for local repair and rehabilitation projects through the City's revolving loan program. The balance of these loans outstanding as of June 30, 2022 is \$612,515, with an associated allowance for doubtful accounts of \$143,799.



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 4. LEASES:**

***Lessee***

The City of Jackson is a lessee for noncancellable leases of equipment and buildings. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

***Lessor***

The City of Jackson is a lessor for noncancellable leases of buildings. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 4. LEASES (CONTINUED):**

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**NOTE 5. CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2022, was as follows:

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 28,548,173	\$ -	\$ -	\$ -	\$ 28,548,173
Construction in progress	4,053,558	1,625,959	-	(2,359,514)	3,320,003
Total capital assets, not being depreciated	<u>32,601,731</u>	<u>1,625,959</u>	<u>-</u>	<u>(2,359,514)</u>	<u>31,868,176</u>
Capital assets, being depreciated					
Buildings	81,147,257	-	-	-	81,147,257
Improvements other than buildings	16,154,526	-	-	-	16,154,526
Machinery & equipment	47,979,004	3,083,659	-	-	51,062,663
Infrastructure	124,487,330	-	-	2,359,514	126,846,844
Total capital assets, being depreciated	<u>269,768,117</u>	<u>3,083,659</u>	<u>-</u>	<u>2,359,514</u>	<u>275,211,290</u>
Less accumulated depreciation:					
Buildings	(49,343,940)	(1,697,609)	-	-	(51,041,549)
Improvements other than buildings	(2,270,691)	(504,526)	-	-	(2,775,217)
Machinery & equipment	(37,191,927)	(2,489,116)	-	-	(39,681,043)
Infrastructure	(68,252,513)	(4,818,670)	-	-	(73,071,183)
Total accumulated depreciation	<u>(157,059,071)</u>	<u>(9,509,921)</u>	<u>-</u>	<u>-</u>	<u>(166,568,992)</u>
Total capital assets, depreciable, net	<u>112,709,046</u>	<u>(6,426,262)</u>	<u>-</u>	<u>2,359,514</u>	<u>108,642,298</u>
Governmental activities capital assets, net	<u>\$ 145,310,777</u>	<u>\$ (4,800,303)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,510,474</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 5. CAPITAL ASSETS (CONTINUED):**

**Business-type Activities –**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 352,173	\$ -	\$ -	\$ 352,173
Total capital assets, not being depreciated	<u>352,173</u>	<u>-</u>	<u>-</u>	<u>352,173</u>
Capital assets, being depreciated				
Building and building improvements	5,240,375	11,675	-	5,252,050
Machinery & equipment	8,029,787	21,500	(465)	8,050,822
Furniture & fixtures	152,273	-	-	152,273
Total capital assets, being depreciated	<u>13,422,435</u>	<u>33,175</u>	<u>(465)</u>	<u>13,455,145</u>
Less accumulated depreciation:	<u>(7,468,687)</u>	<u>(577,847)</u>	<u>-</u>	<u>(8,046,534)</u>
Total capital assets, depreciable, net	<u>5,953,748</u>	<u>(544,672)</u>	<u>(465)</u>	<u>5,408,611</u>
Business-type activities capital assets, net	<u>\$ 6,305,921</u>	<u>\$ (544,672)</u>	<u>\$ (465)</u>	<u>\$ 5,760,784</u>

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

Governmental Activities:	
General Government	\$ 617,933
Public Safety	1,893,220
Public Works	5,442,197
Public Welfare and Community Service	<u>1,556,571</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 9,509,921</u>
Business-type Activities:	
Jackson Transit Authority	<u>\$ 577,847</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 577,847</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

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, and (2) 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.

The composition of interfund transfers as of June 30, 2022, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Outlay	General	\$ 9,693,131
		<u>\$ 9,693,131</u>
Nonmajor governmental funds	Nonmajor governmental funds	\$ 241,277
		<u>\$ 241,277</u>

**NOTE 7. LONG-TERM LIABILITIES:**

The following is a summary of debt transactions of the City for the year ended June 30, 2022:

	<u>Beginning</u>				<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>		<u>Balance</u>	<u>One Year</u>
<b>Governmental activities:</b>						
General obligation bonds	\$ 55,925,000	\$ -	\$ (7,285,000)		\$ 48,640,000	\$ 7,630,000
Capital outlay notes	6,671,652	-	(1,029,152)		5,642,500	1,041,000
Premium on debt issuance	9,108,259	-	(1,545,036)		7,563,223	-
Financed purchase	4,997,624	-	(444,039)		4,553,585	455,584
Leases	-	11,927,881	(126,585)		11,801,296	197,210
Net pension liability - ERS	2,545,544	91,550	(554,683)		2,082,411	-
Total OPEB liability	19,932,427	1,304,513	(3,409,199)		17,827,741	-
Compensated absences	1,839,182	2,086,164	(1,987,353)		1,937,993	1,630,877
Governmental activity						
Long-term liabilities	<u>\$ 101,019,688</u>	<u>\$ 15,410,108</u>	<u>\$ (16,381,047)</u>		<u>\$ 100,048,749</u>	<u>\$ 10,954,671</u>
<b>Business-type activities:</b>						
Total OPEB liability	\$ 1,349,259	\$ 65,198	\$ (523,444)		\$ 891,013	\$ -
Compensated absences	286,110	251,599	(233,655)		304,054	248,309
Accrued closure/postclosure	169,117	166,402	(35,519)		300,000	-
Business-type activity						
Long-term liabilities	<u>\$ 1,804,486</u>	<u>\$ 483,199</u>	<u>\$ (792,618)</u>		<u>\$ 1,495,067</u>	<u>\$ 248,309</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

Note the City's pension plan share is reported as a net pension asset as of June 30, 2022 and thus removed. Within the City's governmental activities, the compensated absences, pension, and OPEB liabilities are primarily liquidated by the General Fund. Beginning balances were restated to reflect the implementation of GASB Statement No. 87, Leases as of July 1, 2021.

**General Obligation Bonds**

The City of Jackson issued \$63,585,000 of General Obligation Bonds, Series 2019, with a coupon rate of 5%. Payments began on June 1, 2020 and will mature on June 1, 2039. A portion of the proceeds \$6,036,228 (including a \$961,228 bond premium and after payment of \$36,228 in issuance costs and underwriters fees) will be used to finance the costs of certain public works projects including but not limited to the acquisition, construction, installation, renovation, restoration, paving and/or repaving of roads and streets, storm water sewers and drains, traffic signalization, and other public infrastructure, and the purchase, acquisition and installation of law enforcement and emergency services equipment, vehicles and other equipment for the fire, police, health and sanitation departments. The remaining net proceeds of \$68,407,673 (including a \$9,897,673 bond premium and after payment of \$389,225 in issuance costs and underwriters fees), were deposited with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

Due to refinancing of the General Obligation Bonds, Series 2009, and the General Obligation Loan Program Bonds, Series 2011, Series 2013, Series 2015, and Series 2018, the bonds generated a cash flow savings of \$4,721,500 with a net present value of \$4,463,440 related to the favorable interest rates. As a result, the General Obligation Bonds, Series 2009, and the General Obligation Loan Program Bonds, Series 2011, Series 2013, Series 2015, and Series 2018, bonds are considered to be defeased and the liability for those bonds has been removed from the statements of net position. As of June 30, 2022, the City's outstanding balance of the 2019 bonds was \$48,640,000.

The annual requirements to amortize the bonds as of June 30, 2022, for the governmental activities are as follows:

June 30,	Principal	Interest	Total
2023	\$ 7,630,000	\$ 2,308,900	\$ 9,938,900
2024	8,535,000	2,308,900	10,843,900
2025	2,965,000	1,927,400	4,892,400
2026	3,085,000	1,500,650	4,585,650
2027	4,030,000	1,352,400	5,382,400
2028-2032	12,840,000	4,451,750	17,291,750
2033-2037	8,270,000	1,462,000	9,732,000
2038-2039	1,285,000	65,000	1,350,000
	<u>\$ 48,640,000</u>	<u>\$ 15,377,000</u>	<u>\$ 64,017,000</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Notes Payable – Direct Placement**

The City issues notes to provide funds for the acquisition and construction of major capital facilities. Notes payable at June 30, 2022, is comprised of the following:

Note Payable, Jackson-Madison County General Hospital District, original issue was \$650,000, payable in annual installments beginning 2012 through 2024, interest-free	\$ 100,000
Note Payable, Department of Housing & Urban Development, original issue was \$3,165,000, payable in annual installments beginning 2012 through 2030, fixed interest rate of 3.56%	1,813,000
General Obligation Capital Outlay Note Series 2016, original issue was \$2,400,000, payable in annual installments beginning 2017 through 2029, variable interest rate ranging from a high of 3.55% to a low of 2.45% during current year, interest rate of 2.45% at year end	1,400,000
General Obligation Capital Outlay Note Series 2017, original issue was \$1,700,000, payable in annual installments beginning 2018 through 2025, interest rate of 2.65% at year end	850,000
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	62,500
General Obligation Capital Outlay Note Series 2021, original issue was \$1,759,152, payable in semiannual installments beginning 2016 through 2023, interest rate of 1.38% at year end	<u>1,417,000</u>
	<u>\$ 5,642,500</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Notes Payable – Direct Placement (Continued)**

The annual requirements to amortize the notes payable as of June 30, 2022, for the governmental activities are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,041,000	\$ 157,749	\$ 1,198,749
2024	990,500	132,569	1,123,069
2025	953,500	108,464	1,061,964
2026	965,500	83,634	1,049,134
2027	400,000	60,861	460,861
2028-2032	1,292,000	127,142	1,419,142
	<u>\$ 5,642,500</u>	<u>\$ 670,419</u>	<u>\$ 6,312,919</u>

**Financed Purchase Lease – Direct Placement**

During the fiscal year 2021, the City entered into a financed purchase lease for financing the acquisition of new fire department equipment. The lease agreement qualified as a capital lease for accounting purposes (title transfers at the acceptance of the equipment under the lease) and, therefore, has been recorded at the present values of the future minimum lease payments at the date of their inception. As of June 30, 2022, the City has \$4,553,585 of equipment under financed purchase leases

The annual requirements for the lease as of June 30, 2022, for the governmental activities are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 455,584	\$ 118,393	\$ 573,977
2024	467,429	106,548	573,977
2025	479,582	94,395	573,977
2026	492,051	81,926	573,977
2027	504,845	69,132	573,977
2028-2032	2,154,094	141,813	2,295,907
	<u>\$ 4,553,585</u>	<u>\$ 612,207</u>	<u>\$ 5,165,792</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

During the year ended June 30, 2022, the City entered into a lease agreement with a local nonprofit to lease the right to use a building for use as a school within the Jackson-Madison County School System. The City, as the lessor, has a lease agreement to fund the lease payments beginning November 1, 2021 through October 1, 2041. The City has a purchase option at the end of the lease term. The facility has been turned over to the School System for use and the City remains the lessee on the obligor of the lease, as such, the City reports the liability with no related asset.

The annual requirements for leases as of June 30, 2022, for the governmental activities are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 197,210	\$ 435,766	\$ 632,976
2024	202,447	430,529	632,976
2025	209,648	423,328	632,976
2026	217,104	415,872	632,976
2027	224,826	408,150	632,976
2028-2032	2,679,983	1,477,816	4,157,799
2033-2037	3,680,740	838,120	4,518,860
2038-2042	3,669,338	248,495	3,917,833
	<u>\$ 11,081,296</u>	<u>\$ 4,678,076</u>	<u>\$ 15,759,372</u>

**Demolition Landfill Closure and Postclosure Care Costs**

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 site 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, 2022, 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 2022. Closure on the Highway 70 landfill began during in the fiscal year ended June 30, 1994, and was completed in the fiscal year ended June 30, 1996. The accrued postclosure care cost liability at June 30, 2022, is \$300,000.

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.



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:**

**City of Jackson OPEB Program**

*Plan Description*

The City provides post-retirement 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. The plan has no assets accumulated in a trust and is considered to be a single-employer defined benefit plan. The plan only pays claims on a pay-as-you-go basis. The City Council of Jackson administers the plan and has the authority to change benefits terms. Employees retiring prior to July 1, 1992, have the same benefits as active employees. The City pays 75% of individual medical and hospitalization premiums for one pre-Medicare retiree for the PPO plan.

The City of Jackson makes available group, medical, and life benefits to qualified retirees. Early, normal or disability retirement qualifies for these plans. Upon retirement, employees may elect to continue medical coverage through the City's medical plan. The plan only pays claims on a pay-as-you-go basis. The City of Jackson administers the plan and has the authority to change benefit terms. Claims in excess of \$200,000 are re-insured. The retiree life insurance premiums are paid for 100% by the City and has a current benefit amount of \$5,000 to be paid to the retiree's beneficiary upon retiree death.

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 \$200,000 are reinsured. The cost of retiree health care is recognized as an expenditure as claims are paid. For the fiscal year ended June 30, 2022, these costs are not separable from the costs for active employees.

*Benefits Provided*

The City provides post-retirement life insurance benefits to all employees who retire from the City on or after attaining age 60 with 10 or more years of service; or those with 30 or more years of service regardless of age; or those Public Safety employees with 25 years of service and age 55. Currently, a total of 120 retirees of the City and Jackson Transit Authority meets 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, 2022, is not separable from the costs for active employees.

*Membership*

The number of participants at June 30, 2022, was as follows:

Retiree Participants	93
Beneficiaries	27
Active Participants	<u>681</u>
Total	<u>801</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):**

**City of Jackson OPEB Program (Continued)**

Total OPEB Liability

The following table shows the components of the City's annual OPEB cost for the year, the amounts contributed to the Plan, and changes in the City's total OPEB liability.

<b>Balances at 6/30/2021</b>	<b>\$ 21,281,686</b>
<b>Changes for the year:</b>	
Service cost	904,427
Interest	465,284
Assumption changes	(2,635,378)
Benefit payments	(1,297,265)
<b>Net changes</b>	<b>(2,562,932)</b>
<b>Balances at 6/30/2022</b>	<b>\$ 18,718,754</b>

The required schedule of changes in the City's total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% increase (4.54%)
Total OPEB liability	\$ 20,582,965	\$ 18,718,754	\$ 17,071,367

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):**

**City of Jackson OPEB Program (Continued)**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare costs trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost rates:

	1% Decrease	Current	1% increase
Total OPEB liability	\$ 16,713,633	\$ 18,718,754	\$ 21,110,815

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.54%
Cost Method	Entry age normal
Inflation	2.30%
Health Care Trend Rates	5.50% - 3.70%, with ultimate trend rate in 2073
Salary increases including inflation	3.0%

Mortality rates were based on the Pub-2010 General and Safety Amount-Weighted Mortality Tables for Employees, Healthy Retirees, and Contingent Survivors, male and female rates, with generational projection from 2010 using Scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of June 30, 2022 census data and plan information.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):**

**City of Jackson OPEB Program (Continued)**

*OPEB Expense (Income) and Deferred Outflows/Inflows of Resources*

For the year ended June 30, 2022, the recognized OPEB expense is \$1,902,904. At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,411,989	\$ -
Changes in assumptions	1,763,868	(2,499,495)
Total	\$ 5,175,857	\$ (2,499,495)

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

Year ending June 30:	
2023	\$ 533,193
2024	533,193
2025	533,193
2026	533,193
2027	533,193
Thereafter	(16,003)
Total	\$ 2,649,962

**NOTE 9. PENSION PLANS:**

**City of Jackson, State Retirement System**

*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 Tennessee Consolidated Retirement System ("TCRS"). The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at:

<https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, State Retirement System (Continued)**

**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 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, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	718
Inactive Employees Entitled but not yet Receiving Benefits	401
Active Employees	<u>712</u>
Total Employees	<u>1,831</u>

**Contributions**

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, the employer contributions for the City were \$6,977,947 based on a rate of 18.87% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City'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.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, State Retirement System (Continued)**

*Net Pension Liability (Asset)*

The City's net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) 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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

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

Actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. 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, 2020, actuarial experience study. A blend of future capital projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. The best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, State Retirement System (Continued)**

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
U.S. Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-term Securities	0.00%	<u>1%</u>
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75 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 the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, State Retirement System (Continued)**

*Changes in the Net Pension Liability*

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/2020</b>	\$ 211,124,148	\$ 198,681,285	\$ 12,442,863
<b>Changes for the year:</b>			
Service cost	3,193,861	-	3,193,861
Interest	15,138,989	-	15,138,989
Differences between expected and actual experience	(2,994,133)	-	(2,994,133)
Assumption changes	13,442,788	-	13,442,788
Contributions—employer	-	6,745,297	(6,745,297)
Net investment income	-	50,695,337	(50,695,337)
Benefit payments, including refunds of employee contributions	(11,008,736)	(11,008,736)	-
Administrative expense	-	(64,617)	64,617
<b>Net changes</b>	<b>17,772,769</b>	<b>46,367,281</b>	<b>(28,594,512)</b>
<b>Balances at 6/30/2021</b>	<b>\$ 228,896,917</b>	<b>\$ 245,048,566</b>	<b>\$ (16,151,649)</b>

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% increase (7.75%)
Net pension liability (asset)	\$ 14,004,780	\$ (16,151,649)	\$ (41,149,857)



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, State Retirement System (Continued)**

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2021, the City recognized pension benefit of \$1,792,913. For the year ended June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Difference between expected and actual experience	\$ 313,726	\$ 4,134,529
Net difference between projected and actual earnings on pension plan investments	-	27,031,516
Changes in assumptions	10,754,230	-
Contributions subsequent to the measurement date	<u>6,977,947</u>	<u>-</u>
Total	<u>\$ 18,045,903</u>	<u>\$ 31,166,045</u>

City contributions subsequent to the measurement date of June 30, 2021, 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:

<u>Fiscal Year Ending</u>	
2023	\$ (5,719,106)
2024	(4,546,556)
2025	(4,632,587)
2026	<u>(5,199,840)</u>
	<u>\$ (20,098,089)</u>

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, Tennessee Pension Plans**

**Plan Description**

The City previously maintained an original pension plan fund and later a second plan called the Employees Retirement System fund, which is a single-employer defined benefit plan. The valuation is based on the arrangement commonly referred to as the City of Jackson Pension Plan. The City Council of Jackson administers and makes any changes to the plan including contribution requirements and benefit terms as considered necessary. 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**

Membership of each plan consisted of the following at June 30, 2022:

Retirees & beneficiaries receiving benefits	19
Active plan members	-
Total	<u>19</u>

**Contributions**

The City makes payments equal to the annual Plan benefits required each year, as the Plan has no active employees to make contributions on behalf. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2022.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, Tennessee Pension Plans (Continued)**

**Net Pension Liability (Asset)**

The City's net pension liability (asset) was measured as of June 30, 2022, and the total net pension liability (asset) 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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.35 percent
Investment Rate of Return	3.54 percent
Cost of Living Adjustments	2.50 percent
Mortality	Pub-2010 Amount Weighted Tables for General Retirees, Projected Generationally using Scale MP-2021
Actuarial cost method	Entry age normal

The long-term rate of return long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits, net of investment expenses.

**Discount Rate**

The discount rate used to measure the total pension liability was 3.54%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, Tennessee Pension Plans (Continued)**

*Changes in the Net Pension Liability (Asset)*

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/2021</b>	\$ 2,655,042	\$ 109,498	\$ 2,545,544
<b>Changes for the year:</b>			
Interest	57,349	-	57,349
Differences between expected and actual experience	34,201	-	34,201
Assumption changes	(222,653)	-	(222,653)
Contributions—employer	-	332,002	(332,002)
Net investment income	-	28	(28)
Benefit payments, including refunds of employee contributions	(363,772)	(363,772)	-
<b>Net changes</b>	<b>(494,875)</b>	<b>(31,742)</b>	<b>(463,133)</b>
<b>Balances at 6/30/2022</b>	<b>\$ 2,160,167</b>	<b>\$ 77,756</b>	<b>\$ 2,082,411</b>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the City calculated using the discount rate of 3.54 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% increase (4.54%)
Net pension liability	\$ 2,223,472	\$ 2,082,411	\$ 1,957,071

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, Tennessee Pension Plans (Continued)**

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2022, the City recognized a pension expense of \$131,512. For the year ended June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 4,227	\$ -
Total	\$ 4,227	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>		
2023	\$	1,522
2024		1,282
2025		957
2026		466
	\$	4,227

**NOTE 10. COMMITMENTS AND CONTINGENCIES:**

**Contractual Commitments:**

In addition to the liabilities enumerated in the balance sheet, at June 30, 2022, the City has contractual commitments on uncompleted contracts of approximately \$1,430,079.

**Guaranty to JEA:**

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, 2022, is \$20,000,000.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

---

**NOTE 10. COMMITMENTS AND CONTINGENCIES (CONTINUED):**

**Jackson Baseball Club, L.P. Stadium Service Expenses:**

On December 14, 2021, the City entered into a new lease agreement IN THE BIG INNING, LLC (the "ITBI, LLC"). The term of the lease agreement began January 1, 2022, and runs for ten consecutive years, ending December 31, 2031, and ITBI, LLC has the option to review the lease for five additional years. The City reports the net present value of the lease as a receivable of \$658,306 as of June 30, 2022. The revenues will be recognized ratably over the life of the lease. The lease agreement obliges the City, at ITBI, LLC's request, to reimburse ITBI, LLC for stadium service expenses ranging from approximately \$630,000 to \$780,000, annually, over the term of the lease. During the fiscal year ended June 30, 2022, the City reimbursed ITBI, LLC for \$445,764 of expenses.

**Contingent Liabilities**

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

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 11. 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 claim's 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 and dental insurance program. The City collects insurance premiums from its employees, and pays all claims made along with an administration fee to Blue Cross/Blue Shield of Tennessee, the plan administrator. The City, as a part of the plan, has purchased a reinsurance policy that pays 80% of the claims made by an individual within one year in excess of \$100,000 and less than \$1,000,000. At June 30, 2022, the estimated liability for claims incurred but not paid was \$752,736. Activity in the estimated liability for claims incurred but not year paid were as follows for the years ended June 30, 2022 and 2021:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year- End
2020-2021	\$ 434,164	\$ 8,301,542	\$ 8,194,364	\$ 541,342
2021-2022	541,342	8,749,279	8,537,885	752,736

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, 2022, the estimated liability for claims incurred but not paid was \$240,000.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 11. RISK MANAGEMENT (CONTINUED):**

Activity in the estimated liability for claims incurred but not yet paid were as follows for the years ended June 30, 2022 and 2021:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year- End
2020-2021	\$ 326,550	\$ 530,000	\$ 399,495	\$ 457,055
2021-2022	457,055	340,455	557,510	240,000

**NOTE 12. TAX ABATEMENTS:**

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

<u>Entity and Terms</u>	<u>Percentage of Taxes Abated During Year Ended June 30, 2022</u>	<u>Amount of Taxes Abated During Year Ended June 30, 2022</u>
<b><u>Toyota Boshoku Tennessee, LLC - Real Property</u></b> - Effective Year Beginning 2018 - Year Ending 2026. Abatement reduced an additional 10% each subsequent year.	50%	\$ 341,810.00
<b><u>Toyota Boshoku Tennessee, LLC - Tangible Personal Property</u></b> - Effective Year Beginning 2019 - Year Ending 2027 - Abatement reduced an additional 10% each subsequent year.	60%	\$ 35,478.00
<b><u>CTP Transportation Products, LLC - Real and Tangible Personal Property</u></b> - Effective Year Beginning 2009 - Year Ending 2028 - Abatement reduced an additional 10% each subsequent year.	70%	\$ 78,691.00
<b><u>Bobrick Drive Partners, LP (Real Property) &amp; Bobrick Washroom &amp; Equipment Incorporated (Tangible Personal Property)</u></b> - Effective Year Beginning 2020 - Year Ending 2024 - Abatement reduced an additional 20% each subsequent year.	70%	\$ 11,763.00
<b><u>Pringles Mfg. Co. - Tangible Personal Property # 1</u></b> - Effective Year Beginning 2001 (Restarted 2010) - Year Ending 2015 (for Restart) 2025 - Abatement remains 33.7% each year.	33.7%	\$ 12,760.00
<b><u>Pringles Mfg. Co. - Tangible Personal Property # 2</u></b> - Effective Year Beginning 2016 - Year Ending 2026 - Abatement reduced an additional 10% each subsequent year.	50%	\$ 171,074.00
<b><u>TBDN Tenn Co - Tangible Personal Property</u></b> - Effective Year Beginning 2017 - Year Ending 2021 - Abatement reduced an additional 40% each subsequent year.	10%	\$ 5,913.00



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 13. CHANGE IN REPORTING ENTITY:**

The City has determined the Grant Fund #1 CDBG, Grant Fund #2 HOME, and Community Development funds should be consolidated into one fund. The new Community Development fund has been determined to be a Special Revenue fund for the current fiscal year. The effects of these changes are as follows:

	<u>Proprietary Fund</u>		<u>Special Revenue Fund</u>	
	<u>Community Development</u>	<u>Grant Fund #1 CDBG</u>	<u>Grant Fund #2 HOME</u>	<u>Community Development</u>
Net position/Fund balance, as previously reported	\$ 763,469	\$ 96,795	\$ -	\$ -
Adjustments to roll into new Community Development fund	(763,469)	(96,795)	-	860,264
Net Position/Fund balance, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 860,264</u>

**NOTE 14. RESTATEMENT:**

The Jackson Transit Authority has determined restatements to beginning net position were required (1) to accrue all earned accrued sick leave to agree with the employees earned time as of year-end, (2) to write off uncollectible grants receivable from the City of Jackson which were previously funded with other revenues, (3) to write off unreconciled liabilities which were overstated for disbursements made and expensed without reducing the existing payroll liabilities, and (4) to increase the allowance for doubtful accounts for old receivables which were not identifiable by management. The effect of the restatements resulted in a change to beginning net position as follows:

Net position, as previously reported	\$ 5,619,106
Adjustment for accrued vacation	(218,802)
Adjustment for grants receivable	(81,731)
Adjustment for payroll liabilities	33,850
Adjustment for unidentifiable receivables	(61,908)
Net Position, governmental activities, as restated	<u>\$ 5,290,515</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF JACKSON, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND**  
**RELATED RATIOS BASED ON PARTICIPATION IN THE**  
**PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS**  
**LAST FISCAL YEAR ENDING JUNE 30**

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total Pension Liability</b>								
Service Cost	\$ 2,812,416	\$ 2,913,921	\$ 2,901,389	\$ 2,984,148	\$ 3,166,271	\$ 3,040,565	\$ 3,257,892	\$ 3,193,861
Interest	11,835,576	12,556,747	12,955,605	13,467,519	13,907,964	14,144,972	14,728,011	15,138,989
Change in Benefit Terms	-	-	-	-	-	-	-	-
Difference Between Actual & Expected Experience	2,414,505	(1,930,126)	(355,294)	563,063	(4,083,521)	784,320	(1,537,530)	(2,994,133)
Change in Assumptions	-	-	-	4,224,907	-	-	-	13,442,788
Benefit Payments, Including Refunds of Employee Contributions	(7,209,401)	(7,887,368)	(8,532,446)	(8,985,428)	(9,323,971)	(9,867,895)	(10,422,628)	(11,008,736)
<b>Net Change in Total Pension Liability</b>	9,853,096	5,653,174	6,969,254	12,254,209	3,666,743	8,101,962	6,025,745	17,772,769
<b>Total Pension Liability - Beginning</b>	<u>158,599,965</u>	<u>168,453,061</u>	<u>174,106,235</u>	<u>181,075,489</u>	<u>193,329,698</u>	<u>196,996,441</u>	<u>205,098,403</u>	<u>211,124,148</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 168,453,061</u>	<u>\$ 174,106,235</u>	<u>\$ 181,075,489</u>	<u>\$ 193,329,698</u>	<u>\$ 196,996,441</u>	<u>\$ 205,098,403</u>	<u>\$ 211,124,148</u>	<u>\$ 228,896,917</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 6,552,755	\$ 6,432,498	\$ 6,617,222	\$ 6,790,927	\$ 6,801,702	\$ 7,158,914	\$ 6,900,091	\$ 6,745,297
Contributions - Employee	-	3,130	388	-	-	471	-	-
Net Investment Income	21,401,369	4,604,343	4,041,409	17,484,095	14,057,502	13,456,937	9,473,868	50,695,337
Benefit Payments, Including Refunds of Employee Contributions	(7,209,401)	(7,887,368)	(8,532,446)	(8,985,428)	(9,323,971)	(9,867,895)	(10,422,628)	(11,008,736)
Administrative Expense	(33,628)	(37,025)	(56,020)	(64,160)	(71,099)	(68,229)	(66,532)	(64,617)
<b>Net Change in Plan Fiduciary Net Position</b>	20,711,095	3,115,578	2,070,553	15,225,434	11,464,134	10,680,198	5,884,799	46,367,281
<b>Plan Fiduciary Net Position - Beginning</b>	<u>129,529,496</u>	<u>150,240,589</u>	<u>153,356,167</u>	<u>155,426,720</u>	<u>170,652,154</u>	<u>182,116,288</u>	<u>192,796,486</u>	<u>198,681,285</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 150,240,591</u>	<u>\$ 153,356,167</u>	<u>\$ 155,426,720</u>	<u>\$ 170,652,154</u>	<u>\$ 182,116,288</u>	<u>\$ 192,796,486</u>	<u>\$ 198,681,285</u>	<u>\$ 245,048,566</u>
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	<u>\$ 18,212,470</u>	<u>\$ 20,750,068</u>	<u>\$ 25,648,769</u>	<u>\$ 22,677,544</u>	<u>\$ 14,880,153</u>	<u>\$ 12,301,917</u>	<u>\$ 12,442,863</u>	<u>\$ (16,151,649)</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	89.19%	88.08%	85.84%	88.27%	92.45%	94.00%	94.11%	107.06%
<b>Covered Payroll</b>	\$ 34,206,282	\$ 34,325,416	\$ 35,416,058	\$ 36,334,102	\$ 36,021,470	\$ 37,530,596	\$ 37,969,835	\$ 37,245,214
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	53.24%	60.45%	72.42%	62.41%	41.31%	32.78%	32.77%	-43.37%

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

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

**CITY OF JACKSON, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS – TCRS PLAN**  
Last Fiscal Year Ending June 30

---

**Notes to Schedule for TCRS Plan**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2020, actuarial valuation.

*Methods and Assumptions Used to Determine Contribution Rates:*

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed (Not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based upon age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including projections of mortality improvement using Scale MP-2020
Cost of Living Adjustments	2.125%

*Change of Assumptions:*

In 2017, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; decreased assumed increase in Social Security Wage Base from 3.00% to 2.75%; and modified mortality assumptions.

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN**  
**THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
**Last Fiscal Year Ending June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 6,432,498	\$ 6,617,222	\$ 6,790,927	\$ 6,801,702	\$ 7,149,006
Contributions in Relation to the					
Actuarially Determined Contribution	<u>6,432,498</u>	<u>6,617,222</u>	<u>6,790,927</u>	<u>6,801,702</u>	<u>7,149,006</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 34,206,282	\$ 34,325,416	\$ 35,416,058	\$ 36,334,102	\$ 36,021,470
Contributions as a Percentage of					
Covered Payroll	18.81%	19.28%	19.17%	18.72%	19.85%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
Actuarially Determined Contribution	\$ 6,841,322	\$ 6,900,091	\$ 6,725,978	\$ 6,977,947	
Contributions in Relation to the					
Actuarially Determined Contribution	<u>6,841,322</u>	<u>6,900,091</u>	<u>6,725,978</u>	<u>6,977,947</u>	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered Payroll	\$ 37,530,596	\$ 37,969,835	\$ 37,245,214	\$ 36,985,358	
Contributions as a Percentage of					
Covered Payroll	18.23%	18.17%	18.06%	18.87%	

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

**CITY OF JACKSON, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND**  
**RELATED RATIOS BASED ON PARTICIPATION IN THE**  
**CITY OF JACKSON, TENNESSEE PENSION PLAN**  
 Last Fiscal Year Ending June 30

	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total Pension Liability</b>								
Service Cost	\$ 266,292	\$ 240,196	\$ 206,174	\$ 206,174	\$ 158,262	\$ 93,000	\$ 90,874	\$ 57,349
Interest	-	-	-	-	-	-	-	-
Change in Benefit Terms	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or losses	-	(23,827)	(159,486)	-	(49,367)	39,500	-	-
Change in Assumptions	-	-	-	-	489,280	370,000	8,503	(222,653)
Difference Between Actual & Expected Experience Adjustments	386,166	166,523	372,397	-	(747,697)	-	(1,251,628)	34,201
Benefit Payments, Including Refunds of Employee Contributions	(650,034)	(606,568)	(573,432)	(590,316)	(483,133)	(500,120)	(399,578)	(363,772)
<b>Net Change in Total Pension Liability</b>	2,424	(223,676)	(204,347)	(384,142)	(632,655)	2,380	(1,551,829)	(494,875)
<b>Total Pension Liability - Beginning</b>	5,646,887	5,649,311	5,425,635	5,221,288	4,837,146	4,204,491	4,206,871	2,655,042
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 5,649,311</u>	<u>\$ 5,425,635</u>	<u>\$ 5,221,288</u>	<u>\$ 4,837,146</u>	<u>\$ 4,204,491</u>	<u>\$ 4,206,871</u>	<u>\$ 2,655,042</u>	<u>\$ 2,160,167</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 650,934	\$ 605,568	\$ 572,207	\$ 592,336	\$ 483,685	\$ 536,272	\$ 398,718	\$ 332,002
Net Investment Income	6	110	42	144	1,284	1,284	2	28
Benefit Payments, Including Refunds of Employee Contributions	(650,034)	(606,568)	(573,432)	(590,316)	(483,133)	(500,120)	(399,578)	(363,772)
Administrative Expense	-	-	-	-	1,831	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	906	(890)	(1,183)	2,164	3,667	37,436	(858)	(31,742)
<b>Plan Fiduciary Net Position - Beginning</b>	68,256	69,162	68,272	67,089	69,253	72,920	110,356	109,498
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 69,162</u>	<u>\$ 68,272</u>	<u>\$ 67,089</u>	<u>\$ 69,253</u>	<u>\$ 72,920</u>	<u>\$ 110,356</u>	<u>\$ 109,498</u>	<u>\$ 77,756</u>
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	<u>\$ 5,580,149</u>	<u>\$ 5,357,363</u>	<u>\$ 5,154,199</u>	<u>\$ 4,767,893</u>	<u>\$ 4,131,571</u>	<u>\$ 4,096,515</u>	<u>\$ 2,545,544</u>	<u>\$ 2,082,411</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	1.22%	1.26%	1.28%	1.43%	1.73%	2.62%	4.12%	3.60%
<b>Covered Payroll</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN**  
**THE CITY OF JACKSON, TENNESSEE PENSION PLAN**  
**Last Fiscal Year Ending June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 1,090,016	\$ 696,570	\$ 696,570	\$ 696,570	\$ 696,570
Contributions in Relation to the					
Actuarially Determined Contribution	<u>1,090,016</u>	<u>650,934</u>	<u>605,568</u>	<u>572,207</u>	<u>592,336</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 45,636</u>	<u>\$ 91,002</u>	<u>\$ 124,363</u>	<u>\$ 104,234</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of					
Covered Payroll	N/A	N/A	N/A	N/A	N/A
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
Actuarially Determined Contribution	\$ 492,227	\$ 492,227	\$ 451,133	\$ 279,722	
Contributions in Relation to the					
Actuarially Determined Contribution	<u>483,685</u>	<u>536,272</u>	<u>332,002</u>	<u>332,003</u>	
Contribution Deficiency (Excess)	<u>\$ 8,542</u>	<u>\$ (44,045)</u>	<u>\$ 119,131</u>	<u>\$ (52,281)</u>	
Covered Payroll	N/A	N/A	N/A	N/A	
Contributions as a Percentage of					
Covered Payroll	N/A	N/A	N/A	N/A	

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PENSION INVESTMENT RETURNS**  
**THE CITY OF JACKSON, TENNESSEE PENSION PLAN**  
**LAST FISCAL YEAR ENDING JUNE 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual money-weighted rate of return, net of investment expenses for the City's Plan	0.01%	0.01%	0.05%	0.13%	0.73%	1.60%	1.00%	0.00%	0.01%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.



**CITY OF JACKSON, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**  
**BASED ON PARTICIPATION IN THE CITY OF JACKSON OPEB PLAN**  
**Last Fiscal Year Ending June 30**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Total OPEB Liability (Asset)</b>					
Service Cost	\$ 485,720	\$ 488,202	\$ 636,939	\$ 849,991	\$ 904,427
Interest	465,787	497,801	466,235	469,121	465,284
Effect of economic /demographic gains or (losses)	-	-	5,117,982	-	-
Effect of assumption changes or inputs	(340,272)	149,283	2,399,079	102,274	(2,635,378)
Benefit Payments/Refunds	<u>(697,494)</u>	<u>(827,056)</u>	<u>(824,452)</u>	<u>(1,028,220)</u>	<u>(1,297,265)</u>
<b>Net Change in Total OPEB Liability (Asset)</b>	(86,259)	308,230	7,795,783	393,166	(2,562,932)
<b>Total OPEB Liability (Asset) - beginning</b>	<u>12,870,766</u>	<u>12,784,507</u>	<u>13,092,737</u>	<u>20,888,520</u>	<u>21,281,686</u>
<b>Total OPEB Liability (Asset) - ending</b>	<u>\$ 12,784,507</u>	<u>\$ 13,092,737</u>	<u>\$ 20,888,520</u>	<u>\$ 21,281,686</u>	<u>\$ 18,718,754</u>
<b>Covered Payroll</b>	\$ 36,334,102	\$ 36,334,102	\$ 36,021,470	\$ 36,021,470	\$ 36,021,470
<b>Total OPEB Liability (Asset) as a % of Covered Payroll</b>	35.19%	36.03%	57.99%	59.08%	51.97%

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

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

Note: There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## **Nonmajor Governmental Funds**

---

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Police Drug Fund – This fund is used to account for investigation of violations and controlled substance laws and is funded primarily from the receipt of fines and costs related to drug enforcement cases, as dictated by state statute.

Metro Drug Fund – This fund is used to account for investigation of violations and controlled substance laws and is funded primarily from the receipt of fines and costs related to drug enforcement cases, as dictated by state statute.

Community development - 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.

### **Debt Service Fund**

Community Redevelopment – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

**CITY OF JACKSON, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	Special Revenue Funds			Debt Service	Totals
	Police Drug	Metro Drug	Community Development	Community Redevelopment	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 146,727	\$ 578,765	\$ 178,358	\$ -	\$ 903,850
Receivables					
Grants	-	-	242,322	-	242,322
Court fines (net of allowance)	7,590	5,511	-	-	13,101
Notes (net of allowance)	-	-	468,716	-	468,716
Prepaid items	-	-	1,087	-	1,087
Other	-	-	9,118	-	9,118
<b>Total Assets</b>	<b>154,317</b>	<b>584,276</b>	<b>899,601</b>	<b>-</b>	<b>1,638,194</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	45,450	285,717	24,688	-	355,855
<b>Total Liabilities</b>	<b>45,450</b>	<b>285,717</b>	<b>24,688</b>	<b>-</b>	<b>355,855</b>
<b>DEFERRED INFLOWS</b>					
Unavailable - court fines	7,590	5,511	-	-	13,101
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	-	-	1,087	-	1,087
Land held	-	-	9,118	-	9,118
Restricted	101,277	293,048	864,708	-	1,259,033
<b>Total Fund Balances</b>	<b>101,277</b>	<b>293,048</b>	<b>874,913</b>	<b>-</b>	<b>1,269,238</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 154,317</b>	<b>\$ 584,276</b>	<b>\$ 899,601</b>	<b>\$ -</b>	<b>\$ 1,638,194</b>

**CITY OF JACKSON, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds			Debt Service	Total
	Police Drug	Metro Drug	Community Development	Community Redevelopment	Nonmajor Governmental Funds
<b>REVENUES</b>					
Fines, interest and penalties	\$ 14,091	\$ 12,055	\$ -	\$ -	\$ 26,146
Intergovernmental	-	-	1,269,013	-	1,269,013
Sales and service charges	50,035	66,891	-	-	116,926
Interest income	280	1,177	500	50,000	51,957
Other	-	32,594	32,905	-	65,499
<b>Total Revenues</b>	<b>64,406</b>	<b>112,717</b>	<b>1,302,418</b>	<b>50,000</b>	<b>1,529,541</b>
<b>EXPENDITURES</b>					
Current					
Public safety	17,965	97,516	-	-	115,481
Public welfare and community services	-	-	1,046,492	-	1,046,492
Capital Outlay					
Public Safety	74,913	156,458	-	-	231,371
Debt Service					
Principal	-	-	-	212,000	212,000
Interest	-	-	-	79,277	79,277
<b>Total Expenditures</b>	<b>92,878</b>	<b>253,974</b>	<b>1,046,492</b>	<b>291,277</b>	<b>1,684,621</b>
Excess (Deficiency) of Revenues over Expenditures	(28,472)	(141,257)	255,926	(241,277)	(155,080)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	241,277	241,277
Transfers out	-	-	(241,277)	-	(241,277)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(241,277)</b>	<b>241,277</b>	<b>-</b>
Net Change in Fund Balances	(28,472)	(141,257)	14,649	-	(155,080)
Fund Balance - Beginning, restated	129,749	434,305	860,264	-	1,424,318
<b>Fund Balance - Ending</b>	<b>\$ 101,277</b>	<b>\$ 293,048</b>	<b>\$ 874,913</b>	<b>\$ -</b>	<b>\$ 1,269,238</b>

**CITY OF JACKSON, TENNESSEE**  
**POLICE DRUG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines, interest and penalties	\$ 15,000	\$ 15,000	\$ 14,091	\$ (909)
Sales and service charges	5,000	5,000	50,035	45,035
Interest income	2,000	2,000	280	(1,720)
Total Revenues	<u>22,000</u>	<u>22,000</u>	<u>64,406</u>	<u>42,406</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	42,500	42,500	17,965	(24,535)
Capital outlay	80,000	80,000	74,913	(5,087)
Total Expenditures	<u>122,500</u>	<u>122,500</u>	<u>92,878</u>	<u>(29,622)</u>
Net Change in Fund Balances	<u>\$ (100,500)</u>	<u>\$ (100,500)</u>	(28,472)	<u>\$ 72,028</u>
Fund Balance - Beginning			<u>129,749</u>	
Fund Balance - Ending			<u>\$ 101,277</u>	

**CITY OF JACKSON, TENNESSEE**  
**METRO DRUG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Fines, interest and penalties	\$ 15,500	\$ 15,500	\$ 12,055	\$ (3,445)
Sales and service charges	100,500	100,500	66,891	(33,609)
Interest income	6,000	6,000	1,177	(4,823)
Other	1,500	1,500	32,594	31,094
Total revenues	<u>123,500</u>	<u>123,500</u>	<u>112,717</u>	<u>(10,783)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	105,000	105,000	97,516	(7,484)
Capital outlay	155,000	155,000	156,458	1,458
Total expenditures	<u>260,000</u>	<u>260,000</u>	<u>253,974</u>	<u>(6,026)</u>
Net Change in Fund Balances	<u>\$ (136,500)</u>	<u>\$ (136,500)</u>	(141,257)	<u>\$ (4,757)</u>
Fund Balance - Beginning			<u>434,305</u>	
Fund Balance - Ending			<u>\$ 293,048</u>	

**CITY OF JACKSON, TENNESSEE**  
**COMMUNITY DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ 500	\$ 500
Intergovernmental	-	-	1,269,013	1,269,013
Other	4,000	4,000	32,905	28,905
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>1,302,418</u>	<u>1,298,418</u>
<b>EXPENDITURES</b>				
Current:				
Public welfare and community services	-	-	1,046,492	(1,046,492)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,046,492</u>	<u>(1,046,492)</u>
Excess of Revenues over Expenditures	4,000	4,000	255,926	251,926
<b>OTHER FINANCING USES</b>				
Transfer to other funds	-	-	(241,277)	(241,277)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(241,277)</u>	<u>(241,277)</u>
Net Change in Fund Balances	<u>\$ 4,000</u>	<u>\$ 4,000</u>	14,649	<u>\$ 10,649</u>
Fund Balance - Beginning			<u>860,264</u>	
Fund Balance - Ending			<u>\$ 874,913</u>	



**CITY OF JACKSON, TENNESSEE**  
**COMMUNITY REDEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>EXPENDITURES</b>				
Principal payments	212,000	212,000	212,000	-
Interest expense	<u>79,277</u>	<u>79,277</u>	<u>79,277</u>	<u>-</u>
Total expenditures	<u>291,277</u>	<u>291,277</u>	<u>291,277</u>	<u>-</u>
Deficiency of revenues over expenditures	(241,277)	(241,277)	(241,277)	-
<b>OTHER FINANCING SOURCES</b>				
Transfer from other funds	<u>241,277</u>	<u>241,277</u>	<u>241,277</u>	<u>-</u>
Total other financing sources	<u>241,277</u>	<u>241,277</u>	<u>241,277</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning			<u>-</u>	
Fund Balance - Ending			<u>\$ -</u>	

**CITY OF JACKSON, TENNESSEE**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property tax	\$ 9,925,086	\$ 9,925,086	\$ 10,397,701	\$ 472,615
Tax equivalents	1,575,197	1,575,197	1,743,882	168,685
Total taxes	<u>11,500,283</u>	<u>11,500,283</u>	<u>12,141,583</u>	<u>641,300</u>
Interest	2,777	2,777	18,140	15,363
Contributions	-	-	227,000	227,000
Intergovernmental:				
State of Tennessee	21,543	21,543	30,174	8,631
Madison County	996	996	3,182	2,186
Total intergovernmental	<u>22,539</u>	<u>22,539</u>	<u>33,356</u>	<u>10,817</u>
Total revenues	<u>11,525,599</u>	<u>11,525,599</u>	<u>12,420,079</u>	<u>894,480</u>
<b>EXPENDITURES</b>				
Intergovernmental expenditures	-	-	11,927,881	(11,927,881)
Debt service				
Principal	8,777,861	8,777,861	8,672,776	105,085
Interest and fiscal charges	2,897,854	2,897,854	3,201,414	(303,560)
Total expenditures	<u>11,675,715</u>	<u>11,675,715</u>	<u>23,802,071</u>	<u>(12,126,356)</u>
Deficiency of Revenues over Expenditures	(150,116)	(150,116)	(11,381,992)	(11,231,876)
<b>OTHER FINANCING SOURCES</b>				
Lease Issuance	-	-	11,927,881	11,927,881
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>11,927,881</u>	<u>11,927,881</u>
Net Change in Fund Balances	<u>\$ (150,116)</u>	<u>\$ (150,116)</u>	<u>\$ 545,889</u>	<u>\$ 696,005</u>
Fund Balance - Beginning			<u>854,125</u>	
Fund Balance - Ending			<u>\$ 1,400,014</u>	

**CITY OF JACKSON, TENNESSEE**  
**CAPITAL OUTLAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 5,438,500	\$ 5,438,500	\$ 2,314,593	\$ (3,123,907)
Interest	-	-	16,433	16,433
Other	-	-	3,117,393	3,117,393
<b>Total revenues</b>	<b>5,438,500</b>	<b>5,438,500</b>	<b>5,448,419</b>	<b>9,919</b>
<b>EXPENDITURES</b>				
General Government:				
Office of mayor/city council	-	-	-	-
Animal Care Center	-	-	500	500
Homeless shelter	1,450,000	1,450,000	2,703	(1,447,297)
Municipal court building	-	-	-	-
Municipal building (Main/Liberty)	-	-	-	-
<b>Total general government</b>	<b>1,450,000</b>	<b>1,450,000</b>	<b>3,203</b>	<b>(1,446,797)</b>
Public Safety:				
Police Administration	6,130	6,130	3,885	(2,245)
Bulletproof vest	6,453	6,453	6,216	(237)
CESF-JAG	79,538	79,538	79,538	-
K-9 capital expense	12,400	12,400	-	(12,400)
Police vehicles	1,290,631	1,290,631	1,017,264	(273,367)
Patrol	106,419	106,419	10,220	(96,199)
Police tactical unit	46,750	46,750	-	(46,750)
Gang control	4,868	4,868	-	(4,868)
Fire Dept buildings/operations	1,461,615	1,461,615	1,459,239	(2,376)
<b>Total Public Safety</b>	<b>3,014,804</b>	<b>3,014,804</b>	<b>2,576,362</b>	<b>(438,442)</b>
Public Works:				
Street resurfacing	5,690,208	5,690,208	3,087,667	(2,602,541)
Street construction	146,994	146,994	-	(146,994)
US 45 bypass southern extension	3,155,024	3,155,024	1,625,959	(1,529,065)
Street maintenance	-	-	149,807	149,807
Traffic signalization	17,241	17,241	-	(17,241)
Stormwater operations	305,738	305,738	-	(305,738)
<b>Total Public Works</b>	<b>9,315,205</b>	<b>9,315,205</b>	<b>4,863,433</b>	<b>(4,451,772)</b>

(Continued)

**CITY OF JACKSON, TENNESSEE**  
**CAPITAL OUTLAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Public welfare and community services:				
West Jackson Playground	151,045	151,045	154,590	3,545
Groundskeeping	28,650	28,650	56,700	28,050
Municipal maintenance	27,459	27,459	37,959	10,500
Total public welfare and community services	<u>207,154</u>	<u>207,154</u>	<u>249,249</u>	<u>42,095</u>
Other	<u>528,795</u>	<u>528,795</u>	<u>232,761</u>	<u>(296,034)</u>
Capital outlay				
Purchase of land	<u>5,661,436</u>	<u>5,661,436</u>	<u>-</u>	<u>(5,661,436)</u>
Total Expenditures	<u>20,177,394</u>	<u>20,177,394</u>	<u>7,925,008</u>	<u>(12,252,386)</u>
Excess (deficiency) of Revenues over (under) Expenditures	(14,738,894)	(14,738,894)	(2,476,589)	12,262,305
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,796,436	9,796,436	9,693,131	(103,305)
Proceeds from disposal of capital assets	8,748,689	8,748,689	395	(8,748,294)
Issuance of lease	1,461,615	1,461,615	-	(1,461,615)
Total Other Financing Sources (Uses)	<u>20,006,740</u>	<u>20,006,740</u>	<u>9,693,526</u>	<u>(10,313,214)</u>
Net Change in Fund Balances	<u>\$ 5,267,846</u>	<u>\$ 5,267,846</u>	7,216,937	<u>\$ 1,949,091</u>
Fund Balance - Beginning			<u>4,460,234</u>	
Fund Balance - Ending			<u>\$ 11,677,171</u>	

**OTHER SUPPLEMENTARY  
INFORMATION**

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2021	Issued During Period	Paid During Period	Refunded During Period	Outstanding June 30, 2022
<b>GOVERNMENTAL ACTIVITIES:</b>									
General Obligation Bonds Payable:									
Series 2019A General Obligation Refunding Bonds	\$ 58,510,000	1.71%	10/29/2019	6/30/2038	\$ 51,020,000	\$ -	\$ 7,105,000	\$ -	\$ 43,915,000
Series 2019 General Obligation Bonds	5,075,000	1.71%	10/29/2019	6/30/2039	4,905,000	-	180,000	-	4,725,000
Total General Obligation Bonds Payable					<u>55,925,000</u>		<u>7,285,000</u>		<u>48,640,000</u>
Notes Payable:									
JMCGH district	650,000	0.00%	8/5/2009	8/5/2023	150,000	-	50,000	-	100,000
Department of Housing & Urban Development, Section 108	3,165,000	3.56%	8/1/2011	8/1/2030	1,975,000	-	162,000	-	1,813,000
Capital Outlay Note, Series 2014	500,000	2.75%	6/9/2014	7/9/2022	125,000	-	62,500	-	62,500
Capital Outlay Note, Series 2016	2,400,000	2.45%	9/28/2016	9/1/2028	1,600,000	-	200,000	-	1,400,000
Capital Outlay Note, Series 2017	1,700,000	2.65%	12/28/2017	12/1/2025	1,062,500	-	212,500	-	850,000
Capital Outlay Note, Series 2021	1,759,152	1.38%	3/29/2021	3/31/2026	1,759,152	-	342,152	-	1,417,000
Total Notes Payable					<u>6,671,652</u>		<u>1,029,152</u>		<u>5,642,500</u>
Financed purchase	4,997,624	2.60%	10/26/2020	10/26/2030	4,997,624	-	444,039	-	4,553,585
Madison School lease	11,927,881	3.00%	3/26/2020	10/1/2042	11,927,881	-	126,585	-	11,801,296
Total Governmental Activities Long-term Debt					<u>\$ 79,522,157</u>	<u>\$ -</u>	<u>\$ 8,884,776</u>	<u>\$ -</u>	<u>\$ 70,637,381</u>
Total City Long-term Debt					<u>\$ 79,522,157</u>	<u>\$ -</u>	<u>\$ 8,884,776</u>	<u>\$ -</u>	<u>\$ 70,637,381</u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF CHANGES IN LEASE OBLIGATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2021	Issued During Period	Paid During Period	Refunded During Period	Outstanding June 30, 2022
<b>Leases</b>									
Madison School lease	\$ 11,927,881	3.00%	3/26/2020	10/1/2042	\$ 11,927,881	-	\$ 126,585	-	\$ 11,801,296
Total Governmental Activities Long-term Debt					\$ 11,927,881	\$ -	\$ 126,585	\$ -	\$ 11,801,296
Total City Long-term Debt					\$ 11,927,881	\$ -	\$ 126,585	\$ -	\$ 11,801,296

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**SERIES 2019 GENERAL OBLIGATION BONDS**  
**ISSUED OCTOBER 29, 2019**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 190,000	\$ 209,800	\$ 399,800
2024	200,000	200,300	400,300
2025	205,000	190,300	395,300
2026	220,000	180,050	400,050
2027	230,000	169,050	399,050
2028	240,000	157,550	397,550
2029	250,000	145,550	395,550
2030	265,000	133,050	398,050
2031	280,000	119,800	399,800
2032	290,000	105,800	395,800
2033	305,000	94,200	399,200
2034	315,000	82,000	397,000
2035	330,000	69,400	399,400
2036	340,000	56,200	396,200
2037	355,000	42,600	397,600
2038	370,000	28,400	398,400
2039	340,000	13,600	353,600
	<u>\$ 4,725,000</u>	<u>\$ 1,997,650</u>	<u>\$ 6,722,650</u>



**CITY OF JACKSON, TENNESSEE**  
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
 SERIES 2019A GENERAL OBLIGATION REFUNDING BONDS  
 ISSUED OCTOBER 29, 2019  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 7,440,000	\$ 2,099,100	\$ 9,539,100
2024	8,335,000	1,727,100	10,062,100
2025	2,760,000	1,310,350	4,070,350
2026	2,865,000	1,172,350	4,037,350
2027	3,800,000	1,029,100	4,829,100
2028	2,145,000	839,100	2,984,100
2029	2,220,000	731,850	2,951,850
2030	2,300,000	620,850	2,920,850
2031	2,385,000	505,850	2,890,850
2032	2,465,000	386,600	2,851,600
2033	2,540,000	288,000	2,828,000
2034	1,480,000	186,400	1,666,400
2035	1,525,000	127,200	1,652,200
2036	530,000	66,200	596,200
2037	550,000	45,000	595,000
2038	575,000	23,000	598,000
	<u>\$ 43,915,000</u>	<u>11,158,050</u>	<u>55,073,050</u>

**CITY OF JACKSON, TENNESSEE**  
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
 HOUSING AND URBAN DEVELOPMENT SECTION 108 LOAN  
 ISSUED AUGUST 1, 2011  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 169,000	\$ 61,510	\$ 230,510
2024	176,000	55,368	231,368
2025	184,000	49,102	233,102
2026	192,000	42,264	234,264
2027	200,000	35,286	235,286
2028	209,000	28,004	237,004
2029	218,000	20,469	238,469
2030	227,000	12,480	239,480
2031	238,000	4,202	242,202
	<u>\$ 1,813,000</u>	<u>\$ 308,685</u>	<u>\$ 2,121,685</u>

**CITY OF JACKSON, TENNESSEE**  
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
 GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2014  
 ISSUED JUNE 9, 2014  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 62,500	\$ 1,716	\$ 64,216
	<u>\$ 62,500</u>	<u>\$ 1,716</u>	<u>\$ 64,216</u>

**CITY OF JACKSON, TENNESSEE**  
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
 GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2016  
 ISSUED SEPTEMBER 28, 2016  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 200,000	\$ 43,750	\$ 243,750
2024	200,000	37,400	237,400
2025	200,000	30,950	230,950
2026	200,000	24,350	224,350
2027	200,000	17,550	217,550
2028	200,000	10,600	210,600
2029	200,000	3,550	203,550
	<u>\$ 1,400,000</u>	<u>\$ 168,150</u>	<u>\$ 1,568,150</u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2017**  
**ISSUED DECEMBER 28, 2017**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 212,500	\$ 19,709	\$ 232,209
2024	212,500	14,078	226,578
2025	212,500	8,447	220,947
2026	212,500	2,816	215,316
	<u>\$ 850,000</u>	<u>\$ 45,050</u>	<u>\$ 895,050</u>

**CITY OF JACKSON, TENNESSEE**  
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
 GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2021  
 ISSUED MARCH 29, 2021  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 347,000	\$ 19,555	\$ 366,555
2024	352,000	14,766	366,766
2025	357,000	9,908	366,908
2026	361,000	4,982	365,982
	<u>\$ 1,417,000</u>	<u>\$ 49,211</u>	<u>\$ 1,466,211</u>

**CITY OF JACKSON, TENNESSEE**  
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
 JACKSON-MADISON COUNTY GENERAL HOSPITAL DISTRICT NOTE PAYABLE  
 ISSUED AUGUST 5, 2009  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 50,000	\$ -	\$ 50,000
2024	50,000	-	50,000
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**FINANCED PURCHASE LEASE TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**PNC EQUIPMENT FINANCE, LLC FINANCED PURCHASE LEASE**  
**ISSUED OCTOBER 26, 2020**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 455,584	\$ 118,393	\$ 573,977
2024	467,429	106,548	573,977
2025	479,582	94,395	573,977
2026	492,051	81,926	573,977
2027	504,845	69,132	573,977
2028	517,970	56,006	573,976
2029	531,438	42,539	573,977
2030	545,255	28,722	573,977
2031	559,431	14,545	573,976
	<u>\$ 4,553,585</u>	<u>\$ 612,206</u>	<u>\$ 5,165,791</u>



**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**FINANCED PURCHASE LEASE TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**PNC EQUIPMENT FINANCE, LLC FINANCED PURCHASE LEASE**  
**ISSUED OCTOBER 26, 2020**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 195,494	\$ 437,482	\$ 632,976
2024	202,447	430,529	632,976
2025	209,648	423,328	632,976
2026	217,104	415,872	632,976
2027	224,826	408,150	632,976
2028	232,823	400,153	632,976
2029	456,489	357,017	813,506
2030	633,159	270,613	903,772
2031	652,417	251,355	903,772
2032	672,261	231,511	903,772
2033	692,708	211,064	903,772
2034	713,777	189,995	903,772
2035	735,488	168,284	903,772
2036	757,858	145,914	903,772
2037	780,909	122,863	903,772
2038	804,662	99,110	903,772
2039	829,136	74,636	903,772
2040	854,355	49,417	903,772
2041	880,341	23,431	903,772
2042	302,008	1,890	303,898
	<u>\$ 11,047,910</u>	<u>\$ 4,712,614</u>	<u>\$ 15,760,524</u>

**CITY OF JACKSON, TENNESSEE**  
SCHEDULE OF TRANSFERS  
JUNE 30, 2022

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
Community Development	Community Redevelopment	<u>\$ 241,277</u>
General Fund	Capital Outlay Fund	<u>\$ 9,693,131</u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Year of Levy	Balance 6/30/2021	Taxes Levied	Collections & Adjustments	Balance 6/30/2022
2021	\$ -	\$ 34,241,547	(33,545,102)	696,445
2020	735,510	-	(562,246)	173,264
2019	253,482	-	(157,135)	96,347
2018	180,660	-	(70,365)	110,295
2017	104,795	-	(38,303)	66,492
2016	158,302	-	(31,217)	127,085
2015	163,810	-	(18,184)	145,626
2014	143,135	-	(13,564)	129,571
2013	176,936	-	(12,724)	164,212
2012 and prior	532,303	-	(148)	532,155
	<u>\$ 2,448,933</u>	<u>\$ 34,241,547</u>	<u>\$ (34,448,988)</u>	<u>2,241,492</u>
			Estimated 2022 tax levy	34,928,087
			Less allowance	<u>(1,488,296)</u>
			Net taxes receivable	<u>\$ 35,681,283</u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF TAX RATES AND ASSESSMENTS**  
**LAST TEN YEARS**

<u>Year of Levy</u>	<u>Tax Rate</u>	<u>Assessed Valuation</u>
2021	1.96	\$ 1,733,614,196
2020	1.96	1,749,619,038
2019	1.96	1,711,522,294
2018	1.96	1,719,467,687
2017	1.96	1,603,308,247
2016	1.96	1,564,300,034
2015	1.96	1,564,832,429
2014	1.97	1,532,815,538
2013	1.97	1,532,815,538
2012	1.97	1,482,624,991

\* Per \$100 of assessed valuation.

**COMPLIANCE  
SECTION**



CPAs & ADVISORS

**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***

---

**The Honorable Mayor and Members  
of the City Council of the  
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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 16, 2023. Our report includes a reference to other auditors who audited the financial statement for the Jackson Energy Authority and the Jackson Community Redevelopment Agency, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or on compliance and other matters that are reported separately by those auditors.

**Report on 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be material weaknesses.

---

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2022-003 to be a significant deficiency.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we and the other auditors 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 financial statements. 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 other auditors, disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **City's Responses to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the responses.

#### **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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Chattanooga, Tennessee

May 16, 2023



CPAs & ADVISORS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

---

**The Honorable Mayor and Members  
of the City Council of the  
City of Jackson, Tennessee**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Jackson, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. 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.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.



---

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Mauldin & Jenkins, LLC*

Chattanooga, Tennessee

May 16, 2023

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal Agency/Pass-through Agency/ Program or Cluster Title	Assistance Listing	Pass-through entity Identifying Number	Expenditures
<b>FEDERAL AWARDS</b>			
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
Direct Program:			
<i>CDBG Entitlement Grants Cluster:</i>			
COVID 19 - Community Development Block Grant-CV	14.218	B20-MW-47-0011	\$ 19,512
Community Development Block Grant	14.218	B20-MC-47-0011	637,361
<i>Total CDBG Entitlement Grants Cluster</i>			<u>656,873</u>
<i>HOME Investment Partnership Cluster:</i>			
HOME Investment Partnership Program	14.239	M20-MC-47-0207	411,202
<i>Total HOME Investment Partnership Cluster</i>			<u>411,202</u>
Total U.S. Department of Housing and Urban Development			<u>1,068,075</u>
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
Pass-through State of Tennessee:			
<i>Violence Against Women Office:</i>			
Violence Against Women Formula Grants (STOP)	16.588	35603	90,305
<i>Total Violence Against Women Formula Grants</i>			<u>90,305</u>
<i>Safe Hope Center Navigator:</i>			
Safe Hope Center Formula Grants (VOCA)	16.575	41658	56,553
<i>Total Safe Hope Center Navigator</i>			<u>56,553</u>
<i>Edward Byrne Memorial Justice Assistance Grant Program:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0711	834
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01846-JAGX	45,540
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-VD-BX-1505	23,197
Edward Byrne Memorial Justice Assistance Grant Program (GRIT)	16.738	2019-GP-BX-0014	79,538
<i>Total Edward Byrne Justice Assistance Grant Program</i>			<u>149,109</u>
Bulletproof Vest Partnership Program	16.607	2020	3,938
CESF - JAG	16.034	43966	79,538
Total U.S. Department of Justice			<u>379,443</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
Pass-through State of Tennessee:			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction Bypass	20.205	HPP-NHE-1(225)	1,413,148
MPO SPR	20.205	40100-09718	26,281
MPO PL	20.205	40100-02519	78,481
<i>Total Highway Planning and Construction Cluster</i>			<u>1,517,910</u>
<i>National Priority Safety Programs Cluster</i>			
Alcohol Open Container Requirements Act	20.616	Z-20-THS-118	4,068
Alcohol Open Container Requirements Act	20.616	Z-21-THS-139	9,463
<i>Total National Priority Safety Programs Cluster</i>			<u>13,531</u>
<i>Total Highway Planning and Construction Cluster</i>			<u>1,531,441</u>
<b>U.S. DEPARTMENT OF TREASURY:</b>			
Equitable Sharing	21.016	TN0570100	105,076
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,653,576
Total U.S. Department of the Treasury			<u>1,758,652</u>
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 4,737,611</b>

*continued*

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal Agency/Pass-through Agency/ Program or Cluster Title	Assistance Listing	Pass-through entity Identifying Number	Expenditures
<b>STATE AWARDS</b>			
<b>TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>			
Tennessee Valley Association JEA	n/a	15263	\$ 36,701
Tennessee Valley Association Invest Prep	n/a	13641	3,514
Site Development	n/a	12979	<u>74,612</u>
<i>Total Tennessee Department of Economic and Community Development</i>			<u><u>114,827</u></u>
<b>TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES</b>			
Drug Court	n/a	66604	<u>79,865</u>
<i>Total Department of Mental Health and Substance Abuse Services</i>			<u><u>79,865</u></u>
<b>TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION</b>			
Local Governor Discretionary Grant	n/a	n/a	<u>750,125</u>
<i>Total Department of Finance and Administration</i>			<u><u>750,125</u></u>
<b>TENNESSEE DEPARTMENT OF AGRICULTURE</b>			
AG Growth Initiative	n/a	72154	<u>2,500</u>
<i>Total Department of Agriculture</i>			<u><u>2,500</u></u>
<b>TOTAL STATE AWARDS</b>			<u><u>\$ 947,317</u></u>

**CITY OF JACKSON, TENNESSEE**  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE A: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Jackson, Tennessee under programs of the federal government for the fiscal year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule represents only a selected portion of the operations of the City, is it not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE C: INDIRECT COST RATE**

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

---

SECTION I  
SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued on whether financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?  yes  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
20.205	Highway Planning and Construction Cluster

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

Auditee qualified as low-risk auditee?  yes  no

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

---

SECTION II  
FINANCIAL STATEMENT FINDINGS

**2022-001 Revenue Recognition and Related Receivables**

**Criteria:** Generally accepted accounting principles require revenues to be recognized in the accounting period in which they are earned for exchange transactions and when the eligibility requirements of non-exchange transactions have been met, and funds are measureable and available.

**Condition:** During fiscal year 2022, several audit adjustments were required to correct the timing of the recognition of certain revenues.

**Context:** The following adjustments were required to correct the reporting of revenues as follows:

- American Rescue Plan (ARP) revenues which were transferred from the General Fund to the Grant Fund were originally reported as a move of fund balance, but were never part of fund balance as the prior year collections were unearned until expended in the June 30, 2022 fiscal year. As such, adjustments to correct fund balance and show interfund transfers of approximately \$1,653,000 and an adjustment of approximately \$5,193,000 was required to move the cash and unearned revenues from the General Fund to the Grants Fund.
- Two months of garbage collection revenue estimates were not reversed when actual revenue was received. An adjustment of approximately \$1,280,000 was made in the Solid Waste fund to reduce revenues and the corresponding accounts receivable.
- An adjustment of approximately \$477,000 was required to remove budgeted use of Solid Waste Fund's fund balance which was incorrectly posted as an actual adjustment to fund balance, creating a revenue in the current year trial balance.
- An adjustment of approximately \$386,000 was recorded in the Solid Waste Fund to increase receivables and revenues for Jackson Energy Authority payments for June usage.
- Additionally, in the Solid Waste Fund an adjustment of approximately \$270,000 was made to adjust garbage collection revenue and the related receivables to their supported balance as the monthly reconciliation of the subledger to the general ledger was not properly reconciling the unknown differences.
- Adjustments were required in the Community Development Fund to properly reconcile the general ledger balances to agree with the subledger balances. The management of the loan program is administered outside of the finance department and annual reconciliation of the subledger balances with the general ledger balances was not occurring. As a result, an adjustment of approximately \$48,000 was made in the Community Development Fund.
- An adjustment in the Debt Service Fund was required for \$227,000 to report revenues for current year contributions for the new school lease space. The cash was recorded but the offset was shown as a credit in the expenditure account, rather than a revenue for the City.

**Effect:** Adjustments of approximately \$9,534,000 were required to correct the revenues and related receivables were required during the audit.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

---

SECTION II  
FINANCIAL STATEMENT FINDINGS (CONTINUED)

**2022-001 Revenue Recognition and Related Receivables (Continued)**

**Cause:** The City is not properly reconciling the receivable subsidiary ledgers to the general ledger on a monthly basis. This has created several differences which were not timely addressed in the year or the fiscal year closeout procedures. Additionally, the lack of understanding of the unique accounting for the ARP transactions resulted in the City incorrectly adjusting the opening fund balance, though there was no prior amounts captured in prior year revenues, thus nothing in fund balance.

**Recommendation:** We recommend management carefully review all year-end balances of accrued revenues and consider applicable accounting guidance based on transaction type (exchange and non-exchange transactions) to ensure revenues are properly valued and reported in the proper period.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the finding. We will implement the necessary controls and procedures to ensure that revenues and receivables are properly identified, recorded, and reconciled in a timely manner and ensure that all transactions are being properly recognized during the correct period.



CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

---

SECTION II  
FINANCIAL STATEMENT FINDINGS

2022-002 Expenditure/Expense and Related Liabilities

**Criteria:** Generally, expenditures/expenses should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows in accordance with generally accepted accounting principles (GAAP).

**Condition:** Misstatements were detected in the reporting of the City's expenditures/expenses and the related Statement of Net Position/Balance Sheet accounts.

**Context/Cause:** Audit adjustments were required to properly report the City's expenditures/expenses and related liability accounts as follows:

- In the Capital Outlay Fund, the City had previously reported prepaid expenditures as of June 30, 2021 for deposits expended on a future capital asset. Upon delivery of the asset in the June 30, 2022 fiscal year, the City incorrectly reported an additional outlay, rather than relieving the previously reported expenditures. As such, an adjustment of approximately \$1,459,000 was required to reduce the balance sheet assets and revenues reported in the current year.
- During the current year, the City purchased land with the purpose of the purchase being for development purposes. As such, the land should be reported as an asset on the balance sheet until the land is sold. During the year, the City sold a portion of the land and as such, adjustments of \$5,654,000 were required to show the net sales effect of the transaction.
- An adjustment of approximately \$326,00 was made to adjust for utility expenditures that were erroneously booked as receivables by the City.
- An adjustment of approximately \$26,000 was required to post prior year audit adjustments to the Landfill Fund which were not reflected in the general ledger.

**Effects:** Audit adjustments totaling approximately \$7,440,000 were required to correctly report the City's expenditures/expenses and related liabilities in accordance with GAAP.

**Recommendation:** We recommend the City carefully review all expenditures/expenses and related liability accounts to ensure they are reported in the proper reporting period and in accordance with generally accepted accounting principles.

**Auditee's Response:** We concur with the finding. We will take necessary steps in the future to ensure that expenditures/expenses and their related liabilities are properly recorded.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

---

SECTION II  
FINANCIAL STATEMENT FINDINGS

2022-003 Segregation of Duties

**Criteria:** Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

**Condition:** The City does not have a current review of the bank reconciliations and documented approval.

**Context/Cause:** Although the small size of the City's staff limits the segregation of duties, it is important that incompatible duties be assigned to different individuals and/or compensating controls implemented. One employee should not have access to both physical assets and the related accounting records, or to all phases of a transaction.

**Effects:** Failure to properly segregate duties or implement compensating controls can lead to misappropriation of funds or abuse of the system that is not detected in a timely manner by employees in the normal course of performing their assigned functions.

**Recommendation:** We recommend the City segregate duties and/or implement compensating controls in the key area noted above.

**Auditee's Response:** We will continue to review our operations to determine the most efficient and effective solution to properly segregate duties.

**CITY OF JACKSON, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**None noted.**

CITY OF JACKSON, TENNESSEE

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

---

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status/Current Year Finding</b>
2021-001	Revenue Recognition and Related Receivables (Material Weakness)	Repeat – see 2022-001
2021-002	Expenditure/Expense and Related Liabilities (Material Weakness)	Repeat – see 2022-002
2021-003	Capital Asset Accounting and Reporting (Material Weakness)	Resolved in 2022
2021-004	General Ledger Maintenance (Material Weakness)	Resolved in 2022
2021-005	Investigative Report – State of Tennessee Comptroller of the Treasury (Material Weakness)	Resolved in 2022
2021-006	Segregation of Duties (Significant Deficiency)	Repeat – See 2022-003

Bobby Arnold  
101 E. Main St., STE 203  
Jackson, Tennessee 38301



Telephone: 731-425-8278  
Email: barnoid@jacksontn.gov

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**2022-001 Revenue Recognition and Related Receivables**

**Contact Person Responsible for the Corrective Action Plan:** Bobby Arnold, City Recorder

**Signature:** \_\_\_\_\_

**Corrective Action Plan:** The City is planning to make the necessary changes to properly review the revenues reported throughout the year.

**Anticipated Completion Date:** June 30, 2023

**2022-002 Expenditures / Expenses and Related Liability Accounts**

**Contact Person Responsible for the Corrective Action Plan:** Bobby Arnold, City Recorder

**Signature:** \_\_\_\_\_

**Corrective Action Plan:** The City is planning to make the necessary changes to properly review the cut-off and accuracy of expenditures/expenses reported throughout the year.

**Anticipated Completion Date:** June 30, 2023

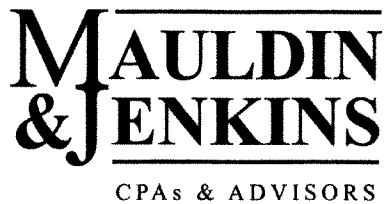
**2022-003 Segregation of Duties**

**Contact Person Responsible for the Corrective Action Plan:** Bobby Arnold, City Recorder

**Signature:** \_\_\_\_\_

**Corrective Action Plan:** We will continue to review our operations to determine the most efficient and effective solution to properly segregate duties. The City is looking to hire a new Accountant to help segregate duties within the finance department operations and to strengthen the accounting and reporting environment at the City.

**Anticipated Completion Date:** June 30, 2023



**Honorable Mayor and Members of the  
City Council  
City of Jackson, Tennessee**

In planning and performing our audit of the financial statements of the City of Jackson, Tennessee (the City) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the City as of and for the year ended June 30, 2022. A separate report dated May 16, 2023, contains our report on material weaknesses in the City's internal control. This letter does not affect our report dated May 16, 2023, on the financial statements of the City.

The following items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving the City's practices and procedures:

- 1) During the course of the audit, we noted the City's current general ledger system does not have the ability to go back to specific date to run a majority of the subledger reports. As such, the City should incorporate an end of month process to run all data sensitive reports to ensure their information is available throughout the year. Many subledger reports, such as accrued leave, various billing receivable ledgers, and aging reports should be run monthly and at least at year-end and maintained in records to support balances as of June 30th each year.
- 2) During discussions with management, it was noted when an employee uses the fuel station, they manually enter in their mileage, which is used for record keeping and analysis of fuel usage. The Fuel Master system the City uses allows employees to manually enter their mileage at the time of fill up. This allows employees to input mileage erroneously rather it be intentional or unintentional. These errors create major variances that skew the mileage and fuel reports, which cause them to be unreliable and not able to be used for analysis. We recommend the City put processes in place to better monitor fuel usage.

- 3) During the testing of disbursements in the General Fund of the City, it was noted that a check for the amount of \$1,409 for Tennessee Fitness, LLC was endorsed by unauthorized personnel. We recommend management be more stringent with their approval process for checks.
  
- 4) During the calendar year 2021, the City was not in compliance with the Municipal Finance Officer Certification and Education Act of 2007 (TN Code 6-56-400) which requires the City to have a Chief Financial Officer who has completed the Certified Municipal Finance Officer (CMFO) program and met the annual certified professional education (CPE) requirements. During the calendar year 2021, the City's CMFO had not completed and maintained documentation of the required annual CPE courses. We recommend the City and its management team ensure the City has set aside time and funding to ensure maintenance of the required annual CPE requirements to maintain compliance with the Tennessee Municipal Finance Officer Certification and Education Act of 2007.
  
- 5) During the testing of health insurance premiums, it was noted the City was charging departments a budgeted health insurance rate which was anticipated to cover actual charges, however, the actual charges came in less than anticipated. Rather than adjusting the charges to the departments, the City increased the department charges within the General Fund and created a revenue to offset the charges in the General Fund. As the City does not utilize an internal service fund, the actual costs of providing the health insurance premiums allocated to the department should only be the actual charges to from the provider. An adjustment of approximately \$133,000 was required to net down the internal charge revenues and overstated expenditures.

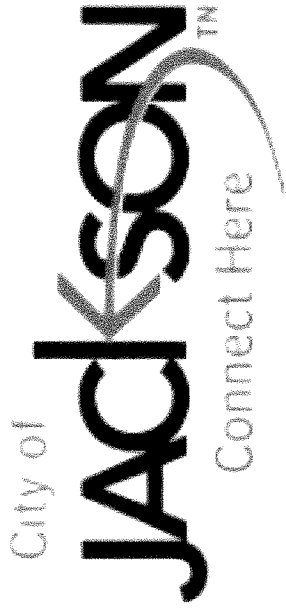
#### Closing Thoughts

We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We appreciate serving the City of Jackson, Tennessee and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

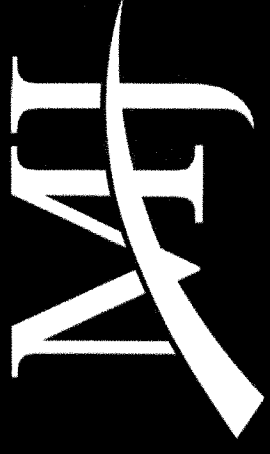
*Mauldin & Jenkins, LLC*

Chattanooga, Tennessee  
May 16, 2023



**Presentation of 2022  
Auditor's Discussion and Analysis**

**May 25, 2023**





---

# Auditor's Discussion and Analysis

- Engagement Team
- Results of the 2022 Audit
- Comments, Recommendations, and Other Issues
- Questions



*Presentation of Annual  
Auditor's Discussion and Analysis  
May 25, 2023*

# Mauldin & Jenkins



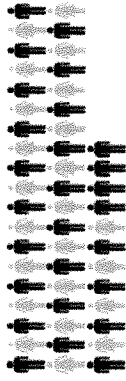
accountingtoday  
**Top 100 Firms**  
 CONSISTENTLY RANKED AS A TOP ACCOUNTING FIRM IN THE U.S.

**100+ year**

HISTORY OF QUALITY SERVICE

**Serve 650+**  
 GOVERNMENT CLIENTS

GOVERNMENTAL PARTNERS **16**

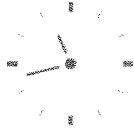


TEAM MEMBERS DEDICATED TO SERVING THE GOVERNMENTAL INDUSTRY

**140+**



**225+**  
 SINGLE AUDITS PERFORMED LAST YEAR COVERING OVER \$4 BILLION OF FEDERAL GRANTS



**135,000+**

HOURS ANNUALLY PROVIDED TO GOVERNMENTAL CLIENTS

**150+**

CURRENT CLIENTS AWARDED THE GFOA CERTIFICATE OF EXCELLENCE



**5** STATES

**13** OFFICES

## • Engagement Team Leaders for the City of Jackson, Tennessee Include:

- James Bence – Engagement Partner – 20 years experience, 100% governmental
- Allison Hightower – Engagement Sr. Manager – 9 years experience



*Presentation of Annual Auditor's Discussion and Analysis  
 May 25, 2023*



# Results of June 30, 2022 Audit

---

- **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America (GAAS)**
  - Our audit was performed in accordance with GAAS.
  - We considered the internal control structure for the purpose of expressing our opinion on the City's basic financial statements and not for the purpose of providing assurance on the internal control structure.
  - Our objective is to provide reasonable—not absolute—assurance that the basic financial statements are free from material misstatement.
  - We did not audit the Jackson Energy Authority or the Jackson Community Redevelopment Agency. We have relied on the reports of their independent auditors.
  - The basic financial statements are the responsibility of the City's management.
- **Report on 2022 Basic Financial Statements**
  - Unmodified ("clean") opinion on basic financial statements. Audit report date of May 16, 2023.
  - Presented fairly in accordance with accounting principles generally accepted in the United States of America (GAAP).
  - Our responsibility does not extend beyond financial information contained in our report.



*Presentation of Annual  
Auditor's Discussion and Analysis  
May 25, 2023*

**M MAULDIN  
& J JENKINS**  
CPAs & ADVISORS

# Results of June 30, 2021 Audit (Continued)

---

- **Report in accordance with *Government Auditing Standards* for 2022**
  - Audit report date of May 16, 2023.
  - Two material weaknesses reported, related to revenue recognition/receivables, and expenditure/expenses and related liabilities recognition.
  - One significant deficiency was reported related to a lack of segregation of duties.
- **Report in accordance with Uniform Guidance for 2022**
  - Audit report date of May 16, 2023.
  - No material weaknesses reported.
  - No instances of noncompliance or other matters.
  - Report included following major programs:
    - Coronavirus State and Local Fiscal Recovery Fund (AL 21.027)
    - Highway Planning and Construction Cluster (AL 20.205)



*Presentation of Annual  
Auditor's Discussion and Analysis  
May 25, 2023*

---

# Required Communications

- **Significant Accounting Policies**
  - The significant accounting policies used by the City are described in Note 1 to the basic financial statements.
  - In considering the policies used by the City, we noted they are in accordance with generally accepted accounting principles and similar government organizations with no significant new policies or qualitative aspects of its policies. The City is not involved in any controversial or emerging issues for which guidance is not available.
- **Management Judgment/Accounting Estimates**
  - The City uses various estimates as part of its financial reporting process – including valuation of accounts receivable (recording of allowance for uncollectible accounts).
  - Management’s estimates used in preparation of financial statements were deemed reasonable in relation to the financial statements taken as a whole. We considered this information and the qualitative aspects of management’s calculations in evaluating the City’s significant accounting estimates.
- **Financial Statement Disclosures**
  - The footnote disclosures to the financial statements are also an integral part of the financial statements and the process used by management to accumulate the information included in the disclosures was the same process used in accumulating the statements. The overall neutrality, consistency, and clarity of the disclosures was considered as part of our audit.



# Required Communications (Continued)

---

- **Relationship with Management**
  - We received full cooperation from the City's management, staff, and others.
  - There were no disagreements with management on accounting issues or financial reporting matters.
- **Representation from Management**
  - We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.
- **Consultation with Other Accountants**
  - To the best of our knowledge, management has not consulted with, or obtained opinions from, other independent accountants during the year, nor did we face any issues requiring outside consultation.



*Presentation of Annual  
Auditor's Discussion and Analysis  
May 25, 2023*

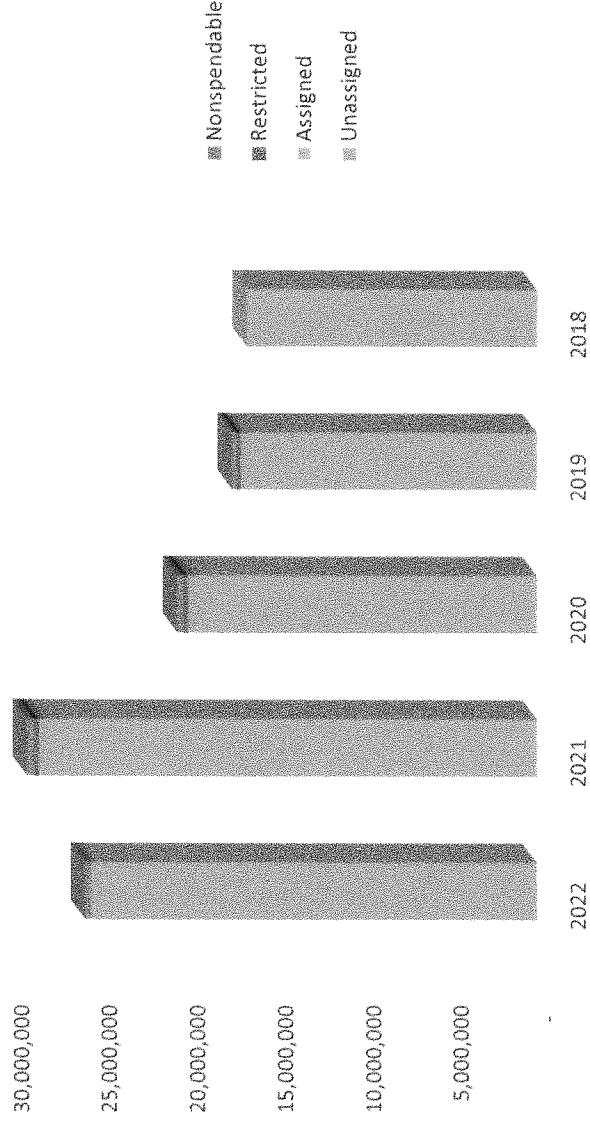
# Required Communications (Continued)

---

- **Significant Issues Discussed with Management**
  - There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements.
- **Audit Adjustments**
  - There was one passed audit adjustment of \$111,550 regarding leases payable.
- **Information in Documents Containing Audited Financial Statements**
  - Our responsibility for other information in documents containing the City's basic financial statements and our report thereon does not extend beyond the information identified in our report. If the City intends to publish or otherwise reproduce the financial statements and make reference to our firm, we must be provided with printers' proof for our review and approval before printing. The City must also provide us with a copy of the final reproduced material for our approval before it is distributed.
- **Auditor Independence**
  - In accordance with AICPA professional standards, M&J is independent with regard to the City and its financial reporting process.
  - There were no fees paid to M&J for management advisory services during fiscal year 2022 that might effect our independence as auditors.



# Financial Trends – General Fund



## Highlights

- Unassigned to Exp:
  - 33.04%('22)
  - 38.76%
  - 27.57%
  - 22.86%
  - 24.04%
- Fund balance down \$3M from last year.
- \$9.7M of transfers to Capital fund included.



*Presentation of Annual  
Auditor's Discussion and Analysis  
May 25, 2023*





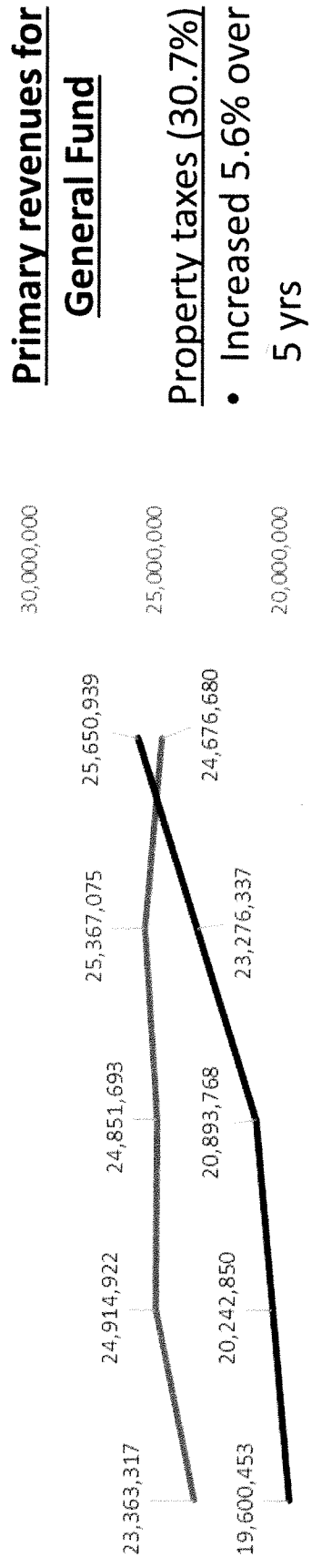
# Financial Trends – General Fund Budget

	Final Budget	Actual	
Revenues	\$ 76,572,776	\$ 82,618,785	107.90%
Expenditures	(85,918,780)	(76,170,722)	88.65%
Transfers out	(9,661,436)	(9,693,131)	100.33%
Increase(decrease)	\$ (19,007,440)	\$ (3,245,068)	

- Licenses and permits came in \$1.4M over budget
- Significant Intergovernmental Revenues:
  - CARES revenues \$1M
  - States Sales tax \$1.5M over budget
  - Local Sales \$4M over budget
- Expenditure budget:
  - General Government admin - \$7M under
  - Public Safety - \$3M under
- Public Welfare & Community Service – \$500K under
- Public Works - \$500K over
- Mainly salaries and maintenance costs being under budget

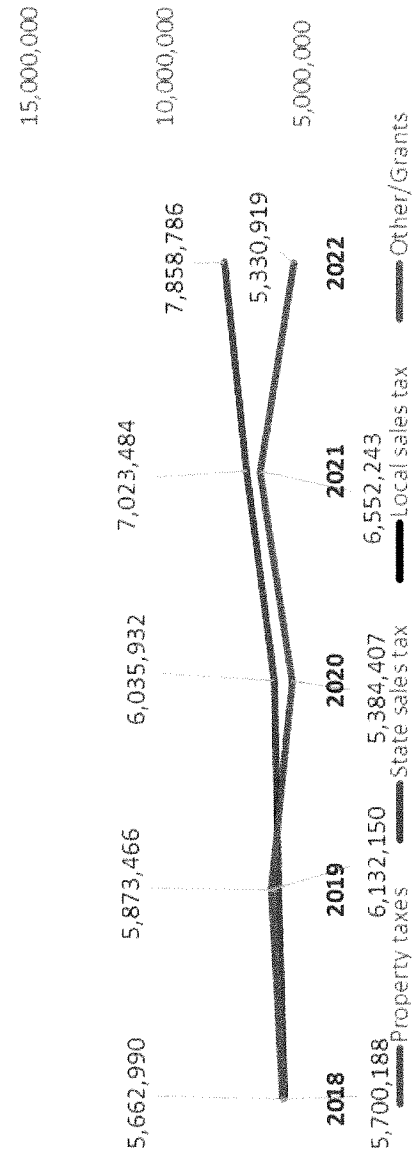


# Financial Trends – General Fund Revenues



**Intergovernmental (ST – 41.6% & Grants/Other – 6.6%)**

- Increased 25.4%
- St ST up 38.8%
- Local ST up 30.9%
- Other down 6.5%



Presentation of Annual Auditor's Discussion and Analysis  
May 25, 2023



# Financial Trends – Cash Flows (Enterprise)

	Solid Waste	Jackson Transit Authority	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from consumers	\$ -	\$ 397,575	\$ 397,575
Cash paid to suppliers of goods and services	(37,234)	(762,647)	(799,881)
Cash paid to employees for services	-	(2,913,252)	(2,913,252)
Net cash provided (used) by operating activities	(37,234)	(3,278,324)	(3,315,558)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash received from grants	-	2,753,835	2,753,835
Net cash provided by non-capital financing activities	-	2,753,835	2,753,835
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Construction and acquisition of property and equipment	-	(32,710)	(32,710)
Capital grants received	-	670,851	670,851
Net cash provided by capital and related financing activities	-	638,141	638,141
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earned	101	210	311
Net Increase (Decrease) in Cash and Cash Equivalents	(37,133)	113,862	76,729



# Comments, Recommendations, & Other Matters

---

## Material Weakness Revenue Recognition and Related Receivables

- The following adjustments were required to correct the reporting of revenues as follows:
  - American Rescue Plan (ARP) revenues which were transferred from the General Fund to the Grant Fund were originally reported as a move of fund balance, but were never part of fund balance as the prior year collections were unearned until expended in the June 30, 2022 fiscal year. As such, adjustments to correct fund balance and show interfund transfers of approximately \$1,653,000 and an adjustment of approximately \$5,193,000 was required to move the cash and unearned revenues from the General Fund to the Grants Fund.
  - Two months of garbage collection revenue estimates were not reversed when actual revenue was received. An adjustment of approximately \$1,280,000 was made in the Solid Waste fund to reduce revenues and the corresponding accounts receivable.
  - An adjustment of approximately \$477,000 was required to remove budgeted use of Solid Waste Fund's fund balance which was incorrectly posted as an actual adjustment to fund balance, creating a revenue in the current year trial balance.



# Comments, Recommendations, & Other Matters (Continued)

## Material Weakness Revenue Recognition and Related Receivables (Continued)

- The following adjustments were required to correct the reporting of revenues as follows:
  - An adjustment of approximately \$386,000 was recorded in the Solid Waste Fund to increase receivables and revenues for Jackson Energy Authority payments for June usage.
  - Additionally, in the Solid Waste Fund an adjustment of approximately \$270,000 was made to adjust garbage collection revenue and the related receivables to their supported balance as the monthly reconciliation of the subledger to the general ledger was not properly reconciling the unknown differences.
  - Adjustments were required in the Community Development Fund to properly reconcile the general ledger balances to agreement with the subledger balances. The management of the loan program is administered outside of the finance department and annual reconciliation of the subledger balances with the general ledger balances was not occurring. As a result, an adjustment of approximately \$48,000 was made in the Community Development Fund.
  - An adjustment in the Debt Service Fund was required for \$227,000 to report revenues for current year contributions for the new school lease space. The cash was recorded but the offset was shown as a credit in the expenditure account, rather than a revenue for the City.



# Comments, Recommendations, & Other Matters (Continued)

---

## Material Weakness Expenditure/Expense and Related Liabilities

The following adjustments were required to correct the reporting of expenditures as follows:

- In the Capital Outlay Fund, the City had previously reported prepaid expenditures as of June 30, 2021 for deposits expended on a future capital asset. Upon delivery of the asset in the June 30, 2022 fiscal year, the City incorrectly reported an additional outlay, rather than relieving the previously reported expenditures. As such, an adjustment of approximately \$1,459,000 was required to reduce the balance sheet assets and revenues reported in the current year.
- During the current year, the City purchased land with the purpose of the purchase being for development purposes. As such, the land should be reported as an asset on the balance sheet until the land is sold. During the year, the City sold a portion of the land and as such, adjustments of \$5,654,000 were required to show the net sales effect of the transaction.
- An adjustment of approximately \$326,00 was made to adjust for utility expenditures that were erroneously booked as receivables by the City.
- An adjustment of approximately \$26,000 were required to post prior year audit adjustments to the Landfill Fund which were not reflected in the general ledger.



# Comments, Recommendations, & Other Matters (Continued)

---

## Significant Deficiency Segregation of Duties

- Although the small size of the City's staff limits the segregation of duties, it is important that incompatible duties be assigned to different individuals and/or compensating controls implemented. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction.



# Comments, Recommendations, & Other Matters (Continued)

---

## Management Letter Comments and Recommendations

### Month End Process

During the course of the audit, we noted the City's current general ledger system does not have the ability to go back to specific date to run a majority of the subledger reports. As such, the City should incorporate an end of month process to run all data sensitive reports to ensure their information is available throughout the year. Many subledger reports, such as accrued leave, various billing receivable ledgers, and aging reports should be run monthly and at least at year-end and maintained in records to support balances as of June 30th each year.

### Disbursements

During the testing of disbursements in the general fund of the city, it was noted that a check for the amount of \$1,408 for Tennessee Fitness, LLC endorsed by unauthorized personnel. We recommend management be more stringent with their approval process for checks.





# Comments, Recommendations, & Other Matters (Continued)

---

## Management Letter Comments and Recommendations (Continued)

### Fuel Reports and Monitoring

During discussions with management and review of the fuel reports, it was noted when an employee uses the fuel station, they manually enter in their mileage, which is used for record keeping and analysis of fuel usage. We recommend the City put processes in place to better monitor fuel usage.

### Health Insurance Premiums

During the testing of health insurance premiums, it was noted that revenue was being booked for the difference between health claims, and employee health deductions. We recommend that in the future, the City book this as a decrease to employee benefits.



# Comments, Recommendations, & Other Matters (Continued)

---

## New GASB Pronouncements

- **Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements** was issued in March 2020 and is effective for fiscal years beginning after June 15, 2022, which means year ends of June 30, 2023 and following.
- **Statement No. 96, Subscription-Based Information Technology Arrangements** was issued in May 2020 and is effective for fiscal years beginning after June 15, 2022, which means year ends of June 30, 2023 and following.
- **Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans** was issued in June 2020 and is effective for fiscal years beginning after June 15, 2021 (year ends of June 30, 2022 and following).



Presentation of Annual  
Auditor's Discussion and Analysis  
May 25, 2023

# Comments, Recommendations, & Other Matters (Continued)

---

## New GASB Pronouncements (Continued)

- **Statement No. 100, Accounting Changes and Error Corrections** was issued in June 2022 and is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- **Statement No. 101, Compensated Absences** was issued in June 2022 and is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.



Presentation of Annual  
Auditor's Discussion and Analysis  
May 25, 2023

**M MAULDIN  
& J JENKINS**  
CPAs & ADVISORS

# Comments, Recommendations, & Other Matters (Continued)

---

## Other Pending or Current GASB Projects

As noted by the numerous pronouncements issued by GASB over the past decade, the GASB continues to research various projects of interest to governmental units. Subjects of note include:

- **Re-Examination of the Financial Reporting Model.** GASB has added this project to its technical agenda to make improvements to the existing financial reporting model (established via GASB 34). Improvements are meant to enhance the effectiveness of the model in providing information for decision-making and assessing a government's accountability.
- **Conceptual Framework is a constant matter being looked at by GASB.** Current measurement focus statements (for governmental funds) to change to near-term financial resources measurement. May dictate a period (such as 60 days) for revenue and expenditure recognition. May expense things such as supplies and prepaid assets at acquisition.
- **Revenue and Expense Recognition** is another long-term project where the GASB is working to develop a comprehensive application model for recognition of revenues and expenses from non-exchange, exchange, and exchange-like transactions.



# Comments, Recommendations, & Other Matters (Continued)

---

## FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

- **Free Continuing Education.** We provide free quarterly continuing education for all of our governmental clients. Each quarter we pick a couple of significant topics tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. We normally see approximately 100 people per quarter. We obtain the input and services of experienced outside speakers along with providing the instruction utilizing our in-house professionals. We hope City staff and officials have been able to participate in this opportunity, and that it has been beneficial to you. Examples of subjects addressed in the past few quarters include:
  - CAFR Preparation - GASB Updates - Grant Accounting Processes and Controls - GASB 68 & 71 (Pensions)
  - Internal controls over revenue and cash receipting and accounts payable, payroll, and cash disbursements
  - American Recovery & Reinvestment Act (ARRA) information, issues and updates - Single audits for auditees
  - Collateralization of Deposits and Investments - Internal Controls over Accounts Payable, Payroll and Controls
  - Policies and Procedures Manuals - Segregation of Duties - GASB No. 51 - Intangible Assets - Segregation of Duties
  - GASB No. 54 - Governmental Fund Balance - Best Budgeting Practices, Policies and Procedures
  - Data Security and General Information Technology Controls and Best Practices



*Presentation of Annual  
Auditor's Discussion and Analysis  
May 25, 2023*



# Comments, Recommendations, & Other Matters (Continued)

---

## FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS

### FOR GOVERNMENTAL CLIENTS (Continued)

**Governmental Newsletters.** We produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are produced and delivered periodically, and are intended to keep you informed of current developments in the government finance environment.

**Communication.** In an effort to better communicate our free continuing education plans and newsletters, please email Paige Vercoe at [pvercoe@mjcpa.com](mailto:pvercoe@mjcpa.com) (send corresponding copy to [jbence@mjcpa.com](mailto:jbence@mjcpa.com)), and provide to her individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.



*Presentation of Annual  
Auditor's Discussion and Analysis  
May 25, 2023*

**MAULDIN  
& JENKINS**  
CPAs & ADVISORS

## Conclusion

---

### Comments and Questions?

We appreciate the opportunity to serve the City of Jackson and look forward to continuing to work with the City in upcoming years!



*Presentation of Annual  
Auditor's Discussion and Analysis  
May 25, 2023*